

*PROPERTY AND CASUALTY INSURANCE*

## CHAPTER 20

## PROPERTY AND CASUALTY INSURANCE RATE AND FORM FILING PROCEDURES

[Prior to 10/22/86, Insurance Department[510]]

**191—20.1(515,515A,515C,518,518A,520) General requirements.**

**20.1(1)** All filings submitted to the Iowa division of insurance must be accompanied by a prepaid self-addressed envelope large enough to contain all copies of material requested to be returned.

**20.1(2)** Rescinded IAB 8/8/90, effective 9/12/90.

**20.1(3)** If submission is a combination forms and rate filing, the division will retain two copies of the filing for its files. If the company desires a copy of the form stamped "APPROVED" for its own files, a third copy of the filing should be included with the submission.

**20.1(4)** If more than four forms are submitted for review with one submission, the filing shall contain a separate sheet listing forms by descriptive caption and identifying form number.

**191—20.2(515,515A,515C,518,518A,520) Filing synopsis.**

**20.2(1)** For residual market mechanisms or ordinary lines of insurance except workers' compensation each filing must be accompanied by an Iowa filing synopsis sheet, Form No. PC-101, a copy of which is attached\* hereto and by reference made a part hereof. If filing includes several policy form submissions, separate synopsis sheets should be prepared for each policy form. If a policy form is filed with several endorsements, endorsement title and identification number may be listed on a separate sheet of paper attached to the synopsis form.

**20.2(2)** If submission is made by a group on behalf of several member companies, separate synopsis forms shall be prepared for each insurance company.

**20.2(3)** Rescinded IAB 8/8/90, effective 9/12/90.

**20.2(4)** Each filing shall indicate the name and telephone number, including area code, of the person or persons at the company who may be contacted regarding the submission.

**191—20.3(515,515A,515C,518,518A,520) Letter of transmittal.**

**20.3(1)** Filings shall be accompanied by a letter of transmittal with appropriate number of copies, which sets forth:

*a.* The name of the insurer organization making the filing. If a group letterhead is used, the letter of transmittal shall clearly designate the name of the company or companies on whose behalf the filing is made.

*b.* Title and reasonable identification of the filing.

*c.* The proposed effective date of the filing and applicable rule.

*d.* Whether the filing is new or supersedes a present filing, and if the latter, identifies the approval date of the present filing and describes all changes by paragraphs and clauses, and any changes in policy title or identification number if applicable. Comparison should also be made with an advisory organization form presently in use, if applicable.

*e.* If an endorsement, identification of the policy form or forms to which it should be attached by policy title, identification number, and date of prior approval.

**20.3(2)** Information submitted in support of any filing may be set forth in the letter of transmittal or by an exhibit attached thereto.

**20.3(3)** Number of copies of letter of transmittal required:

*a.* If a filing is a rate or form filing only, an original and one copy are necessary.

*b.* If a filing is a combination rate and form filing, an original and two copies are necessary.

\*Printed at end of chapter.

c. If a filing is a deviation filing involving a residual market mechanism, an additional copy must be furnished for the advisory organization involved in both “a” and “b” above.

**191—20.4(515,515C,518,518A,520) Policy form filing.**

**20.4(1)** Preliminary filing of forms may be made in typed or printer’s proof format, provided that they are refiled and approved before use in final printed form. The division will return to the sender any mockup forms which are unreadable because of size of print, clarity of copy, or format of form.

**20.4(2)** Each policy form, endorsement, application and agreement modifying the provisions of policies must bear an identification form number. This form number must be in the lower left-hand corner unless uniform or authentic forms are used.

**20.4(3)** All endorsements, riders and agreements restricting coverage provisions of the policy form previously issued must provide a signature line for acceptance by the named insured.

**20.4(4)** In addition to the required synopsis form and cover letter, each filing submitted to the insurance division for approval shall be accompanied by a certification of the general counsel or an officer of the submitting company that the policy form is in compliance with the insurance laws of Iowa and these rules.

**20.4(5)** Any insured or established organization with one or more insureds among its members may file a written request with the commissioner for a hearing on a proposed form filing. A request for hearing must be filed within 20 days of receipt of the form filing by the commissioner.

**20.4(6)** The commissioner of insurance will hold the hearing within 20 days after receipt of the written demand for a hearing and will give not less than 10 days’ written notice of the time and place of the hearing to the person or association filing the demand, to the filing insurer or organization, and to any other person requesting a notice. The commissioner of insurance may suspend or postpone the effective date of the proposed filing pending the hearing.

**20.4(7)** A form filing which has not been previously approved, disapproved or questioned shall be deemed approved on or after 30 days from its receipt.

