

ARKANSAS REGISTER

Transmittal Sheet



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SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

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Secretary of State
State Capitol Rm. 010
Little Rock, Arkansas 72201-1094

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Name of Agency ARKANSAS INSURANCE DEPARTMENT

Department Legal Division

Contact Person Roger McNeil

Statutory Authority for Promulgating Rules ACA §§23-61-108, 25-15-202 et seq., & 23-67-218

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_____	Reviewed by Legislative Council	__
	Adopted by State Agency	<u>Nov. 30, 1995</u>

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended.

Roger McNeil
Signature

Roger McNeil, Associate Counsel
Title

December 1, 1996
Date

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PROPERTY, CASUALTY, SURETY AND
MARINE RATE AND FORM FILINGS

SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

BY _____

TABLE OF CONTENTS

1. Purpose
 2. Authority
 3. Applicability and Scope
 4. Effective Date
 5. Definitions
 6. Rate Service Organizations
 7. Procedures for Rate and Supplementary Rate Information Filings
 8. Procedures for Form Filings
 9. Severability
- FORM RF-1 Rate filing abstract
FORM A-1 Private passenger automobile abstract
FORM H-1 Homeowners abstract
FORM RF-2 Reference filing adoption form
FORM RF-WC Workers' compensation reference filing adoption form
FORM WC-1 Workers' compensation abstract
FORM F-1 Form filing abstract
FORM APCS Automobile survey (as updated)
FORM HPCS Homeowners survey (as updated)

Section 1. Purpose

The purpose of this Rule is to set forth rules and procedural requirements which the Commissioner deems necessary to carry out the provisions of Ark. Code Ann. §§23-67-201, et seq., §23-67-219, §23-79-109 and §23-79-110, as to rate and form filings of property, casualty, surety, and marine insurers.

Section 2. Authority

This Rule is issued pursuant to the authority vested in the Commissioner by Ark. Code Ann. §23-61-108, §§25-15-202 et seq., §23-67-218, and other applicable provisions of Arkansas law.

Section 3. Applicability and Scope

This Rule applies to insurance described in Ark. Code Ann. §23-67-203, and insurers, rate service or advisory organizations, joint underwriting associations and joint reinsurance organizations making filings under Ark. Code Ann. §§23-67-201, et seq., §23-67-219 and §23-79-109, subject to any exemptions the Commissioner may order pursuant to Ark. Code Ann. §23-67-206.

Section 4. Effective Date

Pursuant to the Commissioner's authority under the emergency provisions of Ark. Code Ann. §25-15-204(b), it is hereby declared that the

1 immediate adoption of this Rule is necessary to prevent any imminent
2 peril to the public health, safety or welfare of the citizens of this
3 State. Therefore, the effective date of this Rule is January 1, 1996: it
4 shall expire one hundred and twenty days (120 days) from its effective
5 date, i.e., by April 30, 1996, unless sooner replaced by a permanent rule
6 and regulation adopted by the Commissioner, following public notice and
7 hearing.

8 Section 5. Definitions

9 A. Form Filing.

10 A form filing is documentation setting forth the policy forms,
11 endorsements or other forms to be used in the State of Arkansas by an
12 insurer.

13 B. Insurance Holding Company Group.

14 An insurance holding company group or system consists of two (2) or
15 more affiliated companies, one or more of which is an insurer.

16 C. Expenses.

17 Expenses means that portion of a rate attributable to acquisition,
18 field supervision, collection expenses, general expenses, taxes,
19 licenses and fees.

20 D. Rate.

21 Rate means the cost of insurance per exposure unit, whether expressed
22 as a single number or as prospective loss cost and an adjustment to
23 account for the treatment of expenses, profit and variations in loss
24 experience, prior to any application of individual risk variations based
25 on loss or expense considerations, and does not include minimum premiums.

26 E. Supplementary Rate Information

27 Supplementary rate information means any manual, minimum premium,
28 rating schedule or plan of policy writing rules, rating rules,
29 classification system, territory codes and descriptions, rating plans and
30 any other similar information needed to determine the applicable premium
31 for an insured. Supplementary rate information includes factors and
32 relativities, such as increased limits factors, classification
33 relativities, deductible relativities or similar factors.

34 F. Supporting Information.

35 Supporting information means information, including supporting
36 actuarial data, which includes (i) the experience and judgment of the
37 insurer and the experience or data of other insurers or advisory
38 organizations relied upon by the insurer, (ii) the interpretation of any
39 statistical data relied upon by the insurer, (iii) descriptions of
40 methods used in making the rates, and (iv) actuarial, technical or other
41 services made available by an advisory organization, or other similar

1 information required to be filed by the Commissioner.

2 G. Prospective Loss Costs.

3 Prospective loss costs means that portion of a rate that does not
4 include provisions for expenses (other than loss adjustment expenses) or
5 profit, and are based on historical aggregate losses and loss adjustment
6 expenses adjusted through development to their ultimate value and
7 projected through trending to a future point in time.

