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# The Nine Nuisance Items of Commercial Lines Rate Filings

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– Have you:

- Entered all sorts of data, uploaded exhibits, etc. for a filing only to find out you made an error at the start of the filing that you couldn't fix?
- Had some difficulty identifying exactly what is expected in a filing?

- If you've had those
  - This presentation is for you!
  
- It's also for you
  - If you just want to get the technical aspects of your filing right the first time and avoid delays.

- What we'll do:
  - Cover a wide variety of filing problems that companies have more often than they should.
  - Focus mostly on technical compliance: right forms, right information, filled out the right way. Not focus on the actuarial compliance.
  - Describe some of the problems we're seeing with a brief statement on how to avoid each one.

## Filing Problems Grouped into 9 categories

- These are the problems companies experience the most often
- The Nine Nuisance Items

## **The Nine Nuisance Items of Commercial Lines Rate Filings**

1. Assigning the wrong line of business/subline to a filing
2. Failing to enter or entered improper information required in the filing
3. Failure to fill out the interrogatories correctly
4. Failure to fill out the OIR-B1-583/595 expense forms correctly
5. Failure to provide the rate/loss cost indication and/or to supply complete documented backup for rate/loss cost indications
6. Failure to support any loss cost multipliers requested in a tiering system or on a standalone basis
7. Including subjective rating factors that are outside/in addition to schedule rating
8. Improper setup of the RCS module
9. Submission of a filing with changes that can't be readily understood


## **Item 1 - Assigning the wrong line of business/subline to a filing**

- With our new RCS, the rating examples segment requires that the right rating examples be associated with each filing.
- OIR must enforce requirement that rates be filed in each subline they will be used in.
- For example, a filing in 'other commercial auto' will only cover a few miscellaneous classes.
  - To use the rates for trucking, a 'trucking' filing must be made.
  - For a filing affecting both trucking and auto dealers, two separate filings must be made (one in 'trucking', the other in 'garage').
- Specifically a filing in 'other commercial auto' to cover all commercial auto sublines will have no legal standing in the other sublines.


## **Item 1 - Assigning the wrong line of business/subline to a filing (cont.)**

- Unfortunately, once the line of business/subline is set and you have begun entering data it cannot be changed.
- If you enter the wrong subline and submit the filing, the only way to fix this is to withdraw the filing.
- Since we expect accuracy enough to consider the correct line of business a 'given', this can ambush you when you work through fixing several other aspects of the filing, only have this pop up on a final checking - requiring a full refiling.
- Our advice is to be careful what you do and follow the guidelines.






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**Common Tasks**

- [Start a new filing](#)
- [Start Data Reporting](#)
- [Submit a filing](#)
- [Review submitted filings](#)
- [Add to a submitted filing](#)

**Other Places**

- [Filing workbench](#)

## Select the Sub Type of Insurance

Please select one Sub Type of Insurance for this filing. You are currently authorized to submit a filing for all the Sub Types of Insurance that are **bold**. You may choose to create a filing for one of the unauthorized Sub Types of Insurance, but you will not be able to submit your filing until you have the Office's authorization.

Click "Next" to continue.

**Select Sub Type of Insurance**

- **Business Auto (Private Passenger Types Not Used as Taxis, Limos, etc.) (20.0001FL)**
- Garage (20.0002)
- Other Commercial Automobile (20.0003FLC)
- **Public Autos (Busses, Taxis, Limos, etc.) (20.0003FLB)**
- Trucking/Hauling (20.0003FLA)

## **Item 2 - Failing to enter or entering improper information required in the filing**

Three likely problem areas:

1. Rates vs. Rates and Rules
2. File and Use/Use and File/Info Only
3. Rate Data required in the UDL

## **Item 2 - Failing to enter or entering improper information required in the filing (cont.)**

### 1. Rates vs. Rates and Rules

- Any filing changing any numeric rating factor is a 'rates and rules' or 'rates' filing
- For example, filing a rule for optional higher deductibles that includes the rate credit for the deductibles is a 'rates and rules' filing, not a rule filing
- Recoupment of assessments must be made for Recoupment type of filing and not as Rules
- Unfortunately, once a filing is made, the UDL is set for the filing. It can only be changed by refiling.

