

Title 210 -- NEBRASKA DEPARTMENT OF INSURANCE

Chapter 74 - WITHDRAWAL OF SUBJECTIVE RATING PLANS AND RATING CRITERIA

001. Purpose. The passage of LB 1119 by the 1999-2000 Nebraska Legislature enacted the Property and Casualty Insurance Rate and Form Act, which becomes operative on January 1, 2001. This Act replaces an earlier law with the same title. Section 12 of LB 1119, passed in the 2000 session of the Nebraska Legislature and codified at Neb.Rev.Stat. § 44-7512, requires that the director adopt rules to disapprove several types of rate filings effective January 1, 2001. The purpose of this Chapter is to achieve these necessary disapprovals and changes with an absolute minimum of administrative action.

002. Authority. This Chapter is promulgated under the authority vested in the Director under Neb.Rev.Stat. § 44-101.01 and Neb.Rev.Stat. § 44-7512.

003. Applicability and Scope. This Chapter applies to all property and liability insurance policies subject to the Property and Casualty Insurance Rate and Form Act delivered or issued for delivery in this state with an effective date on or after January 1, 2001.

004. Definitions.

004.01 The definitions provided in Neb.Rev.Stat. § 44-7504 apply for purposes of this Chapter.

004.02 "Intra-insurer eligibility rules" mean those rules and eligibility criteria that determine which rating program within a single insurance company is used to price an insured. It does not include any internal rules, guidelines or eligibility criteria that groups of insurers may use to determine which insurer in a group will provide coverage for specific policyholders.

004.03 "Objective" means based on observable phenomena and uninfluenced by personal opinion. As applied to insurance rating, this means that the same rating plan or rule will always produce the same value for the same risk regardless of competitive considerations or the insurer or the underwriter that is applying it.

004.04 "Subjective" means not objective. Absent filed definitional statements of objective criteria, "subjective" criteria include, but are

not limited to, references to "preferred," "standard," and "substandard." The development of credits or debits arising from the criteria contained in common schedule rating or "individual risk premium modification" (IRPM) plans is subjective.

005. Disapproval of Subjective Rating Plans, Subjective Rating Criteria and Subjective Intra-Insurer Eligibility Rules. For application to policies that are written or renewed with effective dates of January 1, 2001 or later, insurers' subjective rating plans, subjective rating criteria and subjective intra-insurer eligibility rules are hereby disapproved. This disapproval extends to all forms of individual rating plan recognition of agency commission differences.

006. Experience Rating Plans. Any previously optional experience rating plans on file for insurers are no longer optional and must be applied for all insureds for which the necessary loss experience is available and which meet the plans' filed minimum size and any other objective eligibility requirements.

007. Severability. If any section or portion of a section of this Chapter, or the applicability thereof to any person or circumstance, is held invalid by a court, the remainder of this Chapter, or the applicability of such provision to other persons, shall not be affected thereby.

008. Effective Date. This Chapter becomes effective on January 1, 2001.