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BULLETIN 14-16

Date: June 13, 2014

To: All P&C Insurance Companies

Re: Filings that Include Models for Rating or Underwriting

The purpose of this Bulletin is to remind all property and casualty insurers that, in addition to rates, rate filings are required to include:

- 1) Supplemental rate information in accordance with §11-307(a) of the Insurance Article; and
- 2) With respect to private passenger auto insurance, homeowner's insurance, and commercial property insurance on habitational risks and at the Commissioner's request:
 - a) Underwriting standards in accordance with §27-501(h)(2) of the Insurance Article; or,
 - b) A certification that no changes have been made to the underwriting standards since the company last filed them for review. The SERFF filing number under which they were reviewed should be provided.

To meet these requirements, any insurer making a rate filing that involves the use of a model for rating or underwriting must include the following information in the filing:

- 1) A detailed description of the model and an explanation of how it is used in the rating or underwriting process;
- 2) Any algorithm used in the model;
- 3) Each factor or variable used in the model and the weight assigned to that factor or variable;
- 4) Actuarial justification for each factor or variable and the weight assigned to that factor or variable; and

- 5) If any information used in the model, such as demographic information, is obtained from a third party, the identity of the party from whom the information is obtained.

If a company's rate filing uses a score obtained from a third party, you must identify the third party and the model used to generate the score. If the third party's model has not yet been filed with and reviewed by the Maryland Insurance Administration, you must provide the information regarding the model that is required by items (1) through (5) above.

These requirements also can be found in the SERFF filing instructions for Maryland. Any filing that involves the use of a model and does not include the required information will be rejected.

Any questions or comments regarding these filing requirements should be addressed to Geoffrey Cabin, Director of P & C Rates and Forms at Geoffrey.cabin@maryland.gov. If there are any questions, Mr. Cabin can be reached at 410-468-2310.

**Therese M. Goldsmith
Insurance Commissioner**

Signature on original

By:

**Sandra Castagna
Associate Commissioner
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