

RATE FILING CHECKLIST FOR MAJOR FILINGS

- Notes:** (1) *The main focus of this checklist is to highlight the most common issues we have encountered in the past while reviewing filings and is not intended to be a comprehensive checklist. You should refer to the Filing Guidelines and Technical Notes for more details.*
- (2) *In general, the documentation should be in sufficient detail to enable the reviewer to trace the resulting rates from the raw data experience and other supporting data.*

Section 1. Table of Contents

- Is a table of contents included?
- Is each section of the filing labelled according to the guidelines and made reference to by page number?

Section 2. Summary of Information (Appendix A)

- Is a duly completed Summary of Information (Appendix A) provided?

Section 3. Certificates

- 3a. Is a Certificate of the Officer/Designate (Appendix B1) included?
- 3b. Is a Certificate of the Actuary (Appendix B2) included?

Section 4. Actuarial Support

- Are all pages labelled/numbered according to the guidelines?
- 4.a. Is an Overall Description of Ratemaking Methodology and Summary provided?
- 4.b. Losses
- Is the source of data identified?
 - If company data (exposure, premium, claims and losses) as reported to IBC was used in the rate filing, are there any data quality problems which significantly affect interpretation of the statistical plan experience?
 - If company data (exposure, premium, claims and losses) as reported to IBC was not used, does the ratemaking data reconcile closely with the data reported to IBC, and any differences explained?
 - Are all of the data reported on Appendix A, pages A4&A5 in respect of the two most recent accident years and reconciled against the ratemaking data, and any differences explained?
 - Are direct losses (prior to any reinsurance transactions) used?
 - 4.b.1 Loss Development
 - Are the company loss development triangles provided?
 - Is the rationale for the selected loss development factors provided?
 - 4.b.2 Loss Trends
 - Is the source of data identified?
 - Is the support and rationale for the selected loss trends provided?
 - 4.b.3 Treatment of Large Losses

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- If any special treatment of large losses in the overall and/or territorial rate calculations are used, is a full description and rationale provided?
- 4.b.4 Catastrophe (or Excess Claim) Procedure
 - If an explicit catastrophe procedure is used, is a full description and rationale provided?
- 4.b.5 Other Adjustments
 - If any other adjustments are made to the loss data, is a full description and support provided?
- 4.c. Allocated Loss Adjustment Expenses (ALAE) - **if applicable**
 - Is the source of data identified?
 - If company data as reported to IBC was not used, does the ALAE data used reconcile closely with the data reported to IBC, and any differences explained?
 - Are direct ALAE amounts (prior to any reinsurance transactions) used?
 - 4.c.1 ALAE Development
 - Is the company ALAE development triangle provided?
 - Is the rationale for the selected ALAE development factors provided?
 - 4.c.2 ALAE Trends
 - Is the source of data identified?
 - Is the support and rationale for the selected ALAE trends provided?
 - 4.c.3 Catastrophe (or Excess Claim) Procedure
 - If an explicit catastrophe procedure is used, is a full description and rationale provided?
 - 4.c.4 Other Adjustments
 - If any other adjustments are made to the ALAE data, is a full description and support provided?
- 4.d. Unallocated Loss Adjustment Expenses (ULAE)
 - Is a complete description and all supporting data and exhibits included?
- 4.e. Premium
 - Is the source of data identified?
 - Are direct premium (prior to any reinsurance transactions) used?
 - 4.e.1 On-Level Adjustments
 - Is the approach described?
 - If the parallelogram method is used, are the calculations disclosed?
 - If the "extension of exposures" method is used, is a comparison with the "parallelogram method" provided and significant differences explained?
 - Is history of rate changes for each coverage for the prior five years provided?
 - 4.e.2 Premium Trend
 - Is the source of data underlying premium trend calculations identified?
 - If company exposure distributions by rate group are used, are the distributions at applicable time periods provided?

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- 4.e.3 Other Adjustments
- If any other adjustments are made to the premium, is a full description and support provided?
- 4.f. Other Expenses
- Is the allocation of the expenses between exposure variable (fixed) and premium variable (variable) provided?
 - Is the most recent company expense experience provided?
- 4.g. Profit Provisions
- Is sufficient detail for the determination of the expected rate of return on policyholder supplied funds and equity funds provided?
 - Is sufficient detail for the determination of the target and proposed profit margins provided?
 - Are the pay-out patterns by coverage provided?
 - Is an appropriate tax rate included?
- 4.h. Credibility
- Is the credibility standard and the partial credibility formula provided?
 - If a credibility complement is used, is a description of the approach, data source and details of all necessary adjustments provided?
- 4.i. Other Adjustments
- If any other adjustments are made that will affect the expected premium or losses, is the effect quantified and their effects disclosed and supported?
- 4.j. Summary Rate Level Indications
- Have summary sheets showing how the data combines with the adjustments and provisions outlined in subsections (4.b.) to (4.i.) been provided?
 - If experience weights are different from the previous major filing, are the changes disclosed, and the rationale provided?
- 4.k. Territorial Indication - *if applicable*
- 4.k.1 Indicated Differentials
- Is a detailed description of the approach provided?
 - Is the source of data identified?
 - Is a comparison of current, indicated and proposed territorial differentials provided?
 - Is the premium distribution and exposure distribution by territory and by coverage provided?
- 4.k.2 Off-Balance
- If the proposed territorial changes are being off-balanced, is the data used in the process of calculating the off-balance and all calculations provided?
 - If the proposed territorial changes are not off-balanced, are subsections (4.a.) - (4.j.) completed?
- 4.k.3 Definitions
- If changes to territorial definitions are being proposed, are maps showing current and proposed territorial boundaries included?

