

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

**SUBCHAPTER 7. PROPERTY AND CASUALTY COMPETITIVE LOSS COST
RATING REGULATION**

365:15-7-1. Purpose

The rules in this chapter provide regulations relating to property and casualty insurance.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-2. Severability

If any provision of this chapter or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the section and the application of such provisions to the persons or circumstances shall not be affected thereby.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-3. Property and casualty rate, loss cost and manual rule filings

(a) **Purpose.** The purpose of this section is to specify the procedures for submitting rate, loss cost and manual rule filings to the Insurance Commissioner as required by 36 O.S. § 981 et seq.

(b) **Procedures.** Rate, loss cost and manual rules and revisions thereto by insurance companies and advisory organizations licensed in Oklahoma shall be submitted in compliance with this section, or shall be rejected for filing, and the entity that made such submission shall be so notified.

(1) **Filing requirements.** The Insurance Code, 36 O.S. § 981 et seq., requires that each insurer shall make its rate, loss cost and manual rule filings by line of business directly with the Insurance Commissioner. Companies may satisfy their obligation to make such filings, where authorized by law, by becoming a member or subscriber to an Oklahoma licensed advisory organization which makes such filings.

(2) **Filing fees.**

(A) Rate, loss cost and manual rule filings shall be accompanied by the proper fees as specified in the Insurance Code. Fees shall not be paid in cash.

(B) Filings for groups of insurers shall be accompanied by the specified fee for each transaction regardless of the number of members or subscribers.

(C) Filings by advisory organizations shall be accompanied by the specified fee for each transaction regardless of the number of members or subscribers.

(3) **Address requirements.** All filings shall be addressed as follows: Oklahoma Insurance Commissioner, 3625 NW 56th Street, Suite 100, Oklahoma City, Oklahoma 73112.

- (4) **Number of copies.** All filings except those exempted shall be submitted through the System for Electronic Rate and Form Filing (SERFF) pursuant to the SERFF General Instructions. All paper filings including the cover letter, all exhibits, rate sheets and additional information submitted to the Insurance Commissioner shall be typewritten or printed and submitted with one (1) legible copy of all material. Companies that file as a group listing all companies on the transmittal letter may accomplish this requirement by submitting one (1) typewritten or printed legible copy of all material.
- (5) **Effective date of filings.** The effective date of rate, loss cost and manual rule filings and the dates of required action by the Insurance Commissioner are governed by the applicable provisions of the Insurance Code.
- (6) **Notice of Insurance Commissioner action.** The Insurance Commissioner shall indicate action taken through the System for Electronic Rate and Form Filing (SERFF). Nothing in this section shall preclude the Insurance Commissioner from the use of other forms of communication to secure information from the filing entity.
- (7) **Life, accident and health insurance.** This section does not apply to life, accident and health insurance. Life, accident and health insurance filings shall be made in accordance with the applicable provisions of the Insurance Code and Rules of the Insurance Commissioner.
- (8) **Postage requirements.** No submissions shall be accepted that arrive at the offices with postage due. No submissions will be returned unless the necessary postage accompanies the same.
- (9) **Withdrawal of pending filings.** Pending filings may be withdrawn by the filing entity upon notice to the Insurance Commissioner prior to the approval or disapproval thereof. The notice shall include the reason for the withdrawal.
- (10) **Filing form and content.** All filings shall include the following:
- (A) The name of the filing entity and complete mailing address to which correspondence shall be sent.
 - (B) A "RE" or "caption" briefly describing the content and context of the filing.
 - (C) A list or index of the manual pages filed in the filing letter or attached thereto including the page numbers and edition date, if applicable.
 - (D) A complete description and full explanation of the changes made by the filing including, reasoning therefore, illustrative examples, including "John Doe" specimen examples, and a comparison of currently approved and proposed materials (side by side comparison or marked copy).
 - (E) A concise statement to identify the manual pages (rate and/or rule) to be replaced by the filing including the approval date in this jurisdiction and the identifying Oklahoma Insurance Department's assigned filing number of the filing containing the documents to be replaced .
 - (F) Completed transmittal forms and exhibits.
- (11) **Advisory organization deviations.** Every member of, or subscriber to, a licensed advisory organization may adhere to any filings made on its behalf by its

advisory organization, except that any such member or subscriber may deviate from such filings as authorized by this section if it has filed with the advisory organization and with the Insurance Commissioner, the deviation to be applied and information necessary to justify the deviation. If such deviation is approved, it shall remain in force until such approval is withdrawn by the insurer with approval of the Insurance Commissioner.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 23 Ok Reg 2730, eff 7-14-06; Amended at 24 Ok Reg 2209, eff 7-14-2007; Amended at 25 Ok Reg 1656, eff 7-14-2008; Amended at 27 Ok Reg 1542, eff 7-14-10; Amended at 29 Ok Reg 1286, eff 7-14-12]