## **Item 2 - Failing to enter or entering improper information required in the filing (cont.)**


### 2. File and Use/Use and File/Info Only

- File and Use must be filed 90 days prior to the effective date
- Use and File must be filed within 30 days of the effective date
- Effective dates must have correct relationship to filing date for File and Use and Use and File (see Section 627.062 F.S. for details)
- Property filing with rate increase must be submitted as File and Use pursuant to HB1A
- Annual actuarial rate certifications are Informational Only
- Filings that fall under Section 634 F.S. are Informational Only
- Remember I-File may take awhile to complete, so to start early

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## P&C Universal Data Letter

**Filing:** W08-421368 (Rate & Rule - Commercial Auto / Business Auto )

Please complete the required fields with a red star ( \* ).

### Section IV: Filing Content Information

Please mark all applicable items

A. This is a Rate & Rule filing.

B. Type of Coverage:

Commercial

C. \*File Usage:

- File & Use
- Use & File
- Informational Only
- Prior Approval **(required for all FORMS filings)**
- N/A **(Applicable only if this submission is being made by a Rating Organization)**

## **Item 2 - Failing to enter or entering improper information required in the filing (cont.)**

### 3. Rate Data required in the UDL


- Rate Change Indicated
  - Rate Change Requested
  - Earned Premiums
  - Number of Policies
- 
- Too often, the company leave these four data fields blank or incorrect data reported (e.g., combined premium entered for Property Non-Residential, Condo, and Non-Condo instead of premium for each subline)
  - Filing must include the overall rate impact
  - The data reported In UDL must match the information shown elsewhere in the filing

## **Item 3 - Failure to fill out the interrogatories correctly**

- Filling out the RCS question as 'no' or 'no change to RCS rating examples' for a new program
  - The program affects all future insureds
- Describing a loss cost multiplier filing or a program deviating on a few ISO loss costs as an independent program
- Saying that a new program does not affect substantially all insureds because there are no existing customers
- Using a cat model or applies a reinsurance charge in the rate indication but answering 'no' to the interrogatory questions
- All of the above can ambush you later!

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**Common Tasks**

- Start a new filing
- Start Data Reporting
- Submit a filing
- Review submitted filings
- Add to a submitted filing

**Other Places**

- Filing workbench

### Edit Interrogatories

**Work Unit Number:** W08-421368  
**Name:** Project2  
**Purpose:** Rate & Rule  
**Product:** Commercial Auto / Business Auto

Below is a list of interrogatories for this filing. Please answer questions by checking the appropriate selection.

- Are you someone other than an employee of the company who is making this filing on behalf of the company? Yes No
- Is this filing being made to comply with a change in Florida law? Yes No
- Does this filing propose changes in the level of coverage you are providing to your insureds? Yes No
- Does this filing include reinsurance costs in the determination of any rate level indication? Yes No
- Does this filing include rates or rating factors that result in a rate change to the Office's RCS rating examples OR is there an overall rate change associated with this filing OR does this filing include the introduction of a new program? Yes No
- Answer "Yes" to only one question below:
  - Does this filing involve the adoption of loss costs promulgated by a Rating Organization where the loss cost modification factor equals 1? Yes No
  - Does this filing involve the adoption of loss costs promulgated by a Rating Organization where the loss cost modification factor is not equal to 1 AND the modification factor IS based on the filer's loss experience? Yes No
  - Does this filing involve the adoption of loss costs promulgated by a Rating Organization where the loss cost modification factor is not equal to 1 AND the modification factor IS NOT based on the filer's loss experience? Yes No
  - Is this an independent rate or rating factor filing where the proposed rate change affects all (or substantially all) policyholders? Yes No
  - Is this an independent rate or rating factor filing where the proposed rate change DOES NOT affect all (or substantially all) policyholders? Yes No



## **Item 4 - Failure to fill out the OIR-B1-583/595 expense forms correctly**

- Using a general, commission, or other acquisition loading that is higher than the historical ratios
- Using countrywide figures for premium tax and miscellaneous tax in Florida
- Using average total tax data from rating organization, etc.
  - Significant Florida taxes (guaranty fund assessments, Citizen's insurance assessments) require separate recoupment filings and cannot be included in rate filings.