**191—20.5(515A) Rate or manual rule filing.**

**20.5(1)** Every insurer shall determine and file its final rates with the commissioner pursuant to provisions of Iowa Code chapter 515F, except for insurers of workers’ compensation who are specifically excluded by Iowa Code section 515F.5 and residual market mechanisms.

a. Advisory organizations may file on behalf of their member and subscriber companies prospective loss costs, supplementary rate information and supporting information as defined in Iowa Code section 515F.2. Advisory organization filings shall be filed and made effective in accordance with the provisions of Iowa Code sections 515F.4 to 515F.6 or 515F.23 to 515F.25 that apply to the filing and approval of rates and supplementary rating information.

b. An insurer may satisfy its obligation to make rate filings by becoming a participating insurer of a licensed advisory organization that makes reference filings of advisory prospective loss costs and by authorizing the commissioner to accept such filings on its behalf by completing and filing a (1) Reference Filing Adoption Form, (2) a Summary of Supporting Information Form and, if applicable, (3) an Expense Constant Supplement to be provided by the commissioner. The insurer’s rates shall be the prospective loss costs filed by the advisory organization which have been put into effect in accordance with 20.5(1) “a,” combined with the loss cost adjustments which are filed in accordance with this paragraph.

c. An insurer may satisfy its obligation to make filings of supplementary rating information by becoming a participating insurer of a licensed advisory organization which makes such filings and by authorizing the commissioner to accept such filings on its behalf. The insurer’s supplementary rating information shall be that filed by the advisory organization, subject to any modifications filed by the insurer.

*d.* If an insurer has previously filed forms modifying coverage provided by the applicable advisory organization forms, such fact should be noted in the rate filing.

**20.5(2)** Rate filings shall reflect that due consideration has been given to the factors enumerated in Iowa Code section 515F.4(1), and shall be accompanied by supporting statistical exhibits. In addition, each filing shall note the date of the last revision of rates affecting this coverage and briefly describe the nature of that revision.

**20.5(3)** Filings of rules or rates may be made in a form other than manual size pages provided that if made effective they are replaced within a reasonable period of time by manual size pages, showing the page number and rule number, with a reference to the pertinent filing. The filing of special rules or rating plans may be made on other than manual size pages, and need not be so replaced provided that a manual size reference page is furnished for the filing.

**20.5(4)** Insurers making filings in their own behalf and advisory organizations shall identify each page filed by printing, typing or stamping their own name thereon.

**20.5(5)** If a company filing rates used the manuals of an advisory organization in its filings, any portion of the manuals of the organization which will not be followed by the filing must be clearly shown as deleted or amended by use of an appropriately numbered exception page. Exception pages shall be on a different colored paper so as to be easily identified, and should be of the same size as the basic manual.

**20.5(6)** For residual market mechanisms, insurers making filings in their own behalf shall identify the submission as an independent filing or a deviation from the bureau filing. A deviation filing is a submission which represents modification of a form or rate or rule previously filed by an authorized rating organization on behalf of its member and subscriber companies. If an insurer has previously filed forms modifying coverage provided by the applicable standard or bureau forms, such fact should be noted in the rate filing.

**191—20.6(515A) Exemption from filing requirement.**

**20.6(1)** An insurer requesting, pursuant to Iowa Code section 515F.5(4), suspension or modification of the requirement of filing of a rate shall provide the commissioner with a full explanation for the proposed exemption from the filing requirement together with any actuarial data available and shall furnish the commissioner with any additional material the commissioner may desire.

**20.6(2)** If the commissioner finds that a proposed rate represents a classification for which credible and homogeneous statistical experience does not exist and cannot be analyzed using standard actuarial techniques to produce a statistically significant average rate for the individual risks within the classification, the commissioner may exempt the proposed rate from the filing requirement.

**20.6(3)** An insurer shall maintain statistical records of the experience and expenses attendant upon the risks covered by any rate exempted by the commissioner from the filing requirement. The insurer may supplement statistical information with information filed with the commissioner by an advisory organization.

This rule is intended to implement Iowa Code section 515A.4(6).

**191—20.7(515E) Risk retention and purchasing groups.** All risk retention groups and purchasing groups required to file notice with the commissioner pursuant to Iowa Code sections 515E.4 and 515E.8 shall include a fee of \$100 with each filing.

**191—20.8(515A) Rate filings for crop-hail insurance.** Rate filings for crop-hail insurance shall be submitted on or before March 15 of each calendar year. Each company may file one set of rates per policy plan per calendar year which shall remain in effect throughout the current crop year. In the absence of a new filing, rates on file from the previous year will remain in effect. Each filing shall be accompanied by a cover letter, synopsis sheet and supporting data which justifies the filed rate.

**191—20.9(515F) Licensing advisory organization.** All rating organizations currently licensed pursuant to Iowa Code section 515A.6 shall also be deemed to be licensed as advisory organizations pursuant to Iowa Code section 515F.8 until such time as the current rating organization license expires.

**191—20.10(515F) Exemptions.** In order to ensure a smooth and orderly transition to prospective loss costs, an advisory organization may file for the commissioner's approval a prospective loss cost implementation schedule that sets forth reasonable time frames for the conversion from the filing of rates to the filing of prospective loss costs in Iowa.

