11 NCAC 16 .0205 DATA REQUIREMENTS FOR RATE REVISION SUBMISSION

(a) With respect to any individual accident and health insurance policy governed by G.S. 58, Articles 1 through 64, for which an adjustment of premium rate is allowed by law, the insurer shall submit an actuarial memorandum describing and demonstrating the development of any requested premium rate revision. The actuarial memorandum shall contain a subsection identified as "Additional Data Requirements." The initial rate revision filing shall be submitted to the Department's Life and Health Division. An insurer shall submit all data required by this Rule within 45 days after the date that the initial rate revision filing is stamped received by the Division. Subsequent data submissions on incomplete initial rate revision filings shall be made directly to the Department's Actuarial Services Division within the 45 day period. The "Additional Data Requirements" subsection shall include:

(1) identification of the submitted data as North Carolina or countrywide and consistent use of this data identification throughout this Section;

(2) identification of all previously approved policy forms included in the rate revision submission, by North Carolina policy form number;

(3) the month, year, and percentage amount of all previous rate revisions;

(4) the month and year that the rate revision is scheduled to be implemented (hereinafter referred to as the "implementation date");

(5) the type of renewability provision contained in each policy form; such as guaranteed renewable;

(6) the type of coverage provided by each policy form; such as medical expense;

(7) identification of the type of rating methodology; such as issue age, attained age, or community rate;

(8) the National Association of Insurance Commissioners minimum guideline loss ratio and, if different, the insurer's minimum guideline loss ratio;

(9) the average annual premium for North Carolina and countrywide before and after the implementation date;

(10) the number of North Carolina and countrywide policyholders affected by the rate revision;

(11) the requested rate revision percentage attributable to experience;

(12) the requested rate revision percentage attributable to changes in benefits promulgated by Medicare, if applicable, and the calculation used to develop this percentage;

(13) identification and actuarial justification of all groupings of policy forms;

(14) the historical calendar year earned premium divided by duration and expressed on an actual and a current premium rate basis for the period of time from the earliest date that experience is recorded to the most recent date that experience is recorded;

(15) the "expected" incurred loss ratios by duration based upon original pricing assumptions for all policy durations considered in the original pricing;

(16) the "expected" lapse rates by duration based upon original pricing assumptions for all policy durations considered in the original pricing, including assumptions for voluntary lapse rates and mortality rates;

(17) the "actual" lapse rates for duration one through the duration coinciding with the calendar year for which the most recent experience is recorded;

(18) the historical calendar year incurred claims, for other than Medicare supplement insurance, covering the period of time from the earliest date that experience is recorded to the most recent date that experience is recorded;

(19) the historical calendar year incurred claims, for Medicare supplement insurance, expressed on an actual and a current benefit level basis covering the period of time from the earliest date experience is recorded to the most recent date that experience is recorded;

(20) a count of the number of incurred claims for each calendar year of data provided. The count shall be calculated by adding the total number of claims reported during the calendar year, whether paid or in the process of payment, plus the number of incurred but not reported claims at the end of the calendar year, minus the number of incurred but not reported claims at the beginning of the calendar year. For disability income insurance, only the initial claim payment for each period of disablement shall be counted. For each type of medical expense benefit, only the initial claim payment per cause shall be counted; for example, payments for continuation of a claim, such as refills on a prescription drug, shall be excluded from the incurred claim count;

(21) an estimation of the amount of policy year exposure contributed by all policyholders within each calendar year of data provided;

(22) a statement declaring whether this is an open block of business or a closed block of business;

(23) an estimation of the annual earned premium on new issues stated at the current premium rate basis for the period of time from the date that the most recent experience is last recorded to a date not exceeding the fifth year following the implementation date;
(24) the number of months that the rate will be guaranteed to an individual policyholder;
(25) the rate revision implementation method, such as the next premium due date following a given date, the next policy anniversary date, or otherwise. If otherwise, an explanation shall be included;
(26) a statement declaring the month and year of the earliest anticipated date of the next rate revision;
(27) an explanation and actuarial justification of the apportionment of the aggregate rate revision within each policy form or between policy forms that have been grouped and a demonstration that the apportionment of the aggregate rate revision yields the same premium income as if the rate revision had been applied uniformly;
(28) an explanation and actuarial justification, if applicable, for changing any factor that affects the premium;
(29) an explanation of the effect that the rate revision will have on the incurred loss ratio on those policies in force for three years or more as exhibited in the Medicare Supplement Experience Exhibit of the Annual Statement; and
(30) the name, address, and telephone number of an insurance company representative who will be available to answer questions relating to the rate revision.

(b) For the following individual accident and health policies, except Medicare supplement and long-term care, data shall not be required to be subdivided by policy year duration and the data in Subparagraphs (a)(15), (a)(16), and (a)(17) of this Rule may be omitted:

(1) short term non-renewable; e.g., airline trip, student, or accident;
(2) annual renewable term that are repriced every year; and
(3) any closed block of business for which all in force policies have exceeded the seventh year duration.

History Note: *Authority G.S. 58-2-40(1); 58-51-95; 58-63-15(7)b;*
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