

NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES

RATE FILING SEQUENCE CHECKLIST -
DETAILED INSTRUCTIONS

Exhibit STM-1 (Master List of Compliance Checklists)

- If the filing is being submitted on a Speed-to-Market (STM) basis, the Master List of Compliance Checklists **must** be completed.

Exhibit STM-2 (Rate and/or Rating Plan Compliance Certification)

- If the filing is being submitted on a STM basis, the Rate and/or Rating Plan Compliance Certification **must** be completed.

Exhibit RF-1 (Supplemental Explanatory Memorandum)

- This Exhibit need only be used to supplement the General Filing Description portion of the Transmittal Document (i.e., it is not necessary to repeat the information from the General Filing Description portion of the Transmittal Document).
 - **NOTE:** If the filing is a resubmission of a previous filing, either the General Filing Description portion of the Transmittal Document or the Supplemental Explanatory Memorandum **must** include the following:
 - The Department File Number(s) of the company's previously submitted filing(s).
 - The **specific** reason it was necessary to file the resubmission (i.e. prior filing closed due to lack of company response, prior filing disapproved because rate was found to be unfairly discriminatory).
 - A point-by-point response to any Department objections to the company's previous filing(s).

Exhibit RF-2 (Actuarial Memorandum)

- If the company has included actuarial data as part of the supporting documents in the filing, this Exhibit **must** be submitted.
- When this Exhibit is required, the following information **must** be submitted:
 - A detailed narrative of all actuarial processes, procedures, methodologies and assumptions that were applied to the company's data.
 - A detailed description of any methodology changes that were made since the company's last filing, including the specific reasons for the methodology change.

Exhibit RF-3 (Expenses)

- Unless the filing pertains only to the types of rating plans defined by Exhibit RP-1 below, this Exhibit **must** be submitted.
- When this Exhibit is required, the company **must** provide the step-by-step numerical derivation of the Expected Loss Ratio (ELR) including the following:
 - The latest three individual years of expenses from the company's Insurance Expense Exhibit (IEE), separately for the general & other acquisition expenses, including the three-year average of these expenses.
 - **NOTE:** If either the selected general or other acquisition expense loads are not equal to the company's three-year IEE average, the company must provide a detailed explanation to justify the expense selection(s).
 - **NOTE:** If the company does not have general & other acquisition expense data available from its Insurance Expense Exhibit, the latest year's general & other acquisition from Best's Aggregates and Averages should be provided, as well as a detailed explanation for any deviation from the Best's figures.

- The selected commission load based on the expected commissions to be paid in New York for the program to which the filing pertains.
 - **NOTE:** Contingent commissions are not permissible to be included with the commission load or as a stand-alone expense item.
- The step-by-step numerical derivation of the selected NY-specific loading for taxes, licenses & fees.
- A detailed explanation of any other expense item that has been included.
 - **NOTE:** Reinsurance expenses, which are only considered for personal lines property insurance, are required to be separately supported and explained on Exhibit SUPP-2.
- The selected profit loading.
- The selected investment income loading.
 - **NOTE:** The investment income loading, which **must** be different between long-tail liability lines and short-tail property lines (such as for automobile liability and physical damage), is required to be separately supported on Exhibit RF-4. In addition, please note that if the target return-on-equity or surplus methodology is being used, there will be no separate investment income load in the expected loss ratio; rather, the selected profit provision is calculated by taking into account the investment income on surplus and underwriting operations. In this instance, the company should note that the target return-on-equity or surplus investment income methodology was used and, therefore, the selected profit load already contemplates the investment income provision.
- If the company has proposed to use an expense constant, the step-by-step numerical derivation and support of such expense constant **must** be provided, as well as a detailed explanation/calculation of how the other expense items have been adjusted to contemplate the separate expense constant.

Exhibit RF-4 (Investment Income)

- When Exhibit RF-3 is otherwise required, this Exhibit **must** be provided.
- When this Exhibit is required, the company **must** provide the step-by-step numerical derivation of the investment income provision, as well as the detailed support for each assumption used in the calculation.
 - **NOTE:** In the event the filing is for more than one major line and/or subline of insurance, the company **must** develop separate investment income provisions for the short-tailed (property) and long-tailed (liability) lines of insurance.