## **Item 4 - Failure to fill out the OIR-B1-583/595 expense forms correctly (cont.)**

- Including a premium tax that is higher than the tax you pay in Florida
  - Main tax rate is 1.75%, retaliatory taxes raise this tax in some states (must supply proof of retaliatory tax if you claim them)
- Including a loading for miscellaneous licenses and fees without itemizing the underlying fees in detail
  - To prove no guaranty fund assessments, etc. included, and no items that offset premium tax (state income tax, police pension fund assessments, firefighter pension fund assessments) are included.
- Department of Revenue Tax Form can be found at:  
<http://dor.myflorida.com/dor/forms/2008/dr908.pdf>

## **Item 4 - Failure to fill out the OIR-B1-583/595 expense forms correctly (cont.)**

- Use of a non-standard profit loading without providing support
  - Procedure outlined in Rule 69O-170.003 F.A.C. for profit and contingency loads.
  - Alternatively, company can use the OIR default profit loads from the 2004 informational memorandum (OIR-04-002M) without providing further support.
  - Pure Rate of Return on Investments (ROI) or Rate of Return on Equity (ROE) calculations are not allowed per 627.0651(2)(d) in Florida Statutes.

## **Item 4 - Failure to fill out the OIR-B1-583/595 expense forms correctly (cont.)**

- On OIR-B1-583 forms, the proposed loss cost modification factor, or the current modification factor, may not be correct.
  - One page for each loss cost multiplier/loss cost modification factor.
- Arithmetic errors: the various expenses do not add to the total expense percentage; one minus expenses does not equal losses; loss cost mod divided by loss ratio does not equal expenses.
- Other expense is listing without backup or the needed itemization of the underlying expenses.
  - Itemization is required because guaranty fund assessments, etc. is sometimes reported here.

**EXPENSE SUPPLEMENT  
CALCULATION OF COMPANY LOSS COST MULTIPLIER**

Company (Group) Name: Test Company			Date: 1/01/09			
Advisory Organization: ASO						
Reference Filing: 08-00000			Replaces Reference Filing: 07-00001			
<input type="checkbox"/> Combination to which this page applies: (line, subtitle, coverage, territory, class, etc.)						
Commercial Auto-Commercial Auto Liability			Business Auto-Merchant Program			
Overall rate level change for the coverages to which this page applies: attach worksheet showing calculation of rate level change					+3.0%	
Policies in force:					1250	
<b>STEP 1 - DEVELOP YOUR COMPANY'S LOSS COST MULTIPLIER</b>						
1. Select loss cost modification factor: Check one		Selected for this filing		Loss cost modification factor from last approved filing		
Without Modification -->		1.000		0.8		
OR						
With Modification, factor -->		1.20				
<sup>*</sup> attach complete justification for modification Is modification a carryover of deviation from advisory organization rates?      yes _____ no <u>X</u> _____						
2. Breakdown of expected expenses:						
Category	Latest 3 Calendar Years -->			3 Year Weighted Average +	Selected For This Filing	Last Approved Filing
	2005	2006	2007			
A. Commission and Brokerage	% 13.0%	14.0%	15.0%	14.0%	20.0%	15.0%
B. Other Acquisition	% 10.0%	9.0%	8.0%	9.0%	12.0%	9.0%
C. General	% 8.0%	7.5%	7.0%	7.5%	6.5%	7.5%
D. Premium taxes	% 3.0%	3.0%	3.0%	3.0%	3.0%	1.75%
E. Miscellaneous Licenses and Fees	% 1.0%	1.0%	1.0%	1.0%	1.0%	0.0%
F. Other (explain on page 2)	%					
G. Profit and Contingencies <sup>**</sup>	%				5.0%	-1.0%
H. TOTAL (expense ratio)	%				47.5%	32.25%
<sup>**</sup> Per FL Rule 690-170.003						
+ Weighted on premium volume, attach calculations						
3. Expected loss ratio in decimal form: [1-Item 2.H.]					52.5%	67.75%
4. Formula loss cost multiplier: [Item 1, Item 3.] <a href="#">Arithmetic value using 1.2 is 2.29</a>					2.25	1.18
5. Selected loss costs multiplier: On page 2 explain any difference between items 4. and 5. <a href="#">Why a difference when loss cost mod used?</a>					2.2	1.18

