

**TITLE 365. INSURANCE DEPARTMENT
CHAPTER 15. PROPERTY AND CASUALTY**

RULEMAKING ACTION:

PERMANENT final adoption

RULES:

Subchapter 7. Property and Casualty Competitive Loss Cost Rating Regulation

365:15-7-32. Use of “a” rates [NEW]

365:15-Appendix D. Format for notification to policyholders of application for rate change application [REVOKED AND REENACTED]

AUTHORITY:

Insurance Commissioner, 36 O.S. §§ 307.1, 997 and 6821

DATES:

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Failure of the Legislature to disapprove the rules resulted in approval on April 28, 2009

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SUPERSEDED EMERGENCY ACTIONS:

n/a

INCORPORATION BY REFERENCE:

n/a

ANALYSIS:

The proposed new rule 365:15-7-32 defines the term “a” rates as used in the Property and Casualty Competitive Loss Cost Rating Act and requires an insurer claiming an “a” rate exemption from the Act to make a filing that justifies the claim of exemption.

Appendix D is revised. The proposed amendments require notification to policyholders of either a rate increase or decrease. The terminology of Section 6821 of Title 36 discusses rate changes, not rate increases.

CONTACT PERSON:

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PURSUANT TO THE ACTIONS DESCRIBED HEREIN, THE FOLLOWING RULES ARE CONSIDERED FINALLY ADOPTED AS SET FORTH IN 75 O.S., SECTION 308.1(A), WITH AN EFFECTIVE DATE OF JULY 14, 2009

SUBCHAPTER 7. PROPERTY AND CASUALTY COMPETITIVE LOSS COST RATING REGULATION

365:15-7-32. Use of "a" rates

(a) As used in Section 997 of Title 36 of the laws of this state, an "a" rate is a rating rule or rate expressed as the symbol "a" or the words "refer to company" listed opposite a classification code on the manual rule and rate pages.

(1) An "a" rate may be used only when neither an advisory organization nor any other insurer has yet established a manual rate based upon experience.

(2) Once an advisory organization or an insurer acquires sufficient experience to establish a manual rate for such coverage, then the coverage is no longer considered to be eligible for "a" rating.

(b) An insurer claiming an "a" rate exemption pursuant to Section 997 of Title 36 of the laws of this state shall file with the Commissioner a statement justifying the use of the exemption. The statement shall include the policies and procedures for underwriting and developing "a" rates and any formal guidelines established by the insurer for these situations. The filing shall include an acknowledgment that the coverage is no longer eligible for "a" rating once an advisory organization or an insurer acquires sufficient experience to establish a manual rate for such coverage.

APPENDIX D. FORMAT FOR NOTIFICATION TO POLICYHOLDERS OF APPLICATION FOR RATE CHANGE [REVOKED AND REENACTED]

NOTICE OF RATE CHANGE APPLICATION

TO ALL INSUREDS OF [medical professional liability insurer name]

On [rate change application filing date], [medical professional liability insurer name] filed a Rate Change Application with the Oklahoma Insurance Department, seeking approval of any rate change in its medical professional liability rates. The proposed effective date of this rate change will be [effective date]. Policyholders are entitled to notice of the Rate Change Application pursuant to Section 6821(C) of Title 36 of the Oklahoma Insurance Code.

[Medical professional liability insurer name] has the burden of proving that the requested change is justified and meets the requirements of Section 6821. You or your representative may request a hearing by the Oklahoma Insurance Department on the Application. The hearing request must be in writing and must be received by the Insurance Department within forty-five (45) days of the date of this notice. Requests for a hearing must be addressed to the Oklahoma Insurance Department, Attn: Property and Casualty Division, P. O. Box 53408, Oklahoma City, OK 73152-3408. The scope of the hearing will be limited to the items mentioned by Section 6821. Written requests for a hearing and written comments about the proposed change become public record and are subject to the Oklahoma Open Records Act.

No professional medical liability insurer shall cancel or refuse to renew coverage of a policyholder on the basis of a policyholder's exercise of any right pursuant to Section 6821.

Specific questions about the circumstances that produced the Rate Change Application should be directed to [medical professional liability insurer contact person, contact information]. Questions about the details of the Application should be directed to the Oklahoma Insurance Department's Property and Casualty Rates Division.

Sincerely,

[medical professional liability insurer contact information].