

**TITLE 114  
LEGISLATIVE RULE  
INSURANCE COMMISSIONER**

**SERIES 26  
ACCIDENT AND SICKNESS RATE FILING**

**§114-26-1. General.**

1.1. Scope. -- This legislative rule establishes requirements for information and data to be provided to the Insurance Commissioner with the filing of rates and rate adjustments for accident and sickness insurance policies. The purpose of this rule is to provide the Insurance Commissioner with the information necessary to ensure that rates for accident and sickness insurance are reasonable in relation to the benefits provided under the policy as required by W. Va. Code §§33-6-9(e) and 33-16B-2. This rule applies to all individual accident and sickness insurance policy forms and all group accident and sickness insurance policy forms which are delivered or issued for delivery in this State which are not negotiated for with the policyholder and experience rated.

1.2. Authority. -- W. Va. Code §§33-2-10, 33-6-9(e), 33-16B-2.

1.3. Filing Date. -- April 16, 2004.

1.4. Effective Date. -- April 16, 2004.

**§114-26-2. Definitions.**

2.1. A policy or policy form includes the contract effecting insurance, or the certificate thereof, and includes any riders, endorsements or amendments attached to the base contract.

2.2. An experience rated group, for purposes of this rule means a group eligible for group accident and sickness insurance pursuant to W. Va. Code §33-16-2 and whose premium rates are based on the historic and/or projected loss experience of the individual group standing alone.

2.3. A community rated group is a group eligible for group accident and sickness insurance pursuant to W. Va. Code §33-16-2 and

whose premium rates are based on the historic and/or projected loss experience of a pool of group policies.

**§114-26-3. Rate Filing Requirements.**

3.1. General Requirements.

a. Every policy, rider or endorsement form which is submitted to the Commissioner for approval shall be accompanied by a rate filing if such policy, rider, or endorsement form in any way involves a new product which has not been previously approved or in any way effects a rate change. A reduction in benefits while maintaining the same rate shall be considered a rate change. Any subsequent additions to rate schedules or changes in rates applicable to such forms shall also be filed for approval.

b. Each rate filing shall include the appropriate filing fee, filing abstract(s), a cover letter explaining the nature of the filing, and all relevant information describing the basis on which the rates were determined and the calculations of the anticipated loss ratio. Interest, at a rate consistent with that assumed in the determination of premiums, shall be used in the calculation of the loss ratio.

c. Information required pursuant to this rule shall be provided in a format prescribed by the Insurance Commissioner.

3.2. Filing of Rates for a New Policy Form.

All new policy forms shall be accompanied by a rate submission which shall include:

a. The policy form and application;

b. The rate sheets which indicate the rate structures at various benefit levels for the proposed policy form;

c. An actuarial memorandum containing the following information:

1. A description of the type of policy and benefits, renewability, general marketing method and issue age limits;

2. A description of how rates were determined including all calculations, formulas, and variables used in the determination of the proposed rate and a general description of, and the source of each assumption used;

3. The anticipated loss ratio, a description of how it was calculated, and minimum anticipated loss ratio presumed reasonable for this policy form.

d. Any other information relevant to the filing.

### 3.3. Adjustments to Approved Rates.

All filings for adjustments to approved rates shall include:

a. New rate sheets which provide a comparison of the revised premiums with the current premiums;

b. All current policy forms and related rate structures for policies that would be affected by the rate adjustment submission, along with the date of approval thereof, if the forms have been in effect for two (2) years or more;

c. The number of contracts and persons covered by the applicable policy forms in West Virginia for each of the five (5) years prior to the effective date of new rates that are requested;

d. The proposed effective date for all rate adjustments;

e. A statement of all rate increases, by yearly percentage, which have been received on the rate structure for the applicable policy in each of the five (5) years preceding the proposed effective date of the new rates. Such increases shall be shown both on a countrywide and a West Virginia basis;

f. An all-inclusive description of the benefits provided by the policy that is applicable to the requested rate adjustment. If different benefits are provided at different premium levels the differences should be indicated;

g. If applicable, a full description as to the information and representations, including negotiating procedures, provided to preferred providers which affect the program for which new rates are proposed and how such information and representations will affect the program and rates on an annual basis;

h. A description of the purpose for the rate adjustment and any changes in the text of the policy forms;

i. A breakdown of the losses associated with vintage years of policies. Losses should be separated by those losses associated with policies with a life of 1, 2, 3, 4, and more than four (4) years on a West Virginia and countrywide basis;

j. A breakdown of earned premiums separated in the manner noted in subdivision i of this subsection;

k. A breakdown of written premium separated in the same manner noted in subdivision i of this subsection;

l. All calculations, formulas and variables that were used in the determination of the proposed rates;

m. All data used in the formulation of trended losses;

n. All assumptions, formulas and calculations that were used to formulate trended losses and earned premiums submitted in support of rate adjustments;

o. The weighted average investment income yield earned on reserves of the company for each of the five (5) years prior to the proposed effective date of the new rates;

p. A disclosure as to the loss ratios realized for each of the five (5) years prior to the proposed effective date of new rates on a West

Virginia and countrywide basis;

q. A breakdown of the percentage of earned premiums that are associated with administrative costs, taxes, risk retention and profit, and other cost functions that are not loss coverage;

r. A disclosure of whether losses are reported on a policy year basis or a calendar year basis;

s. Any consideration given to mitigating a requested increase through benefit restructuring;

t. A breakdown as to the average age associated with the groups that are covered;

u. A description of the embedded stop loss provisions of the policy;

v. Any other information relevant to the filing.

#### 3.4. Community Rated Groups.

All insurers providing group accident and sickness coverage must file for approval all formulas, indices, factors and any other variables used in calculation of community rated group coverage along with a narrative explanation of how these factors are used and the group rates calculated. Rates currently in effect for all community rated groups must be filed with the Commissioner. Any changes in the insurer's group rating factors or variables used in the community group rating plan must be filed for approval. Rate adjustments for individual groups in the community pool which correspond to approved changes in the rating plan or formula are to be filed for approval only at the request of the Commissioner. Any proposed changes in an approved community rating plan should be filed with all the relevant information required by subsections 3.1 through 3.3. of this rule.