## **Item 5 - Failure to supply backup for rate/loss cost indications**

1. For independent rates, we need the rate indications workbook
  - Includes separate attachment with backup for every workbook item (e.g. loss development factors) that says ‘SUPPORT’.
2. For rating organization programs with loss cost and loss cost modification factor, we need the loss cost indications workbook
  - Similar backup file required.
  - Call us to get copy of workbook until we put it in the system.
3. If rates/mods are supported by premium comparison or competitor filing, include:
  - (a) Premium comparison/other filing info, and
  - (b) Florida filing number for the approved competitor’s filing

## **Item 5 - Failure to supply backup for rate/loss cost indications (cont.)**

4. If relying on Rate Organization loss costs - include Florida filing number of the Rate Organization filing
  - You may find calling the Rate Organization to get it to save time.
  
5. Backup in any underlying relativity-type changes
  - Would include changes by coverage, territory, etc.
  - Actuarial calculations or premium comparisons (with filing number) supporting the change
  - Description of actuarial process and the impact of changes in explanatory memorandum

## **Item 5 - Failure to supply backup for rate/loss cost indications (cont.)**

6. Description of the change
  - What is the overall rate change?
  - What is the breakdown of the changes due to loss cost multipliers, expense factors, and rate organization loss cost changes?
  - What is the breakdown of the rate change into major categories? (e.g., 5.0% base rates and 2.0% due to higher ILFs =+7.1% overall)
  
7. For filings with loss cost modifiers, the overall average loss cost modifier across all tiers, coverages, etc.



# OFFICE OF INSURANCE REGULATION

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
STATE OF FLORIDA - OFFICE OF INSURANCE REGULATION STANDARDIZED RATE INDICATIONS FORM															
<b>RATE LEVEL INDICATIONS</b>															
<b>GROUP NAME:</b>		ABC Ins. Group													
<b>PRODUCT TYPE:</b>		COMMERCIAL AUTO LIABILITY													
<b>PRODUCT SUB-TYPE:</b>		GARAGE (Select from drop-down menu)													
<b>STATE:</b>		Florida Experience Only													
<b>PREMIUMS:</b>															
(1)	(2)	(3)	(4)	(5)	(6)	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
Accident Year Ending	Written Premiums (Dollars)	Earned Premiums (Dollars)	Earned Premiums of Current Rate Level (Dollars)	Exposure/ Premium Trend Factors	Earned Premiums at Current Rate Level (Dollars)	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 1	\$0	\$0	\$0	1.000	\$0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 2	0	0	0	1.000	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 3	0	0	0	1.000	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 4	0	0	0	1.000	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 5	0	0	0	1.000	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
TOTAL	\$0	\$0	\$0	1.000	\$0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
<b>ACTUAL LOSSES:</b>															
(1)	(7)	(8)	(9)	(10)	(11)	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
