



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Insurance

Sarah Palin, Governor
Emil Notti, Commissioner
Linda S. Hall, Director

BULLETIN B 06-18

TO: ALL PROPERTY AND CASUALTY INSURERS MAKING RATE OR RULE FILINGS IN ALASKA

RE: CONSENT TO DEVIANT RATE FILING PROCEDURE

Bulletin 71-8, dated November 1, 1971, is revoked and replaced by this bulletin.

Alaska Statute (AS) 21.39.040(g) has been revised to allow an insurer, under certain conditions, to file a rate for a specific risk other than the otherwise applicable filed rate. The consent to rate procedure now allows an insurer to file for a rate that is either *greater than or less than* the otherwise applicable filed rate. Previously, an insurer could only file for a rate in excess of the otherwise applicable rate.

To apply for such a deviant rate, the insurer must first submit a filing to the division outlining the insured's unusual characteristics that are not otherwise contemplated in the filed rating plan, along with the insured's corresponding written "consent to rate." This is done by completing the attached Consent to Rate form as discussed below and submitting it, along with any relevant documentation supporting the calculation of the proposed rate, as a rate filing under either the prior approval or file and use procedures in AS 21.39.041 or AS 21.39.220, respectively.

Consent to rate filings must also comply with 3 AAC 31.205 - 3 AAC 31.217 and 3 AAC 31.225. The subject line of the transmittal document should indicate that the filing is a consent to rate filing, and the filing must clearly specify that it applies only to the consenting individual risk. Proposed revisions to forms, which may be required in order to provide the proposed coverage to the individual risk, are not allowed as part of the consent to rate filing. If revisions to the forms are required to provide the proposed coverage to the individual risk, the revisions must be submitted in a separate form filing that complies with the procedures under 3 AAC 31.200 - 3 AAC 31.250.

For a paper filing under 3 AAC 31.215, the division will retain the original copy of the Consent to Rate form along with the original cover letter and will return the additional copies of the cover letter upon their receipt and authorization as indicated in 3 AAC 31.215.

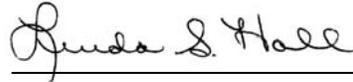
The attached Consent to Rate form or a substantially similar form containing all the basic information must be completed as follows:

1. Policy Issuer's Name and Address. The name and mailing address of the insurance company that will be issuing the policy and, if any, the producer's name and address.
2. Name and Address of the Insured. The full name of the insured and the insured's mailing address.
3. Policy Number. If a reference or advance policy number has been assigned, it must be indicated.
4. Effective date and expiration date of the policy. The full policy period must be indicated.
5. Proposed effective date and expiration date of deviant rate. The proposed deviant rate may not be charged before the division authorizes the insurer's consent to rate filing. Similarly, the rate approved in the consent to rate filing may not be charged beyond the expiration date of the policy for which it was approved. Therefore, the time period stated in item 4 must be within the time period stated in item 3.
6. Type of Insurance and Hazards to Be Insured. This is best explained with examples: (a) Fire and ECE on a large warehouse; (b) General Liability, M & C completed operation – excavation; (c) Automobile Insurance - Liability and Physical Damage on two racing automobiles. If the address of a risk is other than the mailing address of the insured, it must be indicated here.
7. Limits or Amount of Insurance. Following the examples in 6 above: (a) \$95,000 on Building and \$200,000 on Contents; (b) \$500,000 per person, \$1M per claim; (c) 50/100 BI, 25 PD, 500 MED, ACV COMP & UM.
8. Reason for Deviant Rate. This must be specific and clearly identify why the filed rating plan is not applicable. Catch all phrases such as "unable to place in standard market," and general phrases such as "unique characteristics" or "high exposure" are not acceptable. Examples, following item 6 above, could be: (a) High value in unprotected area - no fire department and the rating plan does not include rates for unprotected areas; (b) utilizing unprecedented, innovative technology that greatly reduces excavation hazard; (c) operator occasionally participates in racing events that are normally excluded from coverage.
9. Premium Statement. This field indicates the proposed deviation from the otherwise applicable manual premium. It is to be filled in with the proposed premium as a percentage of the standard manual premium, not the percentage of change from the manual premium. That is, a proposed surcharge of plus 20 percent would be indicated on the form as 120 percent. A proposed credit of minus 35 percent would be indicated on the form as 65 percent.
10. Applicant's Signature and Date. All of the foregoing information must be complete and appear on the form given to the applicant for signature. If the insured is a corporation, one of the

officers of the corporation must sign the form and indicate the office held. Otherwise, the signature must agree with the name appearing in item 2.

While the division realizes that the consent to rate process provides a risk with a market the insured might not otherwise have available, the division will not permit this process as a blanket method of condoned excessive or inadequate rating. Under AS 21.39.030(a)(1), rates may not be excessive, inadequate or unfairly discriminatory. This mandate is not voided by AS 21.39.040(g). The division may require the insurer to justify a rate that appears excessive or inadequate.

Dated this 26th of January, 2007, at Anchorage, Alaska.

A handwritten signature in cursive script that reads "Linda S. Hall". The signature is written in black ink and is positioned above a horizontal line.

Linda S. Hall
Director

CONSENT TO RATE

(1) Insurance Company _____ Phone Number _____

Mailing Address _____

Producer, if any, _____

Mailing Address _____

(2) Name of Insured _____

Mailing Address _____

(3) Policy Number _____

(4) Effective dates of policy:

From _____ to _____

(5) Proposed effective dates of deviant rate:

From _____ to _____

(6) Type of insurance & hazards to be insured _____

(7) Limits or amount of insurance _____

(8) Reason for deviant rate _____

(9) Premium \$ _____, which is _____ percent of the usual premium developed at rates filed with the Division of Insurance.

Your signature below indicates that you understand that the proposed rate deviates from the insurer's filed rate, that you understand and agree to the reason(s) for the deviation as shown above, and that you request the insurance at the rate proposed above.

(10) Applicant's Signature: _____

Date: _____ Title _____