



CARROLL FISHER
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

BULLETIN NO. PC 2002-04

**TO: ALL PROPERTY AND CASUALTY INSURERS LICENSED IN OKLAHOMA
ATTENTION: STATE FILING DIVISION**
FROM: CARROLL FISHER, INSURANCE COMMISSIONER
RE: INDIVIDUAL RISK PREMIUM MODIFICATION PLANS/SCHEDULE RATING
DATE: JULY 29, 2002

PURPOSE OF THIS BULLETIN

The Department has received reports of behaviors characteristic of the industry during a perceived market hardening. Among these reports are instances of certain carriers who have removed previously authorized schedule credits from policies; allegedly, these credits were removed even though there had been no change in the nature of the insured operations that would justify the elimination of these credits. There was some speculation that the credits had been removed to increase the carriers' overall premium income without the need to file new rates with the Department. It is unclear whether, or to what extent, these reports are accurate. However, the Department has seen this type of behavior in the past during previous market adjustments. We would like to stress to the industry that schedule credits should be removed only to the extent their removal is permitted under the schedule rating plan filed by the carrier with the Department. Generally, the removal of a schedule credit will be inappropriate unless that removal reflects a corresponding change in the risk factor underlying the credit. Schedule (IRPM) rating plans should *not* be used as a convenient pricing or marketing tool of first resort. The removal of any such credit should occur only if the removal is authorized under the schedule rating plan filed with the Department and only when the insured's circumstances match the plan's removal criteria."

Any questions should be directed by e-mail to Debbi Hart-Bertone (debbibertone@insurance.state.ok) or the Oklahoma Insurance Department, Property and Casualty Division, P. O. Box 53408, Oklahoma City, Oklahoma 73152-3408.