Accident Year Ending	Actual Incurred Losses & LAE (Dollars)	Actual Incurred Losses & LAE (Dollars)	Actual Incurred Losses & LAE (Dollars)	Actual Incurred Losses & LAE (Dollars)	Actual Incurred Losses & LAE (Dollars)	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 1	\$0	\$0	\$0	\$0	\$0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 2	0	0	0	0	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 3	0	0	0	0	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 4	0	0	0	0	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
mm/dd/yyyy Year 5	0	0	0	0	0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
TOTAL	\$0	\$0	\$0	\$0	\$0	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates									
<b>DEVELOPMENT OF PROJECTED LOSS &amp; LAE RATIO:</b>															
(1)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
Accident Year Ending	Actual Incurred Loss & LAE (Dollars)	Loss & LAE Development	Loss Trend Factors	Trended & Developed Incurred Loss & LAE (Dollars)	Trended & Developed Incurred Loss & LAE Ratio	Adjustment Factor for Law Changes, etc.	Final Adjusted Expected Incurred Loss & LAE Ratio	(Optional) Incurred Year Weights	(Optional) Trended & Developed Incurred Loss & LAE Ratio	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
mm/dd/yyyy Year 1	\$0	1.000	1.000	\$0	0.0%	1.000	0.0%	0.0%	0.0%	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
mm/dd/yyyy Year 2	0	1.000	1.000	0	0.0%	1.000	0.0%	0.0%	0.0%	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
mm/dd/yyyy Year 3	0	1.000	1.000	0	0.0%	1.000	0.0%	0.0%	0.0%	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
mm/dd/yyyy Year 4	0	1.000	1.000	0	0.0%	1.000	0.0%	0.0%	0.0%	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
mm/dd/yyyy Year 5	0	1.000	1.000	0	0.0%	1.000	0.0%	0.0%	0.0%	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
TOTAL	\$0	1.000	1.000	\$0	0.0%	1.000	0.0%	0.0%	0.0%	(A) Mid Point of Loss Experience (latest year): (B) Annual Premium Trend: (C) Annual Loss Trend (Up-to-Date): (D) Annual Loss Trend (Projected): (E) Ass. Acc. Date for Proj. Rates					
<b>PROSPECTIVE EXPENSE PROVISIONS (% OF PREMIUMS):</b>															
<b>DEVELOPMENT OF RATE LEVEL INDICATIONS:</b>															
Category of Expected Expenses		(19) Total Expense Loading		(22) 0.0%		Final Projected Incurred Loss & LAE Ratio									
Commissions		0.0%		(23) 0.0%		Net Cost of Reinsurance, if applicable (Optional) (SUPPORT)									
Other Acquisition		0.0%		(24) 0.0%		Final Proj. Incurred Loss & LAE Ratio									
General Expense		0.0%		(25) 100.0%		Permissible Loss & LAE Ratio									
Premium Taxes		0.0%		(26) -100.0%		Company Indication (100% Creditable)									
Misc. Licenses & Fees		0.0%		(27) 0.0%		Credibility (SUPPORT)									
Profit & Contingency (per 650-170.063 F.A.C.)		0.0%		(28) 0.0%		Credibility (SUPPORT)									
Other Non-Reinsurance Related Expenses (Specify)		0.0%		(29) 0.0%		Credibility (SUPPORT)									
Must provide detail explanation		(30) 0.0%		(31) 0.0%		Credibility Weighted Rate Level Indication									
Created by Florida OR		(32) 0.0%		(33) 0.0%		Company Selected Rate Change (SUPPORT)									
H Overall Indication: Product Indication: Formula (1) Comm'l Auto Liab / Comm'l Auto Pkg Dam / Com'l A															
Sum=0 NEM Sum=0 NEM															