Exhibit RT-1 (Side-by-Side Comparison)

- The company **must** provide a side-by-side comparison of all current and proposed rates, rating factors, debits, credits and other rating charges, **including those contained in the company's rating rules, as well as the corresponding percentage change**, for which a new or revised rate, rating factor, debit, credit or other rating charge is being proposed.
 - **NOTE:** If the company is proposing a rate, rating factor, debit, credit or other rating charge for which no current rate, rating factor, debit, credit or other rating charge currently exists, the side-by-side comparison **must still be provided**, and the "current" rate, rating factor, debit, credit or other rating charge **must** be noted as "not applicable". Similarly, if the company is proposing to withdraw a rate, rating factor, debit, credit or other rating charge, the side-by-side comparison **must still be provided**, and the "proposed" rate, rating factor, debit, credit or other rating charge must be noted as "not applicable".

Exhibit RT-2 (Policyholder Rate Level Changes)

- If any of the company's existing policyholders are affected by the proposed rates, this Exhibit **must** be submitted.
- When this Exhibit is required, the following information **must** be submitted, **separately** for each company:
 - The step-by-step numerical derivation of the overall rate effect, as well as the largest and smallest cumulative rate changes **on a per policyholder basis**.
 - **NOTE:** The **LARGEST** cumulative rate change refers to the **most positive policyholder increase** (if all policyholders are receiving decreases, the largest cumulative rate change refers to the least negative policyholder decrease). The **SMALLEST** cumulative rate change refers to the **most negative policyholder decrease** (if all policyholders are receiving increases, the smallest cumulative rate change refers to the least positive policyholder increase). **The overall rate effect must always fall between the largest and smallest cumulative rate effects.**

- A written description of the policy characteristics of the insured(s) to whom the largest and smallest cumulative rate effects apply (e.g. territory 4, \$100,000 amount of insurance, \$500 deductible).
- The number of risks affected by the largest and smallest cumulative rate changes.
- The corresponding dollar amounts of these largest and smallest cumulative rate changes.
- A histogram that shows the annual written premium and number of policyholders affected by ranges of rate changes in increments of 10% (i.e. -10% to -20%, 0% to +10%, etc.).
- The largest single dollar increase for any renewal insured, including a written description of the policy characteristics of the insured to whom the largest single dollar increase applies.
 - **NOTE:** The insured affected by the largest **dollar** increase is likely not the same insured who is affected by the largest **percentage** increase.

Exhibit RT-3 (Policy Counts)

- The company **must** show the number of policies insured statewide and the number of policies issued in each rating territory, as of the date of the company's filing, for the program being filed, **separately** for each company.

Exhibit RT-4 (Insurer & Program Information)

- This Exhibit **must** be submitted for all personal lines property rate filings, rate filings for any other line of insurance wherein any policyholder will receive more than a 15% rate increase, rate filings wherein the company has proposed a new, unique or unusual rating concept or element, and rate filings for new market entrants.
- When this Exhibit is required, the following information **must** be submitted:
 - How this filing affects or relates to the company's overall business plan.
 - The company's approximate market share for the line of insurance for which the filing is being made, in relation to the overall marketplace.
 - Whether the line of business subject to the filing is a "bread-and-butter" product for the company.
 - Whether the line of business represents a specialty or "niche" market for the company.
 - Whether the program provides a market for under-served classes of risks, or substandard risks.
 - Whether any reinsurance agreements exist on the business subject to this filing, and the effect such agreements have on the proposed rates being filed, as well as overall product pricing.
 - The distribution channel(s) that are used to market this program.
 - The number, location and distribution of the company's producer force and claims offices (including use of MGA's, TPA's, etc.).
 - The primary geographic regions in which this program is, or will be, marketed.
 - A statement of whether this business has historically been profitable for the company, and how the profitability compares to the company's competitors.
 - The company's prospective outlook for the program.
 - A listing of the company's most recent four rate level changes, when applicable, including:
 - the new and renewal effective dates of each revision
 - the overall rate impact of each revision
 - the general subject matter of each revision
 - For new market entrants, the company's expected annual premium writings for the current and following years.
 - Any other information deemed relevant by the company.

