

11 NCAC 16 .0403 CALCULATION PROCEDURE AND DATA REQUIREMENTS FOR RATE DEVIATIONS

An insurer requesting a rate deviation shall submit to the Department of Insurance the following information, the results of each calculation as follows, and the corresponding data required to perform each calculation in accordance with this Rule, identified for each case for which the insurer is requesting a rate deviation:

- (1) identification of the class of business and plan of insurance associated with the case;
- (2) identification of the single or multiple account case and, for a multiple account case, identification of each case;
- (3) for the case, calculate the incurred loss ratio at the current North Carolina approved rate as defined in Rule .0401(15) of this Section;
- (4) for the case, calculate the credibility factor using the credibility formula as defined in 11 NCAC 16 .0401(6);
- (5) multiply Item (3) of this Rule by Item (4) of this Rule;
- (6) for the class of business, calculate the class of business incurred loss ratio at current North Carolina approved rate as defined in 11 NCAC 16. 0401(16);
- (7) for the class of business, calculate the credibility factor using the credibility formula as defined in 11 NCAC 16.0401(6);
- (8) multiply Item (7) of this Rule by the quantity one minus Item (4) of this Rule, as in the following formula: Item (7) of this Rule x [1 - Item (4) of this Rule];
- (9) multiply Item (6) of this Rule by Item (8) of this Rule;
- (10) multiply the quantity one minus Item (4) of this Rule by the quantity one minus Item (7) of this Rule, as in the following formula: [1 - Item (4) of this Rule] x [1 - Item (7) of this Rule];
- (11) multiply .60 by Item (10) of this Rule;
- (12) add Items (5), (9) and (11) of this Rule;
- (13) calculate the expense ratio as defined in 11 NCAC 16. 0401(9);
- (14) calculate the benchmark loss ratio as defined in 11 NCAC 16. 0401(11);
- (15) the rate adjustment factor is equal to Item (12) of this Rule divided by Item (14) of this Rule; however, if the rate adjustment factor is greater than or equal to 0.95 and less than or equal to 1.05, then the rate adjustment factor shall be set equal to the number one; and
- (16) the maximum approved rate in effect for a period of 12 months is equal to the current North Carolina approved rate for the case multiplied by Item (15) of this Rule.

History Note *Authority G.S. 58-2-40; 58-57-35(a); 58-57-70;*
Eff. January 1, 1994;
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