## **Item 6 - Failure to support any loss cost modification factors**

- We need a separate loss cost indications workbook or relativity support for each tier
  - In some lines, if ratio of highest tier to lowest tier is not too high, we may simply focus on the average loss cost modification
  - If fully justifying, include loss cost indications workbook for each tier, or justify average modification and show loss ratio for each tier at the base tier pricing level (and compare to tier relativities)
- All requirements listed in Item 5 must be met.

# OFFICE OF INSURANCE REGULATION

STATE OF FLORIDA - OFFICE OF INSURANCE REGULATION COMMERCIAL STANDARDIZED RATE INDICATIONS WORKBOOK											STATE EXHIBIT I SHEET 1			
RATE LEVEL INDICATIONS														
GROUP NAME:		ABC Ins. Group												
PRODUCT TYPE:		COMMERCIAL AUTO LIABILITY												
PRODUCT SUB-TYPE:		Trucking / Hauling									(Select from drop down menu)			
STATE:		Florida Experience Only												
PREMIUMS:														
(1)	(2)	(3)	(4)	(5)	(6)	(7A)	(7B)	(7C)	(7D)	(8)				
Accident Year Ending	Written Premiums (Dollars)	Earned Premiums (Dollars)	Loss Costs Level	Exposure/ Premium Trend Factors	Trended Loss Costs at Current Loss Cost Level	(SUPPORT) Earned Premiums at Current Rate Level (Dollars)	(SUPPORT) Average Loss Cost Multiplier	(SUPPORT) Overall Schedule Credit/ (Debit)	(SUPPORT) Overall Exp. Rating Credit/ (Debit)	Loss Costs at Current Loss Cost Level (Dollars)				
nmass/Year 1	\$0	\$0	\$0	1	\$0	\$0	1.000	0.00%	0.00%	\$0				
nmass/Year 2	0	0	0	1.000	0	0	1.000	0.00%	0.00%	\$0				
nmass/Year 3	0	0	0	1.000	0	0	1.000	0.00%	0.00%	\$0				
nmass/Year 4	0	0	0	1.000	0	0	1.000	0.00%	0.00%	\$0				
nmass/Year 5	0	0	0	1.000	0	0	1.000	0.00%	0.00%	\$0				
TOTAL	\$0	\$0	\$0		\$0					\$0				
ACTUAL LOSSES:														
(9)	(7)	(8)	(9)	(10)	(11)	(A) ISO Effective Date of Current ISO Change (B) Annual Exposure Trend: (C) Annual Loss Trend: (D) Net Loss Trend [(A)-(B)-(C)](E)-1.0: (E) Requested Effective Date:								
Accident Year Ending	--- ACTUAL ACCIDENT YEAR INCURRED LOSSES & LAE ---			(SUPPORT) Actual Incurred	Actual Incurred									
nmass/Year 1	\$0	\$0	\$0	\$0	\$0									
nmass/Year 2	0	0	0	0	0									
nmass/Year 3	0	0	0	0	0									
nmass/Year 4	0	0	0	0	0									
nmass/Year 5	0	0	0	0	0									
TOTAL	\$0	\$0	\$0	\$0	\$0									
DEVELOPMENT OF PROJECTED LOSS & LAE RATIOS:														
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)						
Accident Year Ending	Actual Loss & LAE (Dollars)	Development Factors	Loss Trend Factors	Trended & Developed Incurred Loss & LAE (Dollars)	Trended & Developed Incurred Loss & LAE Ratio	(SUPPORT) Factor for Law Changes, etc.	Final Adjusted Expected Incurred Loss & LAE Ratio to LC	(SUPPORT) Weighted & Adjusted (Optional) Account Year Weights	Trended & Developed Incurred Loss & LAE Ratio to LC					
nmass/Year 1	\$0	1.000	1.000	\$0	0.0%	1.000	0.0%	#DIV/0!	0.0%					
nmass/Year 2	0	1.000	1.000	0	0.0%	1.000	0.0%	#DIV/0!	0.0%					
nmass/Year 3	0	1.000	1.000	0	0.0%	1.000	0.0%	#DIV/0!	0.0%					
nmass/Year 4	0	1.000	1.000	0	0.0%	1.000	0.0%	#DIV/0!	0.0%					
nmass/Year 5	0	1.000	1.000	0	0.0%	1.000	0.0%	#DIV/0!	0.0%					
TOTAL	\$0			\$0	0.0%		0.0%	#DIV/0!	0.0%					
DEVELOPMENT OF RATE LEVEL INDICATIONS:														
						(21)	0.0%	Final Projected Incurred Loss & LAE Ratio						
						(22)	100.0%	Permissible Loss & LAE Ratio						
						(23)	-199.9%	Company Indication (100% Credible)						
						(24)	0.0%	Credibility	(SUPPORT)					
						(25)	0.0%	Complement of Credibility is Trend From ISO Effective to Company Date						
						(26)	8.9%	Credibility Weighted Indicated Loss Cost Modification						
						(27)	8.9%	Company Selected Loss Cost Modification				(SUPPORT)		
*Must reflect trend and/or other adjustments since last filing. **Must provide detail explanation. Created by: Florida OIR 11/17/2024 10:53 AM														

## **Item 7 - subjective rating factors** **outside/in addition to schedule rating**

- Most commonly used in unusual lines or programs migrating from the surplus market
- It is not unusual in such filings to see rating criteria include terms such as 'low risk', 'innocuous', 'financially strong', etc.
- While these terms have meaning, they are likely to be interpreted to mean different things by different people. Therefore, they are subjective
- Per Rule 69O-170.004 F.A.C., all subjective rating must be placed in a single plan with total credit/debit capped at +/- 25%
- Also per rule eligibility criteria, subjective rating must require \$1,000 in annual premium

## **Item 8 - Improper setup of the RCS module**

Key considerations:

- A. Structural problems with the filing setup
- B. Entry problems
- C. Support problems
- D. RCS Rate Change Information