8 H. Participating Insurer.

9 Participating insurer means any member, subscriber or service purchaser
10 of an advisory organization.

11 Section 6. Rate Service Organizations

12 A. Advisory Organizations - Permitted Activity.

13 Every advisory organization shall file with the Department every
14 advisory document thirty (30) days prior to the effective date. The
15 Department may extend the review period an additional thirty (30) days by
16 written notice to the filer before the thirty (30) day period expires.
17 Any advisory organization, in addition to other activities permitted, is
18 authorized to:

19 1. Prepare and distribute rates, supplementary rate information and
20 supporting information in accordance with Ark. Code Ann. §23-67-216 and
21 §23-67-219; however, such filings are for advisory purposes only and
22 shall not be made on behalf of any insurer.

23 2. Prepare and file on behalf of members and subscribers, policy
24 forms and endorsements and consult with members, subscribers and others
25 relative to their use and application.

26 3. An advisory organization may develop and make reference filings
27 containing advisory prospective loss costs in accordance with Ark. Code
28 Ann. §23-67-216. Such filings shall contain the statistical data and
29 supporting information for any calculations or assumptions underlying
30 those prospective loss costs.

31 4. Final rates for residual markets may be prepared and filed by the
32 Plan Administrator as directed by the Department.

33 B. Advisory Organizations - Prohibited Activity.

34 1. An advisory organization cannot file any plan of rates or
35 supplementary rate information on behalf of an insurer.

36 2. An advisory organization cannot file, distribute or compile
37 recommendations relating to rates that include expenses (other than loss
38 adjustment expenses) or profit except in the lines of insurance as may be
39 designated by the Commissioner. An advisory organization may, however,
40 provide insurers with an annual study of aggregate average expense data

1 and investment income.

2 Section 7. Procedures for Rate and Supplementary Rate Information
3 Filings

4 A. For All Lines Other Than Workers' Compensation and Employers'
5 Liability.

6
7 1. Filing Cover.

8 a. If a copy of the filing, bearing the appropriate stamp of the
9 Department, is to be returned to the filer, two (2) copies of the filing
10 cover or letter of submission are required together with a postage paid
11 envelope addressed to the filing insurer, insurance holding company or
12 group, or advisory organization. Insurance holding company groups
13 submitting rate filings simultaneously for affiliated companies must file
14 a cover letter for each affiliated company. Only one (1) complete copy
15 of the rate documents and supporting information need be filed for
16 Departmental records if the documents are applicable to all affiliated
17 companies. However, if there are any deviations between or among
18 affiliated companies, supporting information must be submitted for each
19 company along with separate cover letters outlining the deviations. Each
20 company must submit in the cover letter or attached explanatory
21 memorandum a synopsis of each exhibit, the location of the supporting
22 information within the filing, and the conclusion of the data. In
23 addition, the entire filing packet, consisting of all filings, supporting
24 information and exhibits, shall be sequentially numbered or contain a
25 table of contents, and the total number of pages comprising the filing
26 packet shall be referenced in the filing cover.

27 b. In a competitive market, as defined under Ark. Code Ann.
28 §23-67-202(2), insurers shall submit to the Department filings with a
29 proposed effective date. Such proposed effective date shall not be less
30 than twenty (20) days after the filing and all information required by
31 Section 7(A)(2) below, has been received by the Department. If the
32 information required by Ark. Code Ann. §§23-67-201 et seq. and this
33 Regulation is not included with the filing, the filing shall be
34 disapproved.

35 c. In a competitive market, if the Department determines after a
36 hearing or by agreement that an insurer's rates require closer
37 supervision because of the insurer's financial condition or its rating
38 practices, the insurer shall file with the Department at least sixty (60)
39 days prior to the effective date all such rates and such supplementary
40 rate information and supporting information as prescribed by the
41 Department. Upon application by the filer, the Department may authorize
42 an earlier effective date. A filing shall be deemed to meet the
43 requirements of Ark. Code Ann. §§23-67-201 et seq. and to be effective
44 upon the expiration of the waiting period.

45 d. In a noncompetitive market, insurers shall file with the
46 Department rates, supplementary rate information, and supporting
47 information required by the Department at least sixty (60) days prior to
48 the effective date. Written applications for the Department's approval

1 of an earlier effective date, stating clearly the insurer's reasons for
2 the request, must accompany the filing. A filing shall be deemed to meet
3 the requirements of Ark. Code Ann. §§23-67-201 et seq. and to be
4 effective upon the expiration of the waiting period.

5 2. Supporting Information Required to Supplement the Filing.

6
7 a. Each rate and rule filing submitted shall be accompanied by the
8 Rate Filing Abstract (Form RF-1). If you are making a loss cost reference
9 filing see Section 7(A)(3). Rate and rule filings for Homeowners
10 Insurance and Private Passenger Automobile Insurance must also include
11 the Private Passenger Automobile Abstract (Form A-1), Survey Form APCS
12 or Homeowners Abstract (Form H-1) and Survey Form HPCS. Rate and form
13 filings must be made separately. (See Section 8, Procedures for Form
14 Filings, below). The following required documentation should be
15 identified as an exhibit in the filing, and the exhibits should be
16 numbered to correspond directly with the listing of documentation. If an
17 item required is not available or is inapplicable, a statement should be
18 included that specifies the inapplicability or unavailability of the
19 particular item.