365:15-7-4. Advisory Organization deviations

Every member of or subscriber to a licensed rating organization may adhere to any filings made on its behalf by its advisory organization, except that any such member or subscriber may deviate from such filings as authorized by the rules of this Chapter if it has filed with the advisory organization and with the Insurance Commissioner the deviation to be applied and information necessary to justify the deviation. The Insurance Commissioner shall not accept a filing if the deviation would not be uniform in its application or is inconsistent with the provisions of the Insurance Code.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-5. Duration of filings

Filed rates shall be effective until amended or withdrawn by the insurer.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-6. Excess consent rate filings

(a) In order to be filed, excess consent rate applications shall be submitted prior to or within a reasonable time after the effective date of the policy and contain the information necessary to establish compliance with the Property and Casualty Competitive Loss Cost Rating Act.

(b) The requirements may be satisfied by submitting in duplicate the form furnished by the Insurance Commissioner or its equivalent. (See Appendix C).

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 22 Ok Reg 2041, eff 7-14-05]

365:15-7-7. Forms governed by Article 36 [REVOKED]

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Revoked at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-8. Group filings

Filings that are made on behalf of more than one insurer shall list the insurer or insurers individually and not by Company group.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-9. Independent filings

(a) Independent filers shall file Rates, Loss Costs, Rating Plans or Rating Systems, Schedules, Manuals, and other materials, with the Insurance Commissioner and designate them as Independent Filings.

(b) Independent filers shall file data and experience in support of each filing in accordance with these rules.

(c) Independent filers shall file rate and loss cost revisions with the Insurance Commissioner.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-10. Reference filings

(a) **Advisory Organization filings.**

(1) **Filings permitted without reference filing agreements.** Advisory Organization Manuals and material used in whole or in part may be adopted by members of or subscribers to a licensed advisory organization by "Reference Filings" subject to the review of the Insurance Commissioner. When making a reference filing, a filing memorandum shall be submitted, identifying the manuals or rules used and the Oklahoma Filing Number. Rate departures and rule exceptions, if any, shall be accompanied by the necessary supporting data. Such adoption shall apply only to current filings and shall have no automatic effect as to future filings. Each advisory organization filing shall be separately and specifically adopted.

(2) **Filings permitted with reference filing agreement.** Approved Advisory Organization manuals and material may be adopted by members of or subscribers to a licensed advisory organization by filing a "Reference Filing Agreement" with the Insurance Commissioner identifying the manuals and material to be used and the Oklahoma Filing Number. Such adoption shall apply from the date it is filed with the Insurance Commissioner to filings in effect on that date and to all applicable future filings. The reference filing agreement shall remain in effect until such time as the agreement is withdrawn as a filing with the Insurance Commissioner.

(3) Manuals shall not be filed if filings are made by "Reference Filing."

(b) **Other than Advisory Organization filings; initial program.** An insurer may adopt another insurer's filing by filing rates and rules on the filing insurer's format, and by advising the Insurance Commissioner of the name(s) of the insurer whose program was being copied, the Oklahoma Filing Number and the date(s) the program was filed for that insurer. Unless an exception is granted by the Insurance Commissioner, this procedure applies only to the initial filing of the program for the "adopting" insurer and is subject to the review of the Insurance Commissioner.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-11. Members of or subscribers to a licensed advisory organization

(a) **Filings.** A licensed advisory organization may make filings on behalf of its members and subscribers except deviation filings.

(b) **Adherence to filings.** Every member of or subscriber to a licensed advisory organization may adhere to the filings made on its behalf by such organization except that any such member or subscriber may deviate from such filings upon compliance with the rules of this Chapter and review of the Insurance Commissioner where required by the Insurance Code.

(c) **Individual company filings.** Members and subscribers shall not file individual manuals that have been filed on their behalf by the appropriate advisory organization.

(d) **Filing requirements; Rate and loss cost deviations.** When rate or loss cost deviations are proposed, the filing memorandum shall indicate the applicable advisory organization filing, the Oklahoma Filing Number and state the percentage (%) of deviation, as well as the subject matter the deviation applies to by manual name and page number, with supporting data in accordance with the rules of this Chapter. Copies of all such information shall be furnished to the appropriate advisory organization.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-12. Resubmittal of disapproved or rejected filings.

All resubmitted filings shall be presented to the Insurance Commissioner in the same manner required by this subchapter for an original filing. In addition the cover letter or completed transmittal forms addressed to the Insurance Commissioner shall state the full and complete history of the filing, the reason for disapproval, and the factors, that distinguish the resubmittal to warrant reconsideration.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 21 Ok Reg 1659, eff 7-14-04]

365:15-7-13. Retroactive filings [REVOKED]

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Revoked at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-14. Delivery of policy to insured.

