



STATE OF NEW YORK
INSURANCE DEPARTMENT
160 WEST BROADWAY
NEW YORK, NEW YORK 10013

Circular Letter No. 4 (1996)
April 24, 1996

**TO: All Authorized Property/Casualty Insurers, Insurance Producer Organizations and
Advisory Rate Service Organizations**
RE: Individual Risk Reporting Forms

Section 2311 of the Insurance Law authorizes the Superintendent to suspend or modify the filing requirements of any kind of insurance or classes of risks for which the rates cannot practicably be filed before they are used. The repeal of Regulation No. 51, and the promulgation of the Second Amendment to Regulation No. 129, effective March 15, 1996, suspend the rate filing requirements for policies covering individually rated commercial umbrella and other 'a' rated risks that are not subject to prior approval. In lieu of individual risk rate filings, the Regulation requires insurers to retain in the individual policy file the supporting information that would otherwise be provided in a properly completed Form 129-C. Such information must be available for inspection by the Department for a period of five years from the date the policy is issued.

The individual policy underwriting file should include all information pertaining to the development of the rate applied to the policy. At a minimum, the underwriting file should include the rate development methodology for the applicable rate class and exposure; the type and cost of any reinsurance affecting the rate; and a description and explanation of each element of judgment employed in determining the final rate charged.

Insurers are no longer required to use Form 129-C. The information to support a particular premium charged is acceptable in any form that provides adequate documentation as described above, and remains accessible to independent review. However, as a means of complying with the obligation to support an individual risk rate, insurers may wish to continue to complete a Form 129-C in the same manner as in the past, and retain it in the individual policy underwriting file for future inspection.

In developing individual risk rates and rating methodologies, insurers should remain cognizant of the

standards articulated in Article 23 of the Insurance Law and in Insurance Department Regulations No. 57 and No. 129.