

**11 NCAC 10 .1106****DEVIATIONS FROM RATES OF THE NORTH CAROLINA RATE BUREAU****(a) Definitions:**

- (1) Rate deviation refers to the entire collection of differences from the Rate Bureau rates and rating plan that a company has implemented or proposes to implement. Deviation and aggregate deviation are used synonymously. A company shall have only one rate deviation from each Rate Bureau filing and rating plan.
- (2) Deviation component refers to any individual part of the aggregate deviation. A deviation component may involve a coverage difference, a different territorial relativity, a different class relativity, a different rate for a particular type of insured, etc. Proposed differences in territorial and class relativities (and other similarly related sets of rating factors) shall be treated as one deviation component.
- (3) Introduction of a deviation means that a company has no current rate deviation on file for the particular line but is proposing to implement one.
- (4) Modification of a deviation means that a company has a current rate deviation on file for the particular line and that the company proposes to add, change, or eliminate one of the components of the deviation.
- (5) Withdrawal of a deviation means that a company has a rate deviation on file that it proposes to withdraw in its entirety.

**(b) Filing Guidelines:**

- (1) All rate deviation filings must be made in triplicate.
  - (A) The original and one copy shall be sent to the Department.
  - (B) The second copy shall be sent to the North Carolina Rate Bureau.
- (2) A rate deviation shall be introduced, modified, or withdrawn on an individual company basis even if the company is part of a group.
- (3) All proposed rate deviations shall be expressed in terms of North Carolina Rate Bureau rates, either as percentages or as dollar amounts.
- (4) Filing requirements differ by type of deviation action:
  - (A) To introduce a deviation, see Paragraph (d) of this Rule.
  - (B) To modify a deviation, see Paragraph (e) of this Rule.
  - (C) To withdraw a deviation, see Paragraph (f) of this Rule.

**(c) Application of Deviations:**

- (1) On approval of the introduction, modification, or withdrawal of one or more rate deviations, the department shall transmit to the company a letter of approval listing all the components in effect for that line and company.
- (2) All deviation components listed shall be applied to all eligible insureds and deviation components not listed shall not be applied to any insured.
- (3) Rate deviations remain in effect until modified or withdrawn.
- (4) Modifications of existing rate deviations are permitted at any time.
- (5) An unmodified rate deviation may be withdrawn only if both of the following conditions have been met:
  - (A) The deviation has been in effect for at least six months.
  - (B) Application for withdrawal is submitted to the department 15 days before the proposed withdrawal date.
- (6) A modified rate deviation may be withdrawn only if both of the following conditions have been met:
  - (A) The deviation has been in effect for at least six months since the date of the last modification.
  - (B) Application for withdrawal is submitted to the department 15 days before the proposed withdrawal date.

**(d) Filings to introduce rate deviations shall contain only the following information:**

- (1) A cover letter containing the following:
  - (A) Company name;
  - (B) Company's Federal Employer's Number;
  - (C) Line of business involved.
- (2) A completed deviation questionnaire obtained from the Property and Casualty Division.

**(e) Filings to modify rate deviations shall contain only the following information:**

- (1) A cover letter containing the following:
  - (A) Company name;
  - (B) Company's Federal Employer's Number;
  - (C) Line of business involved;
  - (D) Department file number.
- (2) A completed deviation questionnaire obtained from the Property and Casualty Division.
- (f) Filing letters for withdrawals of rate deviations. Filing letters for withdrawal shall contain only the following information:
  - (1) A cover letter including the following information:
    - (A) Company name;
    - (B) Company's Federal Employer's Number;
    - (C) Line of business involved;
    - (D) Department file number.
  - (2) A statement that the deviation has been in effect for at least six months.
- (g) Deviation questionnaires shall contain the following information (if applicable):
  - (1) Company Name;
  - (2) Company's Federal Employer's Number;
  - (3) Company's file number;
  - (4) Line of insurance;
  - (5) Subline/Program title;
  - (6) Previous Department file number, if applicable;
  - (7) Proposed effective date and rules of implementation;
  - (8) Company's N.C. volume of business;
  - (9) Company's N.C. market share;
  - (10) Company's countrywide volume of business;
  - (11) Number of N.C. insureds affected;
  - (12) Percentage of N.C. insureds affected;
  - (13) Total dollar amount of premiums that will not be collected on an annual basis as a result of this deviation;
  - (14) Average dollar difference per exposure from manual rates;
  - (15) Maximum deviation;
  - (16) If the deviation produces a premium greater than manual for an individual insured, explain;
  - (17) List of individual deviation components and the proposed action;
  - (18) Certification by a company officer or filings department head; and
  - (19) Actuarial certification.

*History Note:* Authority G.S. 58-2-190; 58-36-30(a) and (c);  
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 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. January 3,  
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