In any instance whereby a policy of insurance is effected, the insured shall be furnished with either:

- (1) The original policy;
- (2) A copy of the original policy or a duplicate policy printed with ten-point or larger type; or
- (3) A certificate including provisions and conditions of the original policy printed with ten-point or larger type.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 23 Ok Reg 2730, eff 7-14-06]

365:15-7-15. Persons requesting notice of filings [REVOKED]

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Revoked at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-16. Statistical plans

- (a) Every insurer doing business in this state shall file a statistical plan and any modifications thereto with the Oklahoma Insurance Department.
- (b) The statistical plan shall record the loss and expense experience of the insurer and shall provide all data elements necessary to support the rating systems the insurer has filed with the Oklahoma Insurance Department. The experience developed in accordance with an approved statistical plan shall be filed on a yearly basis.
- (c) An insurer may appoint a registered advisory organization as its agent to report and file its statistical plan and experience.
- (d) The Insurance Commissioner may approve an advisory organization as a statistical agent to gather, record, compile and report experience in such manner, form and detail as determined by the Insurance Commissioner to be necessary to determine whether rating systems comply with the standards of the Property and Casualty Competitive Loss Cost Rating Act.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 22 Ok Reg 2041, eff 7-14-05; Amended at 27 Ok Reg 1542, eff 7-14-10]

365:15-7-17. Suspension or modification of filing requirements [REVOKED]

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 22 Ok Reg 2041, eff 7-14-05; Revoked at 28 Ok Reg 1961, eff 7-14-11]

365:15-7-18. Technicians

- (a) **List of technicians.** The Insurance Commissioner shall maintain a list of technicians, including actuaries, statisticians, accountants, attorneys, auditors, investigators or any other person, as the Insurance Commissioner may deem necessary or beneficial to aid in review or examination of any filings for rate revision made by insurers or rating organizations. The list shall be compiled on a yearly basis and shall be comprised for the current calendar year of those that submit a written request to the Insurance Commissioner by December 15 of the preceding year. Any technician on the list may be removed for cause. The Insurance Commissioner may deviate from the list when employing technicians for loss cost filings pursuant to Section 901.5 of Title 36. The Insurance Commissioner may retain technicians not on the list when needed.
- (b) **Technicians shall be accredited and/or licensed.** Technicians as defined in subsection (a) of this section shall be fully accredited and/or licensed, as appropriate, in their field of expertise. Technicians may be employees of corporations, partnerships or individuals duly qualified to provide required services.

(c) **Hiring technicians.** The Insurance Commissioner shall have the authority to hire technicians defined in subsection (a) of this section as the Insurance Commissioner may deem necessary or beneficial to examine any filings for rate or loss cost revision made by insurers or advisory organizations.

(d) **Actuary.** The Insurance Commissioner may retain an actuary to review a filing when deemed necessary or beneficial by the Insurance Commissioner based on one or more of the following criteria:

- (1) Significant premium and/or percentage effect;
- (2) Significant market share as determined from market share report;
- (3) Staff unfamiliar with actuarial methodology;
- (4) Filing establishes a bench mark;
- (5) Actuarial review necessitated by filer's inability to comply with filing requirements.
- (6) review of the adequacy of the proposed filing; and
- (7) Review of whether the proposed filing uses discrimination prohibited by 36 O.S. § 985(A)(3).

(e) **Consultant.** When a filing is referred to a consultant for review, an engagement letter shall be presented to the consultant specifying the scope of the review and the filer shall be accordingly notified of the review.

(f) **Expenses paid by insurer.** All reasonable expenses incurred in such filing review shall be paid by the insurer or advisory organization making the filing.

(g) **Actuary's opinion.** The Insurance Commissioner shall consider the opinion of the consulting actuary and weigh it in light of any other evidence submitted in support of the filing and shall accept or reject the consulting actuary's opinion in whole or in part based on such other evidence.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 22 Ok Reg 2041, eff 7-14-05]

365:15-7-19. Deferred Premium Payment Plans

Deferred Premium Payment Plans for policy periods in excess of one year shall provide for a sufficient initial premium paid to cover a short rate cancellation return premium. If the insurer or other form of association fails to collect the prescribed initial premium, then the insurer shall be deemed to have waived application of the short rate cancellation table where such policy is canceled by the insured at the first anniversary date.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-20. Uniform application of deviations [REVOKED]

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Revoked at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-21. Package discount

Package policies filed and approved permitting the combination of the insured's property and liability needs shall include both property and liability coverages to be eligible for package discounts. The property coverage shall include coverage for the building or for business personal property. Highly Protected Risk Coverage or Physicians and Surgeons Equipment Coverage may be substituted for the property option.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-22. Individual risk rating plans

