

515A.7 Uniform rating plans and deviations.

1. *a.* Every insurer shall adhere to the filings made on its behalf by a rating organization except that any such insurer may file a deviation from the class rates, schedules, rating plans, or rules, or a combination thereof for approval by the commissioner. The deviation filed shall specify the basis for the modification and a copy shall also be sent simultaneously to such rating organization. In considering the deviation filed, the commissioner shall give consideration to the available statistics and the principles for rate making as provided in section 515A.3. The commissioner shall approve the deviation filed for such insurer if the commissioner finds it to be justified and it shall thereupon become effective. The commissioner shall disapprove the deviation filed if the commissioner finds that the deviation does not meet the requirements of this chapter.

b. A deviation may be filed for approval by the commissioner as follows:

(1) An insurer may file for approval by the commissioner of a uniform percentage rate deviation to be applied to the class rates of the rating organization's filing subject to limitations as set forth by the commissioner by rule. A rate deviation from the approved class rates of a rating organization shall not cause the rate charged a policyholder to exceed the approved assigned risk rates.

(2) A rating organization or insurer may offer retrospective plans in policies which generate at least one hundred thousand dollars in annual countrywide premiums on workers' compensation liability insurance.

(3) An insurer may offer large deductible programs on policies which generate at least one hundred thousand dollars in annual countrywide premiums on workers' compensation liability insurance. The minimum large deductible which may be offered is twenty-five thousand dollars, which may be applied to indemnity and medical losses.

(4) An insurer may offer small deductible programs with deductibles in a range of up to ten thousand dollars and which apply only to medical losses. Losses shall be reported on a net basis in accordance with the statistical plan filed by a rating organization.

(5) An insurer may adopt a scheduled or rating plan providing for credits or debits in an amount not exceeding the maximum modification allowed as set forth by the commissioner by rule. This amount shall be in addition to the permitted deviations set forth in subparagraphs (1) through (4).

(6) The commissioner may authorize other types of deviations by rule when there is no approved rate, schedule, rating plan, or rule applicable to the deviation filed, on file with the insurance division for a rating organization.

2. The commissioner may adopt rules pursuant to chapter 17A to limit deviations and maximum schedule or rating plan modifications.

3. All dividends shall be paid based upon loss sensitivity. Dividends are deemed a return of profit to insureds. Accordingly, dividends shall not be guaranteed by an insurer without regard to profits. Dividends may be offered in conjunction with deviated rates or with scheduled rates or in combination therewith. For the purposes of this subsection, "loss sensitivity" means the profitability of the policyholder individually or as a member of a homogenous group.

[C50, 54, 58, 62, §515A.7, 515B.7; C66, 71, 73, 75, 77, 79, 81, §515A.7]
2008 Acts, ch 1123, §36, 57