20 b. Explain the type of loss information utilized in this rate
21 filing. Specify whether the data reflects a calendar period, accident
22 period, or policy period.

23 (1) If calendar period information is used, explain any
24 adjustments that have been made to reflect changes in those estimated
25 loss liabilities based on actual claims, and changes in incurred but not
26 reported estimated loss liabilities. If a provision for incurred but not
27 reported estimated loss liabilities is included, specify the calculation
28 changes over the experience period, and the distribution among coverages
29 and states. Loss development factors should be shown by coverage both
30 for Arkansas and countrywide for the past five (5) years.

31 (2) If policy or accident period data is used, explain any tests
32 or adjustments that were made to loss development factors so as to make
33 them appropriate for use in this filing. Loss development factors should
34 be shown by coverage both for Arkansas and countrywide for the past five
35 (5) years.

36 c. If the methods used in this filing differ from those used in the
37 insurer's last rate filing for this coverage in Arkansas, or if the
38 Arkansas methods differ from those used countrywide, attach an
39 explanation of the differences.

40 d. Explain any adjustments for large or catastrophic losses that were
41 made in the statistical information on losses.

42 e. Display the calculation of the estimate of investment income on
43 net unearned premiums and loss reserves.

44 f. Display the calculation of any loading or contingency factor which
45 is used in this filing.

1 g. Display underwriting expenses. State procedures used in the
2 filing to recognize the distinction between expenses which vary directly
3 with losses, and expenses such as general expenses, which do not vary.

4 h. State steps taken to control losses for the coverages included in
5 this filing.

6 i. Explain any adjustments made by the trending components of the
7 filing. If significant trends within this State are utilized, a
8 narrative describing the basis of the trend must be included.

9 j. The determination of the weighting of credibility assigned to
10 Arkansas must be fully explained.

11 k. If common classes are grouped together for rate making purposes
12 because the data for one particular class is not credible either for
13 Arkansas or countrywide, all class codes utilized in developing
14 credibility must be stated with Arkansas experience for each class
15 affected shown separately.

16 l. Any additional information the Department may require pursuant to
17 Ark. Code Ann. §23-67-202(11) and (12) must be included.

18 3. Reference Filings.

19 a. If an insurer is a participating insurer in an advisory
20 organization and decides to use the prospective loss costs in a reference
21 filing in support of its own filing, the insurer shall make a filing
22 using the Reference Filing Adoption Form (Form RF-2) in addition to the
23 Rate Filing Abstract (Form RF-1). The insurer's rates are the
24 combination of the prospective loss costs and the loss cost adjustments
25 contained in Form RF-2. Reference filings for Homeowners must also
26 include the Homeowners Abstract (Form H-1) and Survey Form HPCS. Private
27 Passenger Automobile reference filings shall include the Private
28 Passenger Automobile Abstract (Form A-1) and Survey Form APCS.

29 b. Any participating insurer in an advisory organization may satisfy
30 its obligation to file rates, the prospective loss costs portion of its
31 rates, supplementary rate information or supporting information by filing
32 a reference to a filing made by the advisory organization. Such
33 reference filings must include, on the filing cover letter, the advisory
34 organization's reference document number.

35 4. Deviations.

36 An insurer may file a deviation from the reference document as filed by
37 the advisory organization. Such filings shall specify the basis for and
38 adequately justify the request for the deviation and shall be accompanied
39 by the information required in Section 7(A)(2).

40 5. Loss Cost Filings.

41 a. An insurer wishing to adopt an advisory organization's current
42 loss cost filing must:

- 1 (1) Provide the documentation required in Section 7(A)(2),
2 indicating whether or not the loss cost multiplier is to be applicable to
3 future filings.
- 4 (2) Provide documentations to support the development of the
5 company's loss cost adjustments.
- 6 (3) Pay the appropriate fees.
- 7 (4) Indicate the insurer's proposed effective date.

8 b. Upon subsequent revision by an advisory organization of a loss
9 cost filing, an insurer having requested to have its loss cost adjustment
10 applicable to subsequent filings must:

- 11 (1) Give notice of its intent to adopt by submitting a cover
12 letter so stating and provide the advisory organization's reference
13 document number.
- 14 (2) Pay the appropriate fees.
- 15 (3) Provide a copy of the previously filed RF-2 indicating that
16 the loss cost modifier will be applicable to future filings.

17
18 c. If an insurer who has filed to have its loss cost adjustments
19 remain on file with the Department intends to delay, modify, or not adopt
20 a particular advisory organization's loss cost reference filing, the
21 insurer must notify the Department in writing. The insurer's on-file
22 loss cost adjustments will remain in effect until disapproved by the
23 Department, withdrawn by the insurer or until the insurer files and
24 receives approval of a revised Form RF-2.

25 d. To the extent that an insurer's final rates are determined solely
26 by applying its loss cost adjustments to the prospective loss costs
27 contained in an advisory organization's reference filing, the insurer
28 need not develop or file its final rate pages with the Department. If an
29 insurer chooses to print and distribute final rate pages for its own use,
30 based solely upon the application of its filed loss cost adjustments to
31 an advisory organization's prospective loss costs, the insurer must file
32 those pages with the Department. If the advisory organization does not
33 print the loss costs in its rating manual, the insurer must submit its
34 rates to the Department.

