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December 5, 2003

BULLETIN NO. 2003-6

**NEW PROCEDURES FOR PROPERTY AND CASUALTY FORM AND RATE
FILINGS BY MAIL OR ELECTRONIC/SERFF**

RE: CHANGE IN FILING PROCEDURE--ADOPTION OF THE NAIC UNIVERSAL P&C TRANSMITTAL DOCUMENTS AND PRODUCT CODING MATRIX FOR USE WITH SERFF AND PAPER FILINGS

Effective January 1, 2004, companies making P&C Rate/Rule and Form filings with the Mississippi Department of Insurance are required to use the NAIC Universal P&C Transmittal Documents (PC TD-1, PC FFS-1, and PC RRFS-1). In conjunction with the use of the new documents, companies are required to identify the Type of Insurance/Sub-Type of Insurance in a filing using the NAIC Uniform P&C Coding Matrix. A link to the Transmittal Documents and Coding Matrix is located on the Department website or access is available through the NAIC site.

The use of the Universal P&C Transmittal Documents replaces the previously required Cover Letter and MS Cover Sheet for all P&C filings whether submitted electronically (SERFF) or in a paper filing. They also replace the Mississippi Policy Form Filing Fee List for all P&C Form filings. A calculation of filing fees is to be completed for all filings on Form PC TD-1. Pursuant to Section 83-2-35 (2) MCA, the current filing fee is \$15.00.

Example: [(Filing Fee) X (# of Forms)] X (# of Companies) = Total Amount Forms
(Filing Fee) X (# of Companies) = Total Amount Rate/Rule

Rate/Rules and Forms must be submitted together in a single filing with a single check.

The General Filing Instructions document on our website has been updated to reflect the filing procedure changes. Companies are advised to review this document for a complete list of all forms and exhibits required in a P&C filing. The General Filing Instructions may be viewed on our website: <http://www.doi.state.ms.us/rating/pcratefileinfo.html>.

A handwritten signature in cursive script that reads "George Dale".

GEORGE DALE
COMMISSIONER OF INSURANCE

**MISSISSIPPI INSURANCE DEPARTMENT
GENERAL INSTRUCTIONS –PROPERTY/CASUALTY FORM/RATE FILINGS**

Effective January 1, 2004 all paper and electronic (SERFF) filings submitted to the Mississippi Insurance Department will use the NAIC Uniform P&C Transmittal Document Forms: PC TD-1 (2 pgs), PC FFS-1, and PC RRFS-1

These forms REPLACE the Cover Letter and the MS Cover Sheet for all filings. The MS Ratemaking Worksheet is still required on all rate filings.

The Department has adopted the NAIC Uniform Property and Casualty Product Coding Matrix. The numeric codes for Type of Insurance (TOI) and Sub Type of Insurance (Sub-TOI) can be found under the columns, SERFF Type of Insurance and SERFF Sub-Type of Insurance. Companies should use the numeric codes best matching their filing. The same codes will be used whether making a SERFF or paper filing. The TOI and Sub-TOI codes are placed on Form PC TD-1, (9.) and (10.).

A link to the Transmittal Documents and P&C Product Coding Matrix is located on the Department website or access is available through the NAIC site.

**P&C Transmittal Document
Form PC TD-1
(21.) Filing Description**

Information previously included in a Cover Letter or Filing Memorandum should be included in the Filing Description. It should explain the purpose of the filing with all important background details and changes being made to the filing. The Description should answer the question: Why is your company submitting this filing?

Examples of some typical subjects included in the Filing Description are:

- Reasons for entry into a new market
- Reasons for offering additional coverage
- Reasons for offering new discounts
- Reasons for changing rates based on competitive nature of existing market
- Changes in company goals and objectives
- Explanation of group/company reorganization

Order of Required Exhibits

Place the forms and exhibits in the following order:

1. Form PC TD-1
2. Form PC FFS-1 (Required for a Forms Filing)
3. Form PC RRFS-1 (Required for a Rate/Rule Filing)

4. MS Ratemaking Worksheet (Required for a Rate Filing)
 5. Actuarial Memorandum (Required for Rate Filing. See Actuarial Support)
 6. Exhibit A – not required for filings for new line of business. This is a summary of the overall changes and changes by territory, limits, protection classes, etc.
 7. Exhibit B – not required for new lines of business. If a program is a new entry in Mississippi and countrywide experience is available, Exhibit B should be filed. This exhibit shows five years of Mississippi and Countrywide experience for the line of business to which the filing pertains. The data source is Page 15 of the Annual Statement.
 8. Exhibit C – Required on all filings. This exhibit shows three years of underwriting expense and loss adjustment expense. The data source is the Insurance Expense Exhibit.
 9. Derivation of Profit/Contingency provision. This exhibit should show the method for considering investment income in the filing and derives the profit/contingency provision. The proposed profit provision must be based on a reasonable target rate of return and technique. The targeted profit/contingency provision derived as a result of the company's selected technique for development must be shown on Line 17 of Exhibit C, Page 2.
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Actuarial Support

Support must be provided for proposed rates for new lines of business and any rate revisions. All proposed rate filings must demonstrate compliance with state statutes requiring that rates not be “excessive, inadequate or unfairly discriminatory”.

Support may include:

- Historical experience in other states.
- Advisory loss costs loaded for expenses.
- For companies whose experience is not sufficient to produce reliable rate indications, a comparison of the proposed rates to those of competitors if such comparisons are used in selecting rates.
- If state, regional or countrywide data included in Exhibit B does not support the requested change, explain why the change is appropriate.

Support –New Lines of Business:

- It is not sufficient to state that the proposed rates are based on judgment.
- The items of support listed above can be used for new filings.
- Support could be the approved rate for similar coverage; include an explanation of how the current coverage differs from that proposed in the filing.
- **Do not** say that the proposed rates are “based on” some approved rate. If the proposed rates are the same, state that they are the same. If they are the same with some differences, explain and support the major differences.
- **Do not** state, without explanation, that the proposed rates are based on competitors' rates and then present rates that are significantly different. Support must be included for significant differences from currently approved rates.

- Actuarial support may be based on individual company or group data. Actuarial support must include the data and methodologies utilized in the filing and must address each of the following, if they apply:
 1. Premiums at current rate level
 2. Loss and claim development factors
 3. Current level and prospective trend factors
 4. Rate relativities (classification, territory, amount of insurance, etc.)
 5. Increased limits factors
 6. Catastrophe factors
 7. Deductible credits
 8. Discounts and surcharges
 9. Credibility
 10. Investment income from all sources
 11. Description of how final rates are determined
 12. A history of the statewide weighted average rate changes, by coverage and for all coverage combined, that affect the premium at present rate calculation.

This is not an exhaustive list. Any other relevant data used in determining the rates should be included.