



**FORMS AND RATES BULLETIN 23
DATA REQUIREMENTS FOR FILINGS OF MANUAL RATES
FOR ALL PROPERTY/CASUALTY LINES OF BUSINESS**

Revised March 1, 2017

All property/casualty filings submitted to the Delaware Department of Insurance must contain sufficient information to allow the Department of Insurance to independently calculate rate level indications, and thoroughly review any other proposed changes. Each rate filing should contain, but not necessarily be limited to, the following data:

1. Earned Premium

Earned premiums should be reported on an actual basis and on a current rate level basis for all coverages. An explanation of the current rate level calculation should also be provided.

2. Loss & Loss Adjustment Expense

The rate level calculations should be based on at least the latest three calendar/accident years of actual incurred loss and allocated loss adjustment expense (ALAE) data. The actual incurred loss and ALAE data should then be adjusted for trend, loss development and unallocated loss adjustment expense (ULAE). All pertinent calculations and background exhibits, including explanations of the methodologies used, should be provided to the Insurance Department. Loss development triangles should be provided for both paid and incurred loss and ALAE for Delaware and countrywide, with the countrywide data including only tort states. Separate ULAE factors should be calculated for liability and physical damage coverages.

3. Permissible Loss and Loss Adjustment Expense (LAE) Ratio

The permissible loss and LAE ratio should reflect countrywide incurred annual expense and countrywide premium on a collected level for the latest three calendar years with the exception of commission and premium tax, licenses and fees provisions. Provisions for commission and premium tax, licenses and fees are to be based on Delaware experience for the latest three calendar years. The actual expenses incurred and collected premium level underlying each ratio should be provided. In addition, investment income should also be reflected in the calculation of the permissible loss and LAE ratio.

4. Underwriting Profit Provision/Investment Income

The derivation of the underwriting profit provision should include an estimate and the derivation of the cost of capital and a description of how the estimated cost of capital translates into an underwriting profit provision. An evaluation of investment income from insurance operations should be measured using the "State X" Method or any other method that yields a measure of investment income. Actuarial Standard of Practice No. 30- "Treatment of Profit and Contingencies and the Cost of Capital in Property/Casualty Insurance Ratemaking" should be referenced in estimating these provisions.

5. Rating System Changes

All changes to the present rating system should be shown separately and the premium effect for each proposed change for each coverage should be calculated. All justification for the proposed rating system changes should also be included in the filing.

6. Histograms

Provide policyholder rate change impact histograms in 5% intervals and include the average premium change for the policyholders in each 5% interval.

7. Exceptions

If there are any exceptions from the aforementioned points, they should be described in detail in the rate filing. Data supporting these deviations should be provided. For example, if a pure premium ratemaking methodology is utilized, full supporting data should be provided.

This Bulletin shall become effective immediately and shall be applied prospectively. Prior editions of this Bulletin are rescinded as of the effective date hereof and any filing submitted prior to March 1, 2017 shall not be required to meet the requirements of this revision. Filings made after March 1, 2017 shall be revised to meet the requirements of this revision on or before April 30, 2017. All filings received after March 1, 2017 that do not conform to the data requirements of this Bulletin, shall be returned and the filer shall not be permitted to submit rate revision filings for the pertinent line of business for a period of 6 months from the date the Delaware Insurance Department returned the filing.



Trinidad Navarro
INSURANCE COMMISSIONER

NOTE: The Delaware Department of Insurance assumes that the material in this Bulletin is self-explanatory. However, it recognizes that questions may arise. It is suggested that all questions be resolved prior to the submission of proposed rate changes. Questions should be submitted in writing to the Delaware Department of Insurance, Attention: Rating Section, 841 Silver Lake Boulevard, Dover, Delaware 19904 or via email to rate@state.de.us.