35 e. Nothing in these procedures shall be construed to require
36 advisory organizations or their participating insurers to immediately
37 refile rates previously implemented. Any participating insurer of an
38 advisory organization is authorized to continue to use all rates and
39 deviations filed for its use until disapproved, or the insurer makes its
40 own filing, or files Form RF-2 adopting the advisory organization's
41 prospective loss costs or a modification thereof.
42

43 **B. Procedures for Rate and Supplementary Rate Information Filings.**
44 **For Workers' Compensation and Employers' Liability Insurance.**

45 Manuals of classifications, rules and rates, rating plans, and every
46 modification of any of the foregoing which an insurer proposes to use for
47 workers' compensation and employers' liability insurance must be approved
48 or deemed approved by this Department before such manual, rules and rates
49 or rating plan can be used. Insurers may file independently or by

1 reference to the loss costs, supporting information or supplementary rate
2 information filed by an advisory organization. Insurers may file
3 deviations to the loss costs filed by an advisory organization.

4 1. Filing Cover.

5 If a copy of the filing, bearing the appropriate stamp of the
6 Department, is to be returned to the filer, two (2) copies of the filing
7 cover or letter of submission are required together with a postage paid
8 envelope addressed to the filing insurer, insurance holding company or
9 group, or advisory organization. Insurance holding company groups
10 submitting rate filings simultaneously for affiliated companies must file
11 a cover letter for each affiliated company. Only one (1) complete copy
12 of the rate documents and supporting information need be filed for
13 Departmental records if the documents are applicable to all affiliated
14 companies. However, if there are any deviations between or among
15 affiliated companies, supporting information must be submitted for each
16 company along with separate cover letters outlining the deviations. Each
17 company must submit in the cover letter or attached explanatory
18 memorandum a synopsis of each exhibit, the location of the supporting
19 information within the filing, and the conclusion of the data. In
20 addition, the entire filing packet, consisting of all filings, supporting
21 information and exhibits, shall be sequentially numbered or contain a
22 table of contents, and the total number of pages comprising the filing
23 packet shall be referenced in the filing cover.

24 2. Supporting Information Required to Supplement the Filing.

25 a. Each rate and rule filing submitted shall be accompanied by the
26 Rate Filing Abstract (Form RF-1). If you are making a loss cost
27 reference filing, see Section 7(B)(5). Rate and form filings must be
28 made separately. The following required documentation should be
29 identified as an exhibit to the filing, and the exhibits should be
30 numbered to correspond directly with the listing of documentation. If an
31 item required is not available or is inapplicable, a statement should be
32 included that specifies the inapplicability or unavailability of the
33 particular item.

34 b. Explain the type of loss information utilized in this rate
35 filing. Specify whether the data reflects a calendar period, accident
36 period, or policy period.

37 (1) If calendar period information is used, explain any
38 adjustments that have been made to reflect changes in those estimated
39 loss liabilities based on actual claims, and changes in incurred but not
40 reported estimated loss liabilities. If a provision for incurred but not
41 reported estimated loss liabilities is included, specify the calculation
42 changes over the experience period, and the distribution among coverages
43 and states. Loss development factors should be shown by coverage both
44 for Arkansas and countrywide for the past five (5) years.

45 (2) If policy or accident period data is used, explain any tests
46 or adjustments that were made to loss development factors so as to make
47 them appropriate for use in this filing. Loss development factors should

1 be shown by coverage both for Arkansas and company-wide for the past five
2 (5) years.

3 c. If the methods used in this filing differ from those used in the
4 insurer's last rate filing for this coverage in Arkansas, or if the
5 Arkansas methods differ from those used countrywide, attach an
6 explanation of the differences.

7 d. Explain any adjustments for large or catastrophic losses that
8 were made in the statistical information on losses.

9 e. Display the calculation of the estimate of investment income on
10 net unearned premiums and loss reserves.

11 f. Display the calculation of any loading or contingency factor used
12 in this filing.

13 g. Display underwriting expenses. State procedures used in the
14 filing to recognize the distinction between expenses which vary directly
15 with losses, and expenses such as general expenses, which do not vary.

16 h. State steps taken to control losses for the coverages included in
17 this filing.

18 i. Explain any adjustments made by the trending components of the
19 filing. If significant trends within this State are utilized, a narrative
20 describing the basis of the trend must be included.

21 j. The determination of the weighting of credibility assigned to
22 Arkansas must be fully explained.

23 k. If common classes are grouped together for rate making purposes
24 because the data for one particular class is not credible either for
25 Arkansas or countrywide, all class codes utilized in developing
26 credibility must be stated with Arkansas experience for each class
27 affected shown separately.

- 28 1. Any additional information the Department may require.
29 3. Rate Filing Deadlines.

30 The proposed effective date of the filing shall be not less than thirty
31 (30) days after the filing has been received by the Department. If the
32 information which supplements the filing in accordance with Section
33 7(B)(2) is not sufficient for the Department to determine whether the
34 filing meets the requirements of Ark. Code Ann. §23-67-219, the
35 Department will notify the filing insurer or advisory organization. If
36 the insurer or advisory organization is required to submit additional
37 information, the effective date of the proposed filing shall not be less
38 than thirty (30) days after such information is received by the
39 Department.