Exhibit RT-5 (Flex-Rating Information)

- If any portion of the filing is subject to flex-rating, as described under Sections 161.4-161.6 of Regulation 129 (applicable to commercial lines), or under Section 163.1-163.4 of Regulation 153 (applicable to private passenger automobile) this Exhibit **must** be submitted.
- When this Exhibit is required, the following information **must** be submitted:
 - **For both Commercial Lines and Private Passenger Automobile:**
 - The percentage flex band that applies to the market affected by the filing.
 - A comparison of the overall rate level effect with the flex band.
 - **NOTE:** If the cumulative overall rate level effect from either the proposed filing only or from all rate filings that have been implemented in the preceding 12-month period prior to the proposed effective date exceeds the flex band, the company **must** indicate its understanding that the filing is **PRIOR APPROVAL**.

- **EXCEPTION:** For private passenger automobile, if the company had previously implemented one or more overall flex-rating decreases in the preceding 12-month period **AND** the overall rate level effect from the proposed filing (whether an increase or decrease) does not exceed the flex band, **THEN** the proposed filing is **NOT** considered to be **PRIOR APPROVAL**.
- A statement of whether the insurer is proposing any new or revised classification definitions.
 - **NOTE:** If the company is proposing any new or revised classification definitions, the company **must** indicate its understanding that the filing is **PRIOR APPROVAL**.
- **Additional information required for Commercial Lines:**
 - A statement of whether the insurer has made three or more rate filings affecting this market in the preceding twelve months.
 - **NOTE:** If the company has made three or more rate filings affecting this market in the preceding twelve months, the company **must** indicate its understanding that the filing is **PRIOR APPROVAL**.
 - The step-by-step numerical derivation of the 20% upper and lower policyholder rate change limitations to the flex band (the upper limit being calculated as the overall rate change, expressed as a decimal, multiplied by 1.20; the lower limit being calculated as the overall rate change, expressed as a decimal, multiplied by 0.80), and a comparison of the proposed largest and smallest cumulative rate effects on a per policyholder basis with the calculated upper and lower policyholder rate change limitations.
 - **NOTE:** If the proposed largest or smallest cumulative rate effect on a per policyholder basis exceeds the upper or lower policyholder rate change limitations described above, the company **must** indicate its understanding that the filing is **PRIOR APPROVAL**.
- **Additional information required for Private Passenger Automobile:**
 - A statement of whether the renewal impact of the rate change on any one policyholder exceeds plus or minus 30%, whether from the proposed filing only or from the combination of all rate filings that have been implemented in the preceding 12-month period prior to the proposed effective date.
 - **NOTE:** If the renewal impact of the rate change on any one policyholder exceeds plus or minus 30% under the scenarios described above, the company **must** indicate its understanding that the filing is **PRIOR APPROVAL**.
 - A statement of whether the company has previously implemented a prior approval overall rate increase, or two flex-rating overall rate increase filings in the prior 12-month period, and this filing is for an overall rate increase.
 - **NOTE:** If the company has previously implemented a prior approval overall rate increase, or two flex-rating overall rate increase filings in the prior 12-month period, and this filing is for an overall rate increase, the company **must** indicate its understanding that the filing is **PRIOR APPROVAL**.

