

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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ORDER R94-07

Withdrawal of Approval of The Surety Association of America Rate Filings

The Director of the Division of Insurance does hereby find, as follows:

Background:


1. The Surety Association of America has converted its rate structure to a loss cost system.
2. According to regulations in the Alaska Administrative Code, Section 3 AAC 29.280(b), insurers that intend to continue to use rates previously filed by a rating organization shall provide support for the continued use of those rates within one year of the effective date of the initial filing of loss costs for a line of insurance.
3. Bulletin 93-02, effective March 1, 1993, was sent to insurance companies notifying them that the director intended to call a hearing one year after the initial implementation of loss costs for those lines of business for which loss cost filings are first filed by a rating organization and approved by the division after January 1, 1993. Members or subscribers of The Surety Association of America desiring to continue to use rates in effect before the implementation of loss costs shall provide support for the continued use of those rates.
4. Since there are many insurance companies who are members or subscribers to The Surety Association of America and who are writing business in Alaska, which have not yet complied with regulation 3 AAC 29.280, the Division of Insurance intends to withdraw approval of all rates filed by The Surety Association of America prior to the conversion to loss costs.

Order:

Under the authority of AS 21.39.050(c), the Division of Insurance withdraws its approval of all rates contained in filings filed by The Surety Association of America prior to January 1, 1993 for fidelity and surety lines of business, and these filings will no longer be approved as of January 1, 1995

Since The Surety Association of America submitted and had approved revised loss cost filings for fidelity and surety lines of insurance, the rates in filings made prior to January 1, 1993 are now either excessive or inadequate.

Date: October 7, 1994



David J. Walsh, Director
Division of Insurance