

## **11 NCAC 10 .1603      RATE AND LOSS COSTS**

(a) A rating organization may develop and file a reference filing with the Department, which filing shall contain the advisory prospective loss costs, the underlying loss data, and other supporting statistical and actuarial information for any calculations or assumptions underlying those loss costs.

(b) After a reference filing has been made with the Department and determined by the Commissioner to be proper, the rating organization shall provide its participating insurers with a copy of the reference filing.

(c) A rating organization may print and distribute manuals of prospective loss costs, as well as supplementary rating information as described in 11 NCAC 10 .1604. After an initial prospective loss costs reference filing has been made by a rating organization and has been determined by the Commissioner to be proper, that rating organization shall no longer file any minimum premiums in this State.

(d) Each insurer must individually determine the final rates it will file and the effective date of any rate changes through an independent company decision-making process.

(e) If an insurer that is a member, subscriber, or service purchaser of a rating organization decides to use the prospective loss costs in a proper reference filing in support of its own filing, the insurer must submit a proper rate filing in accordance with 11 NCAC 10 .1107. In that filing, the insurer shall provide justification for the loss cost multipliers used in producing the final rates. The insurer's rates are the combination of the prospective loss costs and the insurer's loss cost multipliers.

(f) If an insurer files a modification of the prospective loss costs in a proper reference filing based on its own anticipated experience, supporting documentation shall be required.

(g) An insurer may vary expense loads by individual classification, grouping or subline of insurance. An insurer may use variable or fixed expense loadings or a combination of these to establish its expense loadings.

(h) If an insurer wishes to use a minimum premium of any type, a proper rate filing must be submitted to the Department.

(i) An insurer may file such other information that it deems to be relevant and shall provide such other information that is requested by the Department.

(j) An insurer may have its loss costs multiplier remain on file with the Department and reference all subsequent prospective loss costs reference filings. Upon receipt of subsequent rating organization reference filings, the insurer's rates shall be the combination of the prospective loss costs and the loss cost multiplier on file with the Department, and will be effective on or after the effective date of the prospective loss costs. The insurer need not file anything further with the Department.

(k) If an insurer that has filed to have its loss costs multiplier remain on file with the Department intends to delay, modify, or not adopt a particular rating organization's reference filing, the insurer must make a filing with the Department before the effective date of the reference filing.

(l) To the extent that an insurer's final rates are determined solely by applying its loss costs multiplier to the prospective loss costs contained in a rating organization's reference filing and printed in the rating organization's manual, the insurer need not develop or file its final rate pages with the Department.

(m) If an insurer has filed to have its loss cost multiplier remain on file, applicable to subsequent reference filings, and a new proper reference filing is filed:

- (1) If the insurer decides to use the prospective loss costs and effective date as filed, the insurer shall not file anything with the Department. The insurer's rates shall be the combination of the prospective loss costs and the on-file loss cost multiplier. The new rates shall become effective on the effective date of the loss costs.
- (2) If the insurer decides to use the prospective loss costs as filed, but with a different effective date, the insurer must notify the Department of its effective date before the effective date of the loss costs.
- (3) If the insurer decides to use the prospective loss costs, but wishes to change its loss cost multiplier, the insurer must make another filing in accordance with Paragraphs (d) through (f) of this Rule before the effective date of the loss costs.
- (4) If the insurer decides not to revise its rates using the prospective loss costs, the insurer must notify the Department before the effective date of the loss costs.

(n) If the insurer has not elected to have its loss cost multiplier remain on file, applicable to the future prospective loss cost reference filings, and a new proper reference filing shall be filed:

- (1) If the insurer decides to use the prospective loss costs to revise its rates, the insurer must file with the Department a rate filing in accordance with Paragraphs (d) through (f) of this Rule, including the effective date of the rates.

- (2) If an insurer decides not to use the revisions, the insurer is not required to make any filing with the Department.

*History Note: Authority G.S. 58-2-40; 58-36-15; 58-37-35; 58-40-30; 58-41-50; 58-45-45; 58-46-55; Eff. February 1, 1991; Amended Eff. February 1, 1996; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. January 3, 2017.*