## **Item 8 - Improper setup of the RCS module (cont.)**

- A. Structural problems with the filing setup
- In a multi-tier filing, just setting up the middle tier in RCS, and not entering the rating examples for the other tiers.
  - In a subline requiring the RCS premium breakdown form but not rating examples (e.g. Garage), failing to set up all the tiers you use (this will cause trouble with future RCS rate impacts).
  - Trying to use all the GL class codes in a given filing. This will generate a system error-just select your predominate class codes instead.
  - Setting up separate criteria for rating examples by selecting custom coverages. Just use the examples in the system. If yours are slightly different use 'identical risk?' answer 'no' and explain the difference.

## **Item 8 - Improper setup of the RCS module (cont.)**

### B. Entry problems

- Trying to upload the rating examples workbook/premium breakdown workbook from a different version of the filing, program, or coverage
- Each workbook is keyed to exactly where it goes and which filing it goes in
- You can, however, copy data from workbook to workbook

## **Item 8 - Improper setup of the RCS module (cont.)**


### C. Support Problems

- Failure to include/fill out the RCS verification
- RCS verification is a free-form exhibit where you show exactly how you calculated a sample of the premiums shown in the RCS-show us the calculation and the page number, etc. of each factor used to price the example risk.

### D. RCS Rate Change Information


- We do not have enough company submissions yet to get a perspective on this.





# FLORIDA

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Common Tasks

- [Manage Programs](#)
- [Manage Coverages](#)
- [Manage Territory Sets](#)
- [Manage Companies](#)
- [Start Over](#)
- [Return to Filing Component List](#)

## Rate Collection

### Workbench

Generate Rate Component List

Companies in Filing:

Company Name	NAIC Co Code	NAIC Group
CHARTER OAK FIRE INSURANCE COMPANY	25615	3548

Existing Programs for Companies in Filing:

There are no existing programs approved for the companies in this filing.

Filing Setup Information:

- [-] Filing
  - [-] Programs
    - [-] Standard
      - [-] Companies
        - CHARTER OAK FIRE INSURANCE COMPANY
      - [-] Coverages
        - [-] COMMERCIAL AUTO LIABILITY Update Rates selected
          - [-] Territory Sets
            - Default Commercial Auto - Business Auto Territory Set
      - [-] Superior
        - [-] Companies
          - CHARTER OAK FIRE INSURANCE COMPANY
        - [-] Coverages
          - [-] COMMERCIAL AUTO LIABILITY Update Rates selected
            - [-] Territory Sets
              - Default Commercial Auto - Business Auto Territory Set
            - [-] COMMERCIAL AUTO PHYSICAL DAMAGE Update Rates selected
              - [-] Territory Sets
                - Default Commercial Auto - Business Auto Territory Set

## **Item 9 - Submission of a filing that can't be readily understood**

Examples:

- “ We changed the factor in rule 9.B. to 3.0.”
- “ We’re making changes that vary between -5% and +10%” without disclosing what changed, or even the overall impact.
- Submission of a fifteen page spreadsheet exhibit (pdf instead of Excel) with no description of the calculations.

## **Item 9 - Submission of a filing that can't be readily understood (cont.)**

A few guidelines:

- In many companies you have to submit a fairly understandable exhibit/documentation just to get the buy-in of the rest of the staff. Consider that as a starting point (maybe all you need) for what you send us.
  - Remember that we need a little more because we won't be meeting with you face-to-face.
- Make your explanations self-contained.
  - Replace “We changed the factor in rule 9.B. to 3.0.” with “The per employee rating factor for auto salespeople under the Garage policy has been revised from 2.0 to 3.0. We expect this 50% increase to have a +35% impact on total Garage premiums.”

## **The Nine Nuisance Items of Commercial Lines Rate Filings**

Key reminders before submitting the filing in I-File:

- Check the applicable Florida Statutes and Administrative Rules in preparation of the filing.
- Be familiar with your filing proposals and be able to relate and explain this in the filing to the OIR.
- Cross check all the forms, exhibits, data, and calculations to ensure consistency.
- Review your filing as if you are the regulator for completeness and accuracy.

# **The Nine Nuisance Items of Commercial Lines Rate Filings**

## Questions?