Exhibit RSO-1 (Rate Service Organization Adoptions)

- If the filing includes the adoption of one or more reference filings from a Rate Service Organization, this Exhibit **must** be submitted.
- The company **must** separately list each Rate Service Organization **RATE** and **RULE** filing that is being adopted, along with the proposed deviation from the Rate Service Organization rate or rule filing (the preferred format is to provide a table that lists the Rate Service Organization rate and rule filing designation in the first column, and the corresponding company deviation in the second column).
 - **NOTE:** If the company is adopting a Rate Service Organization rate or rule filing **WITH NO MODIFICATION**, this must be explicitly indicated by the company.
- The company **must** separately list each Rate Service Organization **LOSS COST** filing that is being adopted. In doing so, the following information must be provided:
 - Each proposed loss cost modification (by line, sub-line, territory, class, etc.).
 - The corresponding current loss cost modification.
 - The percentage change in loss cost modification (calculated as the **PROPOSED** loss cost modification divided by the **CURRENT** loss cost modification).
 - The proposed expected loss ratio (as calculated from Exhibit EXP-5).
 - The corresponding current expected loss ratio.
 - The percentage change in expenses (calculated as the **CURRENT** expected loss ratio divided by the **PROPOSED** expected loss ratio).
 - The proposed loss cost multiplier (calculated as the proposed loss cost modification divided by the proposed expected loss ratio).

- **NOTE:** All differences between an insurer's Expense Ratio (calculated as the inverse of the expected loss ratio) **must** be shown as **LOSS COST MODIFICATIONS**, regardless of the reason for the difference.
- The current loss cost multiplier.
- The percentage change in loss cost multipliers (calculated as the **PROPOSED** loss cost multiplier divided by the **CURRENT** loss cost multiplier).
 - **NOTE:** The percentage change in loss cost multiplier **must** equal the product of the percentage change in loss cost modification and the percentage change in expense.

Exhibit RSO-2 (Loss Cost Modification Support)

- The company **must** provide the complete, detailed support of **each** loss cost modification.
 - **NOTE:** This support is **still** required even if a proposed loss cost modification is the same as the one the company already has in effect.
 - **EXCEPTIONS:** Loss cost modifications that remain at unity (1.00) and company deviations that remain the same are not required to be re-supported with each filing. If either of these two exceptions applies, the company should clearly advise of such.

Exhibit EXP-1 (Overall Rate Indications)

- If the company is basing its proposed rates, either in part or in full, on experience, this Exhibit, as well as Exhibits EXP-2, EXP-3 and EXP-4, **must** be submitted.
- When this Exhibit is required, the following information **must** be submitted:
 - The step-by-step numerical derivation of the credibility-weighted overall indicated rate level change.
 - **NOTE:** If the filing involves more than one major line and/or subline of business, the company **must** develop an overall indicated rate level change for each major line and/or subline.
 - **EXAMPLE:** If a company is making a commercial automobile filing and is revising rates for both liability and physical damage, it **must** develop, **at a minimum**, separate overall indicated rate level changes for the liability coverages and for the physical damage coverages.
 - **NOTE:** All rate level indications for a liability line of insurance **must** be done on a basic limits basis in order to prevent large fluctuations in the indications, with two exceptions:
 - **EXCEPTION 1:** If basic limits data is not currently available, the company may use total limits data **provided there is an accompanying explanation of the specific steps the company is taking to ensure that basic limits data will be available to review for future rate filings.**
 - **EXCEPTION 2:** Filings for private passenger automobile insurance may continue to use total limits data.
 - **NOTE:** If the proposed rate changes are not in line with the company's indicated changes, the company **must** complete Exhibit JDG-1.

Exhibit EXP-2 (Earned Premium Adjustments)

- The company **must** provide the numerical derivation and support of **all** earned premium adjustments that were included in the development of the rate level changes. **Examples** of these adjustments include:
 - Current rate level (on-level) factors
 - Premium trend factors
 - **NOTE:** If any of the earned premium adjustment factors were based on those of a Rate Service Organization (RSO), the appropriate RSO exhibits/circulars **must** be included for reference.

Exhibit EXP-3 (Incurred Loss Adjustments)

- The company **must** provide the numerical derivation and support of **all** incurred loss adjustments that were included in the development of the rate level changes. **Examples** of these adjustments include:
 - Loss trend factors
 - Loss development factors
 - Large loss factors
 - Catastrophe or excess wind factors
 - Allocated and unallocated loss adjustment expenses

- **NOTE:** If any of the incurred loss adjustment factors were based on those of a Rate Service Organization (RSO), the appropriate RSO exhibits/circulars **must** be included for reference.