- 40 4. Maintenance of Uniform Data Base.

1 Independent filings based upon a classification system other than the
2 classification system filed by a designated advisory organization must be
3 accompanied by an explanation of the method the insurer will utilize to
4 compile and report data in compliance with Ark. Code Ann.
5 §23-67-219(2)(B).

6 5. Reference Filings.

7 a. Any participating insurer in an advisory organization may satisfy
8 its obligation to file the prospective loss cost portion of its rates,
9 supplementary rate information or supporting information by adopting a
10 reference document filing made by an advisory organization, using forms
11 RF-WC, RF-1 and WC-1. Workers' compensation and employers' liability
12 insurance filings by advisory organizations are advisory only and any
13 insurer desiring to use those filings shall submit
14 a letter indicating its intent to file rates, supplementary rate and
15 supporting information by reference to the filing of the licensed
16 advisory organization. This cover letter shall contain the advisory
17 organization's reference document number applicable to this filing.

18 b. An insurer must notify the Department if it does not intend to
19 adopt a filing of an advisory organization. The insurer must submit data
20 and information to justify the continued use of the rate or supplementary
21 rate information previously filed by the advisory organization.

22 6. Deviations.

23 An insurer may file a deviation from an advisory organization's loss
24 cost filing. These deviations may be accomplished through the use of the
25 form RF-WC and attachments thereto. The form WC-1 and RF-1 should
26 accompany the deviation request. The Department shall approve or
27 disapprove deviations within thirty (30) days after receipt of the
28 completed deviation filing. The deviation shall be effective upon
29 approval by the Department.

30 7. Loss Costs Filings.

31 a. An insurer wishing to adopt an advisory organization's current
32 loss cost filing must:

33 (1) Provide the documentation required in Section 7(B)(2),
34 indicating whether or not the loss cost multiplier is to be applicable to
35 future filings.

36 (2) Provide documentation to support the development of the
37 company's loss cost adjustments.

38 (3) Pay the appropriate fees.

39 (4) Indicate the insurer's proposed effective date.

40 b. Upon subsequent revision by an advisory organization of a loss
41 cost filing, an insurer having requested to have its loss cost adjustment
42 applicable to subsequent filings must:

43 (1) Give notice of its intent to adopt by submitting a cover letter
44 so stating and provide the advisory organization's reference document
45 number.

46 (2) Pay the appropriate fees.

1 (3) Provide a copy of the previously filed RF-WC indicating that the
2 loss cost modifier will be applicable to future filings.

3 c. If an insurer who has filed to have its loss cost adjustments
4 remain on file with the Department intends to delay, modify, or not adopt
5 a particular advisory organization's loss cost reference filing, the
6 insurer must notify the Department in writing. The insurer's on-file
7 loss cost adjustments will remain in effect until disapproved by the
8 Department, withdrawn by the insurer or until the insurer files and
9 receives approval of a revised Form RF-WC.

10 d. Final rate pages for all workers' compensation classification
11 codes must be filed with the Department.

12 e. Nothing in these procedures shall be construed to require
13 advisory organizations or their participating insurers to immediately
14 refile rates previously implemented. Any participating insurer of an
15 advisory organization is authorized to continue to use all rates and
16 deviations filed for its use until disapproved, or the insurer makes its
17 own filing or files Form RF-WC adopting the advisory organization's
18 prospective loss costs or a modification thereof.

19 Section 8. PROCEDURES FOR FORM FILINGS - All Lines.

20 All forms submitted for review must comply with the applicable
21 provisions of Ark. Code Ann. §§23-79-101, et seq. Pursuant to Ark. Code
22 Ann. §23-79-109, this Section shall not apply to surety bonds, nor to
23 policies, riders, endorsements, or forms of unique character designed for
24 and used with relation to insurance upon a particular subject.

25 1. Filing Cover.

26 a. If a copy of the filing, bearing the appropriate stamp of the
27 Department, is to be returned to the filer, two (2) copies of the filing
28 cover letter of submission are required together with a postage paid
29 envelope addressed to the filing insurer, insurance holding company
30 group, or advisory organization. One (1) copy of the filing cover
31 documenting the action taken by the Department will be returned to the
32 filing insurer, insurance holding company group, or advisory
33 organization. An additional copy of the filing cover for each affiliated
34 company utilizing the documents is required. In addition, the entire
35 filing packet, consisting of all filings, supporting information and
36 exhibits, shall be sequentially numbered or contain a table of contents,
37 and the total number of pages comprising the filing packet shall be
38 referenced in the filing cover.

39 b. The filing cover must include sufficient information to identify
40 the forms contained therein completely without need for further reference
41 to attached memoranda, forms, exhibits or other documents.

42 c. If the information required by Section 8(2) below is not included
43 with the filing, the filing shall be deemed incomplete and will not be
44 reviewed.

1 d. Any insurer may satisfy its obligation to submit form filings by
2 becoming a member of or subscriber to a licensed advisory organization
3 which makes filings on its behalf, provided that nothing contained in
4 this Regulation shall be construed as requiring any insurer to become a
5 member of or a subscriber to any advisory organization.

