

# STATE OF ALASKA

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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## BULLETIN 95-03

**TO: ALL INSURANCE COMPANIES MAKING RATE, RULE, OR FORM FILINGS IN ALASKA**

**RE: EFFECTIVE DATES OF RATE, RULE, OR FORM FILINGS**

The Alaska Division of Insurance frequently receives requests to change the effective date of an approved rate, rule, or form filing. Some of these requests for changes have not been approved because of the limited time frame in which the requests were submitted to the division for approval.

Alaska law requires that every rate, rule, or form filing include the proposed effective date of the filing (AS (Alaska Statute) 21.39.040(a), AS 21.66.370(a), 3 AAC 31.220(c)). *If the insurer does not implement the filing on the proposed effective date, the insurer is not in compliance with the statutes or regulations.*

The purpose of this bulletin is:

1. to explain how insurers may change a proposed and approved effective date while complying with Alaska laws, and
2. to clarify when a filing becomes effective.

### **1. Procedure for changing an approved effective date**

When an insurer is unable to implement a filing on the proposed and approved effective date, the insurer must submit a filing requesting a change in the effective date. This request must be submitted before the effective date included in the original filing. If the request for change is submitted after the approved effective date, then the company is violating Alaska law by not implementing the filing as approved. The company will be in violation of the law during the period from the approved effective date to the date that the requested change is approved.

EXAMPLE A: Approved effective date: July 1, 1994

The insurer sends the division a filing requesting to change the effective date to September 1, 1994.

a) If this request is received and approved by one of the analysts prior to July 1, 1994, then the insurer has met the requirements of the law. The insurer may implement the filing on September 1, 1994.

b) If this request is received by one of the analysts on August 8, 1994 (or any other date between July 1 and September 1) and is approved on August 10, 1994, then the insurer may implement the filing on September 1. However, the insurer was in violation of the law between July 1, 1994, and August 9, 1994, by not implementing the original filing on the proposed effective date.

c) If this request is received by one of the analysts after September 1994, then *the requested change in effective date* will be disapproved. The insurer was in violation of the law from July 1 through September 1, since the filing was not implemented on the proposed effective date. The original filing is still in force with an effective date of July 1, 1994.

Insurers that have authorized a rating organization to file on their behalf must use the effective date provided by the rating organization unless the division is properly notified. This notification of request to change the approved effective date of a rating organization filing must be received and approved before the effective date of the rating organization filing following the procedure in Example A.

All approved filings must be implemented on the approved effective date, otherwise the company is in violation of Alaska law.

## **2. Determining the effective date**

### **A) Rate and Rule Filings**

Alaska law requires that rate and rule filings contain the proposed effective date. However, when the insurer DOES NOT include the proposed effective date in the filing, Alaska law requires that rate and rule filings become effective at the end of the waiting period (usually 15 or 30 days after the date of receipt by the division), AS 21.39.040(d), AS 21.66.370(c).

EXAMPLE B: A general liability rate filing is stamped received by the division on November 1, 1994, and the insurer has not requested a specific effective date.

a) The filing is approved by one of the division analysts on November 13, 1994. (The analyst has until November 15, 1994, to act on the filing.) AS 21.39.040 requires that the filing be implemented by the insurer on November 16, 1994, 15 days after receipt by the division.

b) If the filing is questioned, the filing may not become effective until all questions are satisfactorily answered. If the analyst questions the filing on November 15, 1994, and the insurer's response to the analyst's questions is stamped received by the division on December 29, 1994, the 15-day waiting period begins on the later of these dates. If the response is acceptable and the filing is approved, the filing must be implemented by the insurer on January 13, 1995, 15 days after the response is received by the division.

Unless a specific effective date is requested by the insurer, the new rates and rules must be implemented at the end of the waiting period.

AS 21.39.040(d) and AS 21.66.370(c) provide for an exception to this example. Upon written application by the insurer, a rate or rule filing may become effective on the date that the filing is stamped approved by one of the division analysts. Phrases such as "the effective date will be determined by your approval" will be interpreted to mean the date the filing is stamped approved. This wording should be used only if the insurer is prepared to implement the filing immediately upon approval.

EXAMPLE C: A homeowner's rate filing is received by the division

on November 1, 1994, and the insurer requests that the filing become effective upon approval.

The filing is approved by one of the division analysts on November 13, 1994. The filing must be implemented by the insurer on November 13, 1994.

Since mail is sometimes slow and insurers may not know exactly when the waiting period expires or the date that the filing is stamped approved, insurers are advised to include effective dates in all filings.

Sometimes an insurer does request a specific effective date, but the proposed date cannot be honored since the filing is approved after the proposed date has past. In cases like this, the effective date will be determined by the appropriate waiting period.

EXAMPLE D: A commercial auto rate and rule filing is stamped received by the division on September 6, 1994, and the insurer has requested an effective date of October 1, 1994.

The filing is questioned by an analyst on September 8, 1994. The insurer's response to the questions is stamped received by the division on September 29, 1994. The analyst then approves the filing on October 5, 1994.

The requested effective date cannot be honored since it is prior to the approval date. The filing will become effective on October 14, 1994, 15 days after the response was received by the division.

It is recommended that insurers revise their proposed effective dates in filings which are questioned to allow for adequate-time for the response to be received and reviewed by the division and for the division's action to be communicated to the insurer.

## B) Form Filings

Alaska law requires that form filings contain the proposed effective date. However, when the insurer DOES NOT include the proposed effective date in the filing, Alaska law requires that form filings become effective on the approval date or at the end of the waiting period, whichever is sooner.

AS 21.42.120(b)

AS 21.57.080(c)

AS 21.66.450(a)

AS 21.86.070(b)

EXAMPLE C: A commercial auto form filing is stamped received by the division on September 2, 1994, and the insurer has requested an effective date of November 1, 1994.

The filing is questioned by an analyst on September 30, 1994 (the analyst has 30 days to act on the filing). The insurer's response to the questions is stamped received by the division on October 25, 1994. The analyst then approves the filing on November 4, 1994.

The requested effective date cannot be honored since it is prior to the approval date. The filing will become effective on November 4, 1994.

Since mail is sometimes slow and insurers may not know exactly when the waiting period expires or the date that the filing is stamped approved, insurers are advised to include effective dates in all filings.

The following exceptions apply to the preceding clarifications:

i) Fraternal Benefit Societies

Form filings made under AS 21.84.300 which do not include a proposed effective date will be determined to be effective at the end of the waiting period which is 60 days after the filing is stamped received by one of the analysts.

ii) Hospital and Medical Service Corporations

Form filings made under AS 21.87.180 which do not include a proposed effective date will be determined to be effective at the end of the waiting period which is 30 days after the filing is stamped received by one of the analysts.

**Summary**

Companies are in violation of Alaska law when approved filings are not implemented on the approved effective date. Insurers are required to include proposed effective dates in all filings. This bulletin clarifies how to determine the date that a filing must be implemented by the insurer when the proposed date cannot be honored or when the insurer has not included an effective date.

Any questions regarding this bulletin should be addressed to Sarah McNair-Grove at (907) 465-4613.

Date: January 31, 1995

A handwritten signature in cursive script, reading "Thelma Snow Walker".

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Thelma Snow Walker  
Acting Director of Insurance