Exhibit EXP-4 (Credibility)

- The company **must** provide the standard(s) for full credibility, as well as the methodology behind how the full credibility standard(s) were derived.
- The company **must** provide the actual numerical calculation of the credibility factor(s) that are used in the development of the overall and, if applicable, the coverage, class and territory rate level indications.
- If the data being used is not fully credible, the company **must** provide the step-by-step numerical derivation and support of the complement(s) of credibility.

Exhibit EXP-5 (Class & Territory Indications)

- If the company is proposing changes by class and/or territory and has experience in such classes and/or territories, this Exhibit **must** be submitted (note that if the company does **not** have experience in such classes and/or territories, the company should refer to Exhibits JDG-1 and/or CMP-1 as applicable).
- When this Exhibit is required, the following information **must** be submitted:
 - The step-by-step calculation of the indicated rate level change by class and/or territory. In doing so, the company **must** include, **at a minimum**, a credibility-weighted comparison of the raw loss ratio (unadjusted incurred loss divided by unadjusted earned premium) by class and/or territory to the overall (or base) class and/or territory experience.
 - The complete, detailed support for the allocation of any statewide rate adjustment by class and/or territory (e.g. catastrophe load by territory).

Exhibit EXP-6 (Rating Factor, Debit, Credit or Other Rating Charge Indications)

- If the company is proposing changes to any rating factor, debit, credit or other rating charge, **including those contained in the company's rating rules**, (e.g., any rating element other than base rates, class rates or relativities or territory rates or relativities), and has experience associated with the rating factor, debit, credit or other rating charge, this Exhibit **must** be submitted (note that if the company does **not** have experience in such classes and/or territories, the company should refer to Exhibits JDG-1 and/or CMP-1 as applicable).
- When this Exhibit is required, the following information **must** be submitted:
 - The step-by-step calculation of the indicated rate level change by rating factor, debit, credit or other rating charge. In doing so, the company **must** include, **at a minimum**, a credibility-weighted comparison of the raw loss ratio (unadjusted incurred loss divided by unadjusted earned premium) for the rating factor, debit, credit or other rating charge to the overall experience.
 - **NOTE:** If the company is revising or newly implementing a **minimum premium**, the company **must** include the indicated minimum premium based on the associated fixed and variable expenses of the company.

Exhibit SUPP-1 (Multi-Tier Programs)

- **NOTE: This section applies to Multi-Tier Programs other than for Personal Automobile. If the company's multi-tier program is for Personal Automobile, the [Personal Automobile Multi-Tier Filing Checklist](#) must be completed and submitted.**
- For all newly proposed or revised multi-tier programs, the following information **must** be provided:
 - The mutually exclusive and detailed initial eligibility criteria for each tier.
 - The amount of the tier factors, as well as the complete, detailed support for these proposed factors.
 - A detailed explanation of how current policies (if any) will be integrated into the multi-tier program.
 - **NOTE:** No existing policyholder may receive an increase as the result of the implementation of or revision to a multi-tier program.
 - The company's proposed tier-movement rules that will apply to renewal policyholders.
 - For homeowners insurance, a statement of how the proposed multi-tier program complies with Section 2351 of the New York Insurance Law.
- **NOTE:** If the company's multi-tier program uses credit, the company **must** indicate that it has complied with the requirements of Regulation 182 regarding the use of credit scoring. In doing so, the company **must** provide the corresponding Department file number of such Regulation 182 credit scoring filing (**in order to properly ensure the**

confidential nature of Regulation 182 credit scoring filings, it is strongly recommended that the company not include material related to Regulation 182 in its regular rate filings).