Advisory organizations may continue to distribute manuals of rates, rating schedules and other similar information which they legally put into effect prior to July 1, 1990, or such material that has been exempted pursuant to the paragraph above.

**191—20.11(515) Exemption from form and rate filing requirements.**

**20.11(1)** The following lines of insurance shall be exempt from the form filing requirements of Iowa Code section 515.109:

Aircraft hull and aviation liability

Difference-in-conditions

Kidnap-ransom

Manuscript policies and endorsements issued to not more than two insureds in Iowa

Political risk

Reinsurance

Terrorism

War risk

Weather insurance

**20.11(2)** Insurers shall be exempt from filing rates for the lines of insurance exempted in 20.11(1).

**20.11(3)** An insurer shall within 30 days of request provide the commissioner with any of the information which is exempted from form and rate filing requirements.

**191—20.12(515,515F) Use of credit history in underwriting and making of rates for personal automobile and homeowners policies.**

**20.12(1) Purpose.** The purpose of this rule is to require insurers that use credit reports or credit scores for underwriting or tier placement purposes, with respect to the lines of personal automobile and homeowners insurance, to provide the insurance commissioner with the underlying information needed to ensure that the insurers use the credit reports or credit scores in accordance with Iowa statutes and regulations.

**20.12(2) Definitions.**

"Credit report" means any written, oral, or other communication of any information by a consumer reporting agency that:

1. Bears on a consumer's creditworthiness, credit standing, or credit capacity; and
2. Is used or collected or expected to be used or collected wholly or partly to serve as a factor in establishing the consumer's eligibility or pricing for personal lines of automobile and homeowners insurance.

“*Credit score*” means a score that is derived by utilizing data from a person’s credit report in an algorithm, computer program, model or other process that reduces the data to a number or rating.

“*Insurance*” means personal lines of property and casualty insurance.

“*Insurers*” means each property and casualty insurer using credit reports or credit scores for underwriting purposes, including acceptance, declinations, cancellations and nonrenewal, and tier placement.

“*Tier*” means a category into which insureds with similar risk characteristics are placed for purposes of determining a premium rate including the application of surcharges and discounts within a single insurer or placement from an insurer to another insurer within an affiliated group of insurers.

**20.12(3)** *Notice to the consumer of the use of credit history in an insurance transaction.*

*a. Disclosure.* The insurer shall disclose at the time an insurance application is taken that it may or will gather credit information.

*b. Notification.* The insurer shall notify the consumer when adverse action is taken following the requirements of the Federal Credit Reporting Act, 15 U.S.C. Section 1681.

**20.12(4)** *Prohibited uses.* The decision to obtain a credit report or credit score must be reasonably related to the insurer’s economic and business purposes. An insurer shall not:

*a.* Cancel a policy, refuse to renew a policy, or reject an application based solely on information contained in a credit report or credit scores.

*b.* Cancel a policy, refuse to renew a policy, or reject an application based on information contained in a credit report or credit scores that the insurer or qualified agent knows is inaccurate or incomplete.

*c.* Obtain a credit report or credit score for any arbitrary, capricious, or unfairly discriminatory reason.

*d.* Use credit criteria or credit scoring based wholly or partly on age, residence, sex, race, color, creed or occupation of an applicant or insured.

**20.12(5)** *Filing information with the commissioner.*

*a.* An insurer shall have specific, written criteria on how credit information is utilized in underwriting and tier placement. At the request of the commissioner, an insurer shall file with the commissioner:

(1) The characteristics or factors from a credit report that are used as credit criteria or used in determining a credit score; and

(2) In the case of credit scoring, the algorithm, computer program, model, or other process that is used in determining a credit score, along with the underlying support, including statistical validation, for the development of the algorithm, computer program, model, or other process that is used in determining a credit score; and

(3) Any underwriting guidelines relating to the use of the credit criteria or credit scores, along with all appropriate supporting material for the use of the guidelines.

*b.* At the request of the commissioner, an interested party such as a scoring modeler shall file or discuss under confidentiality protection, with the commissioner: the algorithm, computer program, model or other process that is used in determining a credit score, along with the underlying support, including statistical validation, for the development of the algorithm, computer program, model, or other process that is used in determining a credit score. Such documentation or discussion can be referenced by an insurer in the insurer’s filings.

*c.* Information filed with the commissioner pursuant to paragraphs “*a*” and “*b*” of this subrule shall be considered a confidential record and recognized and protected as a trade secret in accordance with Iowa Code section 22.7(3) and Iowa Administrative Code 191—paragraph 1.3(11)“*a*.”

These rules are intended to implement 1990 Iowa Acts, chapter 1234, and Iowa Code section 515.109.

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\*See IAB Insurance Division  
Note: See Ch. 20, p.5 for forms