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- 4.l. Implementation of CLEAR System Differentials - ***if applicable***
- 4.l.1 Overall Description for Implementing CLEAR
- Is the approach for implementing CLEAR described?
 - If any capping procedures are used, are all details provided?
 - Is a list of the capped vehicles provided?
- 4.l.2 Off-Balance
- If the proposed CLEAR changes are being off-balanced, is the data used in the process of calculating the off-balance and all calculations provided?
 - If the proposed CLEAR changes are not off-balanced, are subsections (4.a.) - (4.j.) completed ?
- 4.m. Classification/Limit of Liability/Deductible or Other Rate Differential Indications - ***if applicable***
- 4.m.1 Indicated Differentials
- Is a detailed description of the approach provided?
 - Is the source of data identified?
 - Is a comparison of current, indicated and proposed differentials provided and compliance to the 'rate equity and minimization of rate dislocation' requirement in the *Technical Notes* demonstrated?
 - Is the premium distribution and exposure distribution by class etc., and by coverage provided?
- 4.m.2 Off-Balance
- If the proposed changes are being off-balanced, is the data used in the process of calculating the off-balance and all calculations provided?
 - If the proposed changes are not off-balanced, are subsections (4.a.) - (4.j.) completed?
- 4.n. Rating Based on Group Membership - ***if applicable***
- 4.n.1 Indicated Discounts or rates
- Is a detailed description of the approach provided?
 - Is the source of data identified?
 - Is a comparison of current, indicated and proposed discount provided and compliance to the 'rate equity and minimization of rate dislocation' requirement in the *Technical Notes* demonstrated?
 - Is the premium distribution and exposure distribution provided?
- 4.n.2 Off-Balance
- If the proposed changes are being off-balanced, is the data used in the process of calculating the off-balance and all calculations provided?
 - If the proposed changes are not off-balanced, are subsections (4.a.) - (4.j.) completed?

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Section 5. Discount/Surcharge Changes - *If applicable*

- Is a detailed description of the approach provided?
- Is the source of data identified?
- Has a comparison of the indicated, current and proposed discounts or surcharges been included?
- Has the written premium and the exposure distribution of the discounts and surcharges been included?
- Has the current and proposed distribution that determines the premium shift or a calculation of the estimated impact been included?

Section 6. Rating Rule Changes - *If applicable*

- 6.a. Rating Rule Changes for Classification Differentials
 - Is a description of the proposed changes provided?
 - Is a rationale for the proposed changes provided?
 - Are the rate level effects of the proposed changes provided?
 - Are calculations that validate the rate level effect of the proposed changes based on the expected distribution of business provided?
- 6.b. Rating Rule Changes for Discounts and Surcharges
 - Is a description of the proposed changes provided?
 - Is a rationale for the proposed changes provided?
 - Are the rate level effects of the proposed changes provided?

Section 7. Final Rates

- 7.a. Current and proposed algorithms included?
- 7.b. Current and proposed base rates included?
- 7.c. Current and proposed differentials included?
- 7.d. Current and proposed discounts and surcharges included?
- Have exhibits illustrating current and proposed rating algorithms, base rates, discounts/surcharge and differentials been included and clearly identified as current and proposed?
- 7.e. Calculation of Final Rates
 - Have exhibits been provided that clearly describe how the current manual territorial premium are transformed into proposed manual territorial base premiums through the application of the proposed rate change in combination with any off-balance?
- 7.f. Calculation of Rate Level Change
 - Have exhibits been provided that clearly describe how the rate level impact of the changes are determined for each coverage?
- 7.g. Dislocation and Capping - *if applicable*
 - Is a complete description of the capping procedures included?

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- Has a summary of the dislocation been provided?

Section 8. Section 413 Dependent Categories - *if applicable*

- Have calculations that validate the rate level effect of the proposed changes for the dependent categories been included?
- Has a copy of the rating rule that stipulates the linkage to category of automobile insurance been included?
- Has Section 10, risk profiles and risk criteria for the dependent categories been completed?

Section 9. Manual Pages Containing Revised Rates and Risk Classification System

- Have the manual rate pages and rules been included?

Section 10. Rating Examples (Appendix C)

- Have the risk profiles and risk criteria been completed and included?