Exhibit SUPP-2 (Personal Lines Catastrophe Reinsurance Loads)

- **NOTE:** Catastrophe reinsurance loads are only permissible for personal lines property filings that insure real property (e.g., homeowners, dwelling).
- If the company has included a catastrophe reinsurance load in the development of its personal lines property rate level indications, the following information **must** be provided:
 - A complete copy of the catastrophe reinsurance agreement(s) that will be in effect for the period in which the proposed rates will apply (or the detailed cover notes to such agreement if the actual agreement document is not yet available).
 - The step-by-step calculation of how the total cost of the catastrophe reinsurance agreement(s) was allocated to the company's New York personal lines property business if the catastrophe reinsurance agreement(s) cover more than one state and/or line of business.
 - A step-by-step reconciliation of the premiums shown in the catastrophe reinsurance agreement(s) with those that are being allocated to the company's New York personal lines property business.
 - The numerical calculation of the net (of recoveries) reinsurance load.
 - The step-by-step calculations of the overall and territorial rate level indications **excluding** reinsurance.

Exhibit SUPP-3 (Homeowners Catastrophe & Hurricane Deductibles)

- If the company is **newly proposing** a homeowners hurricane deductible(s), the following information **must** be provided (**if the company already has catastrophe/hurricane deductible(s) approved and is only making revisions, the company must provide a copy of the existing catastrophe/hurricane deductible rule and provide only those items below that are affected by the proposed revision:**)
 - A statement of whether the hurricane deductible(s) will be applied on a mandatory basis or at the option of the insured.
 - A "John Doe" copy of a declarations page displaying the applicable percentage amount(s) **and** corresponding dollar amount(s), etc., in accordance with §74.1(a) of Regulation 159.
 - A copy of the disclosure notice(s), in accordance with §74.1(b) of Regulation 159.
 - A copy of the applicable hurricane deductible endorsement(s).
 - A detailed explanation of the necessity of the mandatory hurricane deductible(s).
 - **NOTE:** Competition is **not** an acceptable reason for the imposition of a mandatory hurricane deductible(s).
 - A statement of how the hurricane deductible(s) affect the company's capacity to write new business in the affected areas.
 - A breakdown of the company's book of business by percentage and number of policies (as compared to the rest of state) for the affected territories.
 - If the company has proposed a 5% mandatory hurricane deductible, a statement of what criteria were taken into consideration in selecting the proposed hurricane deductible since this amount could be considered high.
 - A statement of how close to the shore the company currently writes business in each of the affected territories.
 - **NOTE:** If there are different guidelines for different bodies of water in each affected territory, you must provide a listing of such.
 - Justification for the amount(s) of the proposed hurricane deductible credit(s).
 - The hurricane deductible manual rating rule that indicates the following information:
 - the required hurricane deductible(s);
 - the areas/territories that would be affected by the hurricane deductible(s);
 - the circumstances under which the hurricane deductible will be applied (e.g., trigger, distance from shore in affected areas);
 - the corresponding hurricane deductible credit(s)
- **NOTE:** The following guidance should be observed with any homeowners hurricane deductible program:
 - The Department has approved hurricane windstorm deductibles based on either:
 - a category 1 or higher hurricane making landfall anywhere in the State of New York as determined by the National Weather Service; or

- a hurricane making landfall outside of New York State but which is determined by the National Weather Service to be a category 1 or higher force winds **in the area (territory) within New York State in which the losses occur.**
- Implementation of a mandatory hurricane deductible is subject to all the applicable provisions of §3425 of the New York Insurance Law including the three-year required policy period.
- Pursuant to Circular Letter No. 11 (1993), windstorm deductibles may only be applied to homeowners' policies. The deductible may not be applied to Renters' policies, since there is no Dwelling coverage and since renters' policies are not considered homeowners' policies as defined in §2351(a) of the New York Insurance Law.
- In order for a hurricane deductible to apply, the risk must be located in one of the following counties: Kings (Brooklyn), Queens, Richmond (Staten Island), New York (Manhattan), Bronx, Westchester, Nassau or Suffolk.
- In accordance with Supplement to CL 11 (1993) attachment A, a 10% hurricane deductible may be applied only on an insured-optional basis and only to homes with a replacement cost value of at least \$500,000; the corresponding premium credit may not exceed 15%.
- Hurricane deductibles may not be applied to Coverage D (Loss of Use), in accordance with Circular Letter No. 11 (1993).