Individual risk rating plans shall comply with the following requirements:

- (1) Each individual risk rating plan shall be filed with the Insurance Commissioner for review and shall specify the kind of insurance or subdivision or combination thereof to which the plan applies.
- (2) Each individual risk rating plan shall establish standards that bear a relationship to the variation in hazard and/or expense to be measured.
- (3) Any individual risk rating plan shall be applied by company representatives responsible for underwriting the risk(s) involved.
- (4) Each insurer utilizing such plans shall obtain all information necessary to determine the proper applications of such plans to any particular risk. Such supporting information shall be retained by the insurer for three (3) years and made available to the Insurance Department upon its request.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-23. Waiver of Premium

Insurers may waive additional premium due from an insured. An insurer may also waive return premium due to an insured. However, any return premium shall be returned to the insured upon request. The amount to be waived for both the additional premium and the return premiums shall be shown on a manual rule page and filed with the Insurance Commissioner.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02]

365:15-7-24. Oklahoma Risk Retention Act

Filings made in compliance with the Oklahoma Risk Retention Act, 36 O.S. § 6451, et seq., shall be filed separately.

[Source: Added at 19 Ok Reg 1299, eff 7-14-02; Amended at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-25 Multi tiering

Eligibility requirements for each tier must be submitted. The tier eligibility requirements must be specific and mutually exclusive, so that no insured would be eligible for more than one tier. Justification must be provided for the rate differential for each tier.

[Source: Added at 21 Ok Reg 1659, eff 7-14-02]

365:15-7-26. Weather related claims

Homeowners policies and any other personal residential insurance coverage shall not reflect a surcharge for weather related claims.

[Source: Added at 22 Ok Reg 2041, eff 7-14-05; Amended at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-27. Credit related policies

The return of unearned premium on any credit related policy shall not be calculated using the "sum of the digits" formula, commonly known as the "Rule of 78".

[Source: Added at 22 Ok Reg, 2041 eff 7-14-05; Amended at 24 Ok Reg 2209, eff 7-14-2007]

365:15-7-28. Use of lack of prior insurance in underwriting or rating.

Insurers shall not refuse to insure, surcharge or place an applicant for insurance in a higher priced program or plan if the applicant is not required to have insurance pursuant to Chapter 7 of Title 47 of the Oklahoma statutes. An insurer shall not be prohibited from applying a rating plan approved by the Commissioner.

[Source: Added at 22 Ok Reg 2041, eff 7-14-05]

365:15-7-29. Workers' Compensation Insurance

All schedule rating plans shall cap the maximum debits/credits applied at twenty-five percent (25%).

[Source: Added at 23 Ok Reg 2730, eff 7-14-06]

365:15-7-30. Special Commercial Risks

To qualify for the exemption under 36 O.S. § 997(A)(2), the commercial lines insurance risks shall be separate and distinct policies, with a minimum annual premium of more than Ten Thousand Dollars (\$10,000.00) per policy.

[Source: Added at 24 Ok Reg 2209, eff 7-14-07; Amended at 29 Ok Reg 1286, eff 7-14-12]

365:15-7-31. Withdrawal or Discontinue Writing

Any insurer desiring to withdraw from the state or discontinue the writing of certain classes of insurance or programs in this state or transferring policyholders between admitted companies within the same insurance holding company system shall give ninety (90) days notice in writing to the Insurance Department Rate and Form Compliance Division. The insurer shall state in writing its reasons for such action. The ninety (90) day notice is inclusive of, and not in addition to, any other notice requirement per line of business. The insurer shall also provide the following information:

- (1) The number of policyholders affected;
- (2) The number of insurance agents affected;
- (3) The date the insurer will cease writing new business;
- (4) The date the insurer will start non-renewing insurance policies;
- (5) Whether the insurer has made arrangements with another insurer to cover the renewals;
- (6) The lines of insurance on which the insurer plans to concentrate; and
- (7) Whether the insurer anticipates re-entering the market.

[Source: Added at 24 Ok Reg 2209, eff 7-14-07; Amended at 27 Ok Reg 1542, eff 7-14-10]

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

(a) 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 insurer may not use an "a" rate if any advisory organization or any other insurer has established a manual rate based upon experience for the coverage.

(2) Once an advisory organization or any 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 shall file with the Commissioner a statement justifying the use of an "a" rating. 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. The justification statement shall be filed within thirty (30) days of the use of the rule and rate.

[Source: Added at 26 Ok Reg 1643, eff 7-14-09; Amended at 27 Ok Reg 1542, eff 7-14-10; Amended at 28 Ok Reg 1961, eff 7-14-11]