6 2. Supporting Information Required to Supplement the Filing.

7 In addition to the requirements of Section 8(1), insurers submitting a
8 form filing are required to include completed pages one (1) and two (2)
9 of the Form Filing Abstract (Form F-1). An authorized representative of
10 the insurer must sign this form and this signature certifies the accuracy
11 of the information on the forms supplied to the Department.

12 3. Filing Deadlines.

13 a. Every filing shall be made with the Department not less than
14 thirty (30) days in advance of the proposed effective date. At the
15 expiration of the thirty (30) days, the form so filed shall be deemed
16 approved unless prior thereto it has been affirmatively approved or
17 disapproved by the Department. The Department may, however, extend the
18 review period by an additional thirty (30) days by giving notice of the
19 extension before the expiration of the initial review period.

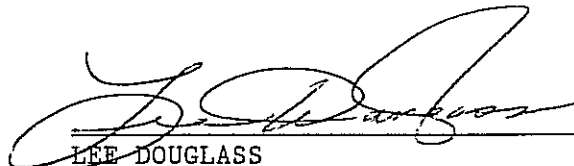
20 b. An insurer may, however, waive its rights to have its filing
21 deemed approved if additional time is required by the Department. The
22 forms to be used to acknowledge the waiver of the right to deem the
23 filing approved will be provided by the Department.

24 Section 9. SEVERABILITY

25 Any section or provision of this Rule held by a court to be invalid or
26 unconstitutional will not affect the validity of any other section or
27 provision of this Rule.

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LEE DOUGLASS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

34
35

11-30-95

DATE

CONTACT PERSON: Roger McNeil, Associate Counsel, Arkansas Insurance
Department, 1123 South University Avenue, Little Rock, Arkansas 72204;
(501) 686-2999.



ARKANSAS INSURANCE DEPARTMENT
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ARKANSAS LOSS COST DATA ENTRY FORM INSTRUCTIONS

The attached form is for inter-departmental purposes to track company loss costs. Companies are required to complete this form although some of the information requested is a duplication of information provided elsewhere.

1. **Line of Insurance (By Coverage)**: List each coverage that is separately rated or which has a separate loss cost multiplier, for example, Auto BI, PD, Phy. Damage, etc.
2. **Indicated % Rate Level Change**: Percent of change as indicated through actuarial date for each coverage as listed in column 1. Show overall change at bottom of column.
3. **Requested % Rate level Change**: Chosen rate level change. Show by coverage as listed in column 1. Show indicated overall rate change at bottom of the column.
4. **Expected Loss Ratio**: Enter expected loss ratio as shown on Form RF-2, Item 4(A), or Form RF-WC, Item 4(A) for Workers' Compensation.
5. **Loss Cost Modification Factor**: Enter the loss cost modification factor as shown on Form RF-2, Item 2(A) or Form RF-WC, Item 2(A) for Workers' Compensation.
6. **Selected Loss Cost Multiplier**: Enter the loss cost multiplier as shown on Form RF-2, Item 6 or Form RF-WC, Item 8 for Workers' Compensation.
7. **Expense Constant**: Enter the selected company expense constant as developed in Item 6 of Page 3, Form RF-2 (if applicable).
8. **Company Current Loss Cost Multiplier**: Enter the loss cost multiplier for each coverage currently on file with the Department. If this is a first-time conversion from rates to loss costs, enter the Bureau's underlying LCM.

Future Filings: Indicate with Yes or No, whether the submitted loss cost factors are to apply to future filings.

Maximum Rate Increase/Decrease: Indicate the maximum rate increase and decrease applicable to the filing being submitted and give territory affected.



ARKANSAS DATA ENTRY FORM

Insurer Name: _____
NAIC Number: _____
Name of Advisory Organization Whose Filing You Are Referencing _____
Member _____ Subscriber _____ Service Purchaser _____
Reference Filing #: _____ Proposed Effective Date: _____

Contact Person: _____
Signature: _____
Telephone No: _____

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
TOTAL OVERALL EFFECT							

Apply Lost Cost Factors to Future Filings? (Y or N) _____
Maximum Rate Increase for any Arkansas Insured (%) _____
Maximum Rate Decrease for any Arkansas Insured (%) _____

5 Year History

Rate Change History
% Eff. Date
AR Earned Premium (000)
Incurred Losses (000)
Arkansas Loss Ratio
Countrywide Loss Ratio

Selected Provisions

- A. Total Production Expense
- B. General Expense
- C. Taxes, License & Fees
- D. Underwriting Profit & Contingencies
- E. Other (explain)
- F. TOTAL

Corresponds to Question 3 on RF-2 or RF-WC



ARKANSAS INSURANCE DEPARTMENT

Form A-1 Rev. 11/95

PRIVATE PASSENGER AUTOMOBILE ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name _____
NAIC No. _____ Group No. _____

- 1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?
2. Do you furnish a market for young drivers? Over age 65 drivers?
3. Do you require collateral business to support a youthful driver risk?
4. Do you insure drivers with an international or foreign driver's license?
5. Specify the percentage you allow in credit or discounts for the following:
a. Driver Over 55
b. Good Student Discount
c. Multi-car Discount
d. Accident Free Discount*
e. Anti-theft Discount
f. Other (specify)

- 6. Do you have an installment payment plan for automobile insurance? If so, what is the fee for installment payments?
7. Does your company utilize a tiered rating plan? If so, list the programs and percentage differences. State the current volume for each program.