Exhibit JDG-1 (Explanation of Key Areas of Judgment)

- If the company is basing any part of its proposed rates on judgment, or when the proposed rates are not in line with the company's experience indications as developed on Exhibit EXP-1, this Exhibit **must** be submitted.
- When this Exhibit is required, the following information **must** be submitted:
 - A **detailed explanation** of the judgment process the company considered in determining the proposed rates, being as **specific** as possible.
 - **NOTE:** The company **must** satisfy its burden under Article 23 of the NYIL and be able to **clearly demonstrate** through its detailed explanation that the proposed rate, rating factor, debit, credit or other rating charge is adequate, not excessive and not unfairly discriminatory.

Exhibit JDG-2 (Raw Loss Experience)

- In those instances when Exhibit JDG-1 has been completed, and when the company has historical experience (New York or countrywide) for any of the classes for which a proposed rate, rating factor, debit, credit or other rating charge will apply, the company **must** provide the following:
 - The latest 5 individual years (or as many individual years as are available) of raw experience (i.e., unadjusted earned premiums and incurred losses by year).
 - A detailed explanation of why the company has chosen not to rely on its experience as the primary basis of support.
 - **NOTE:** If the company feels its data is not credible, it **must** substantiate this belief by using a credibility formula to determine the actual credibility of the data.

Exhibit CMP-1 (Company Analysis)

- If the company has relied on one or more competitors in arriving at any of the proposed rates, rating factors, debits, credits or other rating charges, this Exhibit, as well as Exhibit CMP-2, **must** be submitted.
- When this Exhibit is required, the following information **must** be submitted:
 - A detailed narrative that explains why each competitor was chosen. This narrative **must** include, **at a minimum**, a comparison of the following:
 - The major coverage provisions of the company and the competitor(s).
 - The agency distribution system of the company and the competitor(s).
 - The target market of the company and the competitor(s).
 - The market share of the competitor(s) for the classes of business in which the company will focus its writings.
 - The date and Department File Number in which the rates for each competitor were approved/acknowledged for use in New York State.

Exhibit CMP-2 (Base Rate & Rating Factor Comparison)

- In those instances when Exhibit CMP-1 has been completed, this Exhibit **must** be submitted.
- When this Exhibit is required, the following information **must** be provided:
 - A comparison of all newly proposed and/or revised rates, rating factors, debits, credits or other rating charges with the corresponding rates, rating factors, debits, credits and other rating charges of each competitor.
 - A comparison of the company's total expense provision (ELR) with the total expense provision (ELR) of each competitor.
 - A statement as to whether the proposed rates, rating factors, debits, credits or other rating factors are **all** identical to those of the competitor(s), or whether there are any deviations/modifications.

Exhibit CMP-3 (Rate Analysis)

- If the company's proposed rates, rating factors, debits, credits or rating factors are not identical to those of the competitor(s), as noted in its statement required by Exhibit CMP-2, this Exhibit **must** be submitted.
- When this Exhibit is required, the following information **must** be provided:
 - A step-by-step explanation of how the company used the competitor(s) rates to determine its own rates.
 - **EXAMPLES**: If the company's proposed rate for a particular class is 10% higher than a competitor, the company might explain and justify that the exposure under its policy is somewhat higher than under the competitor's policy, thus warranting a somewhat higher rate. Also, if the company's expenses are 5% lower than a competitor, the company might deviate downward from the competitor's rates by 5%.

Exhibit CMP-4 (Raw Loss Experience)

- If the insurer has historical experience (New York or countrywide) for any of the classes for which a proposed rate, rating factor, debit, credit or other rating charge will apply, the company **must** provide the following:
 - The latest 5 individual years (or as many individual years as are available) of raw experience (i.e. unadjusted earned premiums and incurred losses by year).
 - A detailed explanation of why the company has chosen not to rely on its experience as the primary basis of support.
 - **NOTE**: If the company feels its data is not credible, it **must** substantiate this belief by using a credibility formula to determine the actual credibility of the data.

