

COMMONWEALTH OF VIRGINIA

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ADMINISTRATIVE LETTER 2011-07

To: All Property and Casualty Insurers and Rate Service Organizations Licensed in Virginia

Re: Rate Service Organizations - Advisory Filings

The Bureau of Insurance (Bureau) is announcing that, effective immediately, Rate Service Organizations (RSOs) will be permitted to submit Advisory Filings in addition to filing forms and supplementary rate information **on behalf of** insurers that are members or subscribers of the RSO (“participating insurers”).

In order to administer the filing and adoption of Advisory Filings, the Bureau has established a process for RSOs and insurers to follow, which is outlined below:

- An RSO may identify certain products or programs that it elects not to “file on behalf of” its participating insurers. Instead, the RSO will be permitted to submit an Advisory Filing for any product or program that will allow the filing to be **available for use** by the RSO’s participating insurers.
- Advisory Filings will not include an effective date or implementation date. The Bureau will acknowledge an Advisory Filing with a **disposition date**, which is the earliest date that the filing may be adopted by the RSO’s participating insurer. Adoption instructions will be provided by the RSO.
- Participating insurers must independently determine whether to adopt an Advisory Filing.
- If a participating insurer decides to adopt the Advisory Filing, the insurer must notify the Bureau on or before the insurer’s implementation/effective date of the materials in the Advisory Filing.
- The participating insurer’s notification of adoption of the Advisory Filing must include the following information:
 1. The RSO’s Advisory Filing Number(s);
 2. The insurer’s proposed implementation/effective date; and
 3. Any other information necessary for implementation of the product or program.
- The Bureau has established an Advisory Filing Adoption Form (AFAF-1 10/2011) outlining the information that will be required when an RSO’s participating insurer decides to adopt an Advisory Filing. **Insurers are required to use this form.**

The following list of questions and answers provides guidance regarding adoption of an RSO's Advisory Filing(s):

1. Will an insurer that is not a participating insurer of an RSO be allowed to adopt an RSO's Advisory Filing?

No.

2. Will RSOs still be allowed to "file on behalf of" their participating insurers?

Yes. It is important to note that no changes are being made to the "file on behalf of" process that RSOs currently utilize.

3. Can a participating insurer use the adoption process outlined in this administrative letter to adopt materials that were submitted by an RSO on a "file on behalf of" basis?

No. This adoption process is only available for a filing that an RSO has submitted on an advisory basis.

4. What information is important for an RSO's participating insurer to know regarding the difference(s) between an RSO's "file on behalf of" filing and an RSO's Advisory Filing?

With regard to "file on behalf of" filings:

If a participating insurer has authorized an RSO to file forms and/or supplementary rate information on its behalf for a line or program, the insurer is not required to notify the Bureau of its intentions to use the submission unless the insurer intends to take exception to the implementation date or the content of the submission.

With regard to the adoption of an Advisory Filing:

The only way that a participating insurer can adopt an Advisory Filing is for the insurer to take **specific and necessary actions**, which include (i) notifying the Bureau of the insurer's intention to adopt the Advisory Filing, (ii) providing the RSO's Advisory Filing Number, and (iii) providing an implementation/effective date for implementation of the Advisory Filing. The insurer's submission of properly completed Advisory Filing Adoption Form (AFAF-1 10/2011) will be sufficient to satisfy the insurer's obligation to comply with the filing requirements set forth in § 38.2-317 for forms and § 38.2-1906 for supplementary rate information.

It is important to note that an insurer's failure to comply with the applicable filing requirements as stated above may result in penalties as set forth in § 38.2-218 of the Code of Virginia.

5. How will a participating insurer know whether a filing has been submitted as “file on behalf of” versus filed as an Advisory Filing?

In the information that is distributed to their participating insurers, RSOs must clearly distinguish between submissions that are “file on behalf of” and those that are submitted as an Advisory Filing.

6. Will this process affect the filing of advisory loss costs by an RSO?

No. Administrative Letter 2005-3 (workers’ compensation loss costs) and Administrative Letter 2006-16 (other than workers’ compensation loss costs) apply to advisory loss costs.

7. Are participating insurers required to notify the Bureau if they intend to adopt subsequent revisions to an Advisory Filing?

Yes. Participating insurers must notify the Bureau and provide an implementation/effective date every time they decide to adopt an RSO’s Advisory Filing or any subsequent revisions to an Advisory Filing.

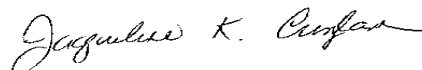
Questions regarding this letter may be directed to the Property and Casualty Division’s Rates and Forms Sections at:

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Sincerely,



Jacqueline K. Cunningham
Commissioner of Insurance

JKC/rn

Attachment

Virginia Advisory Filing Adoption Form (AFAF-1)

This form specifies the process that a Rate Service Organization's (RSO's) participating insurer must use to adopt an Advisory Filing(s) **for other than Loss Costs**.

RSOs are now permitted to file forms and/or supplementary rate information on an advisory basis, which will be available for adoption by the RSO's participating insurers. Each insurer must individually determine whether to use the Advisory Filing based on its own independent company decision-making process.

In order to satisfy the filing requirements set forth in § 38.2-317 (forms) and/or § 38.2-1906 (supplementary rate information), the insurer must complete and submit the following information on or before the insurer's proposed effective/implementation date. The Bureau's disposition date of the Advisory Filing is the earliest effective/implementation date that the Advisory Filing may be used by an RSO's participating insurer.

INSURER ADOPTION OF ADVISORY FILING – OTHER THAN LOSS COSTS

1. INSURER NAME(s): _____
2. ADDRESS: _____
3. PERSON RESPONSIBLE FOR MAKING THE FILING: _____
TITLE: _____ PHONE NO. _____
4. INSURER NAIC NO.(s) _____
5. LINE(S) OF INSURANCE: _____
6. NAME OF RSO: _____
7. RSO'S ADVISORY FILING NO.(s): _____
8. EFFECTIVE/IMPLEMENTATION DATE: _____
9. DETAILED DESCRIPTION OF ADDITIONAL MATERIALS ATTACHED FOR USE WITH THE ADVISORY FILING (use additional sheets, if necessary): _____