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature
Title
Telephone Number



HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name _____

NAIC No. _____ Group No. _____

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact. _____

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact. _____

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used. _____

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. _____

5. Specify the percentage given for credit or discounts for the following:

- a. Fire Extinguisher _____ %
- b. Burglar Alarm _____ %
- c. Smoke Alarm _____ %
- d. Insured who has both homeowners and auto with your company _____ %
- e. Deadbolt Locks _____ %
- f. Window or Door Locks _____ %
- g. Other (specify) _____ %
_____ %
_____ %

6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? _____ If so, state areas and explain reason for not writing. _____

7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
_____	_____
_____	_____
_____	_____

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? _____

9. Is there a surcharge on risks with wood heat? _____

If yes, state surcharge _____

Does the surcharge apply to conventional fire places? _____

If yes, state surcharge _____

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature

Title

Telephone Number



**INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PROSPECTIVE LOSS COSTS REFERENCE
FILING ADOPTION FORM**

Page 1 of 3

1. Insurer Name _____

Address _____

Person Responsible for Filing _____

Title _____ Telephone No. _____

2. Insurer NAIC No. _____ Group No. _____

3. Line of Insurance _____

4. Advisory Organization _____

5. Advisory Organization Reference Filing No. _____

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. Proposed Rate Level Change _____ % Effective Date _____

8. Prior Rate Level Change _____ % Effective Date _____

9. Attach "Summary of Supporting Information Form"
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. Check one of the following:

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.



ARKANSAS INSURANCE DEPARTMENT

Form RF-2 Rev. 11/95

Page 2 of 3

Insurer Name: _____ Date: _____
NAIC No. _____ Group No. _____

INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS
SUMMARY OF SUPPORTING INFORMATION FORM
CALCULATION OF COMPANY LOSS COST MULTIPLIER

- 1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:
2. Loss Cost Modification:
A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(Check One)
() Without Modification (factor = 1.000)
() With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)
B. Loss Cost Modification Expressed as a Factor: (See Examples Below)

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3-7 BELOW.

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

Table with 2 columns: Expense Category (A-F) and Selected Provisions (%). Categories include Total Production Expense, General Expense, Taxes, Licenses & Fees, Underwriting Profit & Contingencies*, Other (explain), and TOTAL.

4. A. Expected Loss Ratio: ELR=100%-3F=A.
B. ELR in Decimal Form = _____ %

5. Company Formula Loss Cost Multiplier: (2B divided by 4B) = _____ %

6. Company Selected Loss Cost Multiplier = _____ %
Explain any differences between 5 and 6: _____

7. Rate level change for the coverages to which this page applies: _____ %

Example 1: Loss Cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss Cost Modification factor: If your company's loss cost modification is +15%, a factor of 1.15 (1.000 + .150) should be used



Insurer Name: _____ Date: _____
NAIC No. _____ Group No. _____

EXPENSE CONSTANT SUPPLEMENT
CALCULATION OF COMPANY LOSS COST MULTIPLIER
WITH EXPENSE CONSTANTS

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

	Selected Provisions			
	Overall	Variable	Fixed	
A. Total production Expense	_____	_____	_____	%
B. General Expense	_____	_____	_____	%
C. Taxes, Licenses & Fees	_____	_____	_____	%
D. Underwriting Profit & Contingencies*	_____	_____	_____	%
E. Other (explain)	_____	_____	_____	%
F. TOTAL	_____	_____	_____	%

*Explain how investment income is taken into account.

- 4. A. Expected Loss Ratio: $ELR = 100\% - \text{Overall } 3F =$ _____ %
- B. ELR in Decimal Form = _____ %
- C. Variable Expected Loss Ratio: $VELR = 100\% - \text{Variable } 3F =$ _____ %
- D. $VELR$ in Decimal Form = B. ELR in Decimal Form = _____

5. Formula Expense Constant:
 $[1.00 \text{ divided by } 4B) - (1.00 \text{ divided by } 4D)]$
 x Average Underlying Loss Cost = _____
 Formula Variable Loss Cost Multiplier:
 $(2B \text{ divided by } 4D) =$ _____

6. Selected Expense Constant = _____
 Selected Variable Loss Cost Multiplier = _____

7. Explain any differences between 5 and 6:

8. Rate level change for the coverages to which this page applies: _____ %



WORKERS COMPENSATION INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE
LOSS COSTS REFERENCE FILING ADOPTION FORM

DATE _____

Page 1 of 2

1. INSURER NAME _____

ADDRESS _____

PERSON RESPONSIBLE FOR FILING _____

TITLE _____ TELEPHONE NO. _____

2. INSURER NAIC NO. _____ GROUP NO. _____

3. ADVISORY ORGANIZATION _____

4. ADVISORY ORGANIZATION REFERENCE FILING NO. _____

5. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

6 A. PROPOSED RATE LEVEL CHANGE _____ % EFFECTIVE DATE _____

B. PROPOSED PREMIUM LEVEL CHANGE _____ % EFFECTIVE DATE _____

7 A. PRIOR RATE LEVEL CHANGE _____ % EFFECTIVE DATE _____

B. PRIOR PREMIUM LEVEL CHANGE _____ % EFFECTIVE DATE _____

8. ATTACH "SUMMARY OF SUPPORTING INFORMATION FORM" (RF-WC Page 2)
(Use a separate Summary for each insurer-selected loss cost multiplier.)

