



Department of Business Regulation

1511 Pontiac Avenue
Cranston, RI 02920

Insurance Bulletin Number 2007-11

Property and Casualty Rating

The Department of Business Regulation issues this Bulletin to emphasize insurers' obligations under Rhode Island rating statutes. This Bulletin supplements [Insurance Bulletin #2007-5](#) and applies to all lines of property and casualty insurance, including workers' compensation and title insurance. This Bulletin also addresses insurers' obligations when ceding or otherwise granting underwriting authority to its agency force.

Insurers that cede or otherwise grant underwriting authority and/or pricing authority to their agents/producers, including the application of scheduled credits and debits, are responsible for all underwriting, binding and pricing decisions and/or actions of those agents/producers. Insurers are therefore reminded that they are responsible for assuring that the policy is written in accordance with their underwriting guidelines and criteria, as well as in accordance with filings approved by the Department (including but not limited to policy forms, rules, rates, loss costs and scheduled rating). In addition, the Department will hold any insurance producer who knowingly quotes or binds business outside filed and approved programs accountable for such actions. Insurers and/or insurance producers who have been found, after investigation and/or examination by the Department, to have underwritten or priced accounts outside filed and approved programs will be subject to administrative action by the Department including the assessment of fines and penalties and/or suspension or revocation of license.

With respect to scheduled rating for workers' compensation, the Department requires that eligibility for scheduled rating apply only to those risks that meet the minimum NCCI experience rating triggers of \$5,000 in one year, or \$10,000 in two years. Based upon the [Department's Decision](#) with regard to the NCCI advisory loss cost filing effective February 1, 2007, NCCI is required to perform an analysis of premium requirements to determine if the current Rhode Island thresholds are appropriate for Rhode Island employers and to analyze the effects of any proposed changes. This analysis will be reviewed by the Department in conjunction with the pending NCCI advisory loss cost filing. Until such time as a thorough review of the analysis is completed by the Department, we cannot allow insurers to deviate from the \$10,000/\$5,000 eligibility requirements. Insurers must review all existing programs to ensure that the eligibility guidelines comply with the NCCI requirements. If any programs in use are not in compliance with said guidelines, insurers should immediately discontinue use of such programs and immediately notify the Department.

The Department strongly supports competition in the Rhode Island marketplace. In order to foster such competition and to promote a stable and healthy market, it is necessary that all insurers ensure that all underwriting guidelines and rates conform with Rhode Island statutes and regulations.

The Department will continue to investigate all consumer complaints to ascertain compliance with this Bulletin. In addition, targeted market conduct examinations will be performed in order to ensure compliance with applicable laws, regulations and this Bulletin. Once again, insurers and/or insurance producers who have been found, after investigation and/or examination by the Department, to have underwritten or priced accounts outside filed and approved programs will be subject to administrative action by the Department including the assessment of fines and penalties and/or suspension or revocation of license.

Joseph Torti, III
Associate Director and Superintendent of Insurance
December 20, 2007