Exhibit RP-1 (Rating Plans)

- **NOTE**: This section refers to rating plans as defined by Section 161.1 of Regulation 129 (e.g., Experience, Schedule, Expense Reduction).
- If the company is proposing a **new or revised** rating plan, the following information **must** be provided:
 - A complete copy of the proposed rating plan(s).
 - **NOTE**: Even if the insurer is adopting a rating plan from a Rate Service Organization (RSO) without modification, a complete copy of the RSO rating plan, including all applicable New York exception pages, **must** be submitted.
- If the company is proposing a **revised** rating plan, the following additional information **must** be provided:
 - A complete copy of the current rating plan(s), marked-up where feasible to reflect the changes in the proposed rating plan(s).
 - **NOTE**: In the event the proposed rating plan(s) differ significantly from the current rating plan(s), a list of the significant differences between the current and proposed rating plan(s) **must** be submitted.
- **NOTE**: The company's rating plans **must** be in compliance with the following rating plan requirements, as set forth in Section 161.8 of Regulation 129:
 - The use of all rating plans is mandatory and applied uniformly in a non-discriminatory manner.
 - The rating plan meets the statutory premium eligibility requirements prior to application to an insured risk.
 - For **Schedule and/or IRPM** rating plans:
 - The adjustments are not already reflected in the base rate.

- The criteria for upward or downward modification are objective.
- The criteria do **not** include a loss experience component (this may only be reflected through an experience rating plan).
- The criteria do **not** include a “catch-all” component.
- In order to avoid overemphasis on any one criterion, modifications applicable to each criterion are not greater than +/-10%.
 - Overall modification is limited to +/-15%.
- For **Experience** rating plans (note this is only permissible for liability lines per Regulation 129):
 - The plan will only be applied when there is verifiable experience which the insurer will make a good faith effort to obtain.
 - The plan contains procedures to verify insured’s experience with another insurer and provide information to another insurer.
 - The plan specifies the experience period to be used.
 - When used in conjunction with Schedule or IRPM rating, the plan does not exceed the combined limitation of the greater of the experience rating modification factor or +/-25%.
- For **Expense Reduction** plans:
 - All expense reductions are properly demonstrated.
 - The company will properly document all reductions.
 - If reduction is based on commission, reduction is applied in a fair and non-discriminatory manner.
 - Maximum reduction is limited to -15%.

Exhibit RP-2 (Rating Plan Expected Loss Ratios)

- If the company has proposed to adopt the Experience, Retrospective or Composite Rating Plans of a Rate Service Organization (RSO), the following information **must** be provided since the Expected Loss Ratio (ELR) that is to be used with the Rating Plan is likely different than the ELR the company uses to determine its base rates:
 - The ELR that the company uses to develop its base rates.
 - The step-by-step numerical derivation of the ELR that will be used with the Rating Plan.
 - **NOTE:** For liability coverages, the company must typically exclude unallocated loss adjustment expenses (ULAE) from the ELR. For physical damage coverages, the company must typically exclude both ULAE as well as allocated loss adjustment expenses (ALAE) from the ELR. The insurer should refer to the RSO Rating Plans being adopted for guidance on which, if any, loss adjustment expense offsets to the ELR are necessary.
 - The numerical support for any selected ALAE and/or ULAE adjustments.

Exhibit RP-3 (Supplemental Experience Rating Plan Requirements)

- **NOTE:** If the Experience Rating Plan being filed is that of an RSO, the loss development factors, (de)trend factors, credibility factors, expected experience ratios and maximum single loss amounts are already included. However, if the company is filing its own independent Experience Rating Plan, the following information **must** be provided:
 - The complete, detailed support and/or explanation of how the aforementioned factors have been taken into consideration in the calculation of the Experience Rating Plan modification. In doing so, the insurer should note that **only basic limits data** is to be used in an Experience Rating Plan.

Exhibit MRP-1 (Manual Rate Pages)

- The company **must** provide a copy of the new **final** manual rate pages, as well as a **marked-up copy** of the manual rate pages where there are existing rates, both of which must reflect all of the proposed rating changes in the filing.
- **NOTE:** With the possible exception of aviation insurance, **ranges of rates** are not permissible to be used for any classification or rating plan in New York.