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BULLETIN 13-25

Date: August 1, 2013

To: All Authorized P&C Insurance Companies and Licensed Rating Organizations

Re: Rate Filings – Content of Filings and Right of Public Inspection

The purpose of this Bulletin is to remind all property and casualty insurers and rating organizations that, under Title 11 of the Insurance Article, each rate filing and any supporting information filed with the Insurance Commissioner is open to public inspection as soon as filed.

Content of Rate Filings – In General.

Section 11-206(a) of the Insurance Article states:

(a) (1) Except as otherwise provided in this section, each insurer shall file with the Commissioner all rates, supplementary rate information, policy forms, and endorsements and all modifications of rates, supplementary rate information, policy forms, and endorsements that the insurer proposes to use.

Section 11-101 of the Insurance Article defines “rate” and “supplementary rate information” as follows:

(c) “Rate” means rate of premium, policy or membership fee, or another charge made by an insurer for or in connection with an insurance contract or policy.

(e) “Supplementary rate information” includes a manual or plan of rates, statistical plan, classification, rating schedule, minimum premium, policy fee, rating rule, rate-related underwriting rule, minimum rate, class rate, rating plan, manual or schedule of rates or premiums, rule or regulation that governs the setting or making of rates or premiums, and any other information, not otherwise inconsistent with the purposes of this title, that the Commissioner requires by regulation.

Property and casualty insurers are reminded that, in addition to rates, a rate filing must include the supplementary rate information necessary to develop the premium to be charged for an insurance policy.

Content of Rate Filings – Credit History.

Insurers writing private passenger automobile insurance in Maryland also are reminded of the provisions of §27-501(e-2) (1) and (3)(ii) of the Insurance Article:

(e-2) (1) In this subsection, “credit history” means any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s creditworthiness, credit standing, or credit capacity that is used or expected to be used, or collected in whole or in part, for the purpose of determining personal lines insurance premiums or eligibility for coverage.

(3)(ii)1. An insurer may, subject to paragraphs (4) and (5) of this subsection, use the credit history of an applicant to rate a new policy of private passenger motor vehicle insurance.

2. For purposes of this subsection, rating includes:

- A. the provision or removal of a discount;
- B. assigning the applicant to a rating tier; or
- C. placing an applicant with an affiliated company.

Additionally, COMAR 31.15.11.11 sets out in detail all of the information that insurers must include in their rate filings if they consider credit history to develop rating factors, to assign applicants to a rating tier within a company or to place an applicant with an affiliated insurer. Given this, the rating factors, algorithms, statistical support, rate-related underwriting and tier placement rules (within one company or between affiliates) that an insurer uses must be included in the rate filing.

Right of Public Inspection of Rate Filings.

With respect to rate filings made under the prior approval provisions of Title 11, Subtitle 2 of the Insurance Article, §11-206(d) of the Insurance Article provides that “[a] filing and any supporting information shall be open to public inspection as soon as filed.” Similarly, with respect to rate filings made under the competitive rating provisions of Title 11, Subtitle 3 of the Insurance Article, §11-307(c)(1) provides that “[e]ach filing and any supporting information filed under this subtitle shall be open to public inspection as soon as filed.” The law does not contain any exceptions to the right of public inspection that would allow information in a rate filing to be kept confidential.

Some insurers are making requests for rate and supplementary rate information to be kept confidential. The requests generally include, but are not limited to, the following: rate-related underwriting rules, underwriting algorithms, credit scoring algorithms, tiering factors, dividend plans, and discount distributions by territory. In light of §§11-206(d) and 11-307(c)(1) of the Insurance Article, this information is required to be open to public inspection as soon as filed. Accordingly, the Insurance Administration will not grant any requests for confidentiality of a filing, in whole or in part, that contains rate or supplementary rate information necessary to develop the premium to be charged for an insurance policy.

Underwriting Standards.

Under §27-501(h)(2) of the Insurance Article, the Insurance Administration is requesting and reviewing underwriting standards for certain lines of business as part of the filing review process. Section 27-501(h)(4) of the Insurance Article provides that an insurer “may request a finding by the Commissioner that its underwriting standards filed with the Commissioner be considered confidential commercial information under §10-617(d) of the State Government Article.” In accordance with COMAR 31.04.16.04, when insurers request confidentiality, those underwriting standards that serve solely to determine the eligibility of an insured or applicant for coverage and have no impact on the premiums charged for coverage have been, and will continue to be, kept confidential until the Commissioner determines otherwise.

Any questions regarding this Bulletin should be directed to Geoffrey Cabin, Director of P & C Rates and Forms at Geoffrey.cabin@maryland.gov or at 410-468-2310.

**Therese M. Goldsmith
Insurance Commissioner**

Signature on original

By: _

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