9. CHECK ONE OF THE FOLLOWING:

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organizations's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organizations's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.



WORKERS COMPENSATION INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE
LOSS COSTS SUMMARY OF SUPPORTING INFORMATION
FORM CALCULATION OF COMPANY LOSS MULTIPLIER

INSURER NAME _____ DATE _____

NAIC NO. _____ GROUP NO. _____

1. Does this filing apply to all classes contained in item 4 of the Reference Filing Adoption Form?
() Yes () No If No, for each affected class, attach Page 2 of Form RF-WC with appropriate justification.

2. Loss Cost Modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(CHECK ONE)

() Without Modification (factor = 1.000)

() With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) _____

B. Loss Cost Modification Expressed as a Factor: _____ (See Examples Below)

3. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio. (Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)

PROJECTED EXPENSES: Compared to standard premium at company rates.

A. Total Production Expense

B. General Expense

C. Taxes, Licenses & Fees

D. Underwriting Profit & Contingencies*

E. Other (explain)

F. TOTAL

Selected Provisions

_____ %

_____ %

_____ %

_____ %

_____ %

_____ %

*Explain how investment income is taken into account.

4. A. Expected Loss and Loss Adjustment Expense Ratio:

ELR = 100% - 3F = _____

B. ELR in Decimal Form = _____

_____ %

5. Overall Impact of Expense Constant and Minimum Premiums:

(A 2.3% impact would be expressed as 1.023.) _____

6. Overall Impact of Size-of-Risk Discounts plus Expense Graduation

Recognition in Retrospective Rating:

(An 8.67% average discount would be expressed as 0.914.) _____

7. Company Formula Loss Cost Multiplier:

$(2B / [(6 - 3F) \times 5]) =$ _____

8. Company Selected Loss Cost Multiplier = _____

Explain any differences between 7 and 8: _____

9. Are you amending your minimum premium formula? If yes, attach documentation, including rate rate level impact as well as changes in multipliers, expense constants, maximum minimums, etc.

YES NO
() ()

10. Are you changing your premium discount schedules? If yes, attach schedules and support, detailing premium or rate level change.

() ()



ARKANSAS INSURANCE DEPARTMENT

Form WC-1
Rev. 11/95

WORKERS' COMPENSATION ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group.

Company Name _____
NAIC No. _____ Group No. _____
Deviation From _____ Proposed Effective Date _____

1. What type of deviation(s) are you currently utilizing? (Specify whether deviation is a schedule rating plan or an across-the board deviation.)

Type	Approved	Percentage
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. What, if any, restrictions apply to the deviation? _____

3. What is the minimum premium requirement for eligibility for the deviation? _____

4. What was the average percentage of credit given on policies eligible under the deviation? _____

5. What was the average percentage of debit given on policies eligible under the deviation? _____

6. State the number of Arkansas policies issued since the approval of your deviation. _____
Of these policies, how many received a deviation? _____

7. Do you allow both schedule rating plans and across-the-board deviations on the same risk? _____

8. Does your company offer a dividend plan? If so, please describe the type of dividend, including the amount paid in dividends for the preceding calendar year. _____

9. When promulgating an individual policy premium, at what point is the deviation applied? _____

10. Do plans for the future market provide for:
(a) A greater market penetration for this type of business _____
(b) A lesser penetration _____
(c) Status quo _____

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature

Title

Telephone Number



ARKANSAS INSURANCE DEPARTMENT

Form F-1
Rev. 11/95

FORM FILING ABSTRACT

ALL QUESTIONS MUST BE ANSWERED

Page 1 of 2

Companies filing for a group may use a consolidated abstract if all forms are identical.

1. Date Filed

2. Company Name(s)

Group Name NAIC No. Group No.

3. (a) Annual Statement Line of Business Number (Page 14)

(b) Class of Business

(c) Coverages Affected

4. (a) Name of Advisory Organization, if any

(b) Affiliation with Advisory Organization: Member () Subscriber ()

5. Is this a reference filing? Yes () No () If yes, please provide the following:

(a) Name of Advisory Organization (or Affiliated Company)

(b) Date of Filing

(c) Filing Designation Number or Description

PROVIDE THE INFORMATION REQUESTED ON PAGE 2 OF THIS FORM

7. Has the form(s) been approved for use in your domiciliary state and/or other states?

8. Is the form filed in response to or due to legislation? If so, specify legislation.

9. Is the form filed in response to or due to recent court decisions? If so, give citation.

THIS INFORMATION IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature

Title

Telephone Number

Old Form No.	Proposed Effective Date of New Form	New Form No.	Title of the Form(s); also Indicate Withdrawals: Provide Synopsis of Coverage