STATE OF CALIFORNIA
Steve Poizner, *Insurance Commissioner*

DEPARTMENT OF INSURANCE
LEGAL DIVISION
45 FREMONT STREET, 21ST FLOOR
SAN FRANCISCO, CA 94105
www.insurance.ca.gov

NOTICE

TO: All Admitted Health Insurers and Other Interested Parties

DATE: June 29, 2010

SUBJECT: Important – Requirements of Insurance Code §12956 and 10 CCR §2214, Public Inspection of Forms Filed with the Commissioner – Please Read

Insurance Code §12956 specifies that "(f)orms of policies filed with the commissioner and writings in respect thereto shall be open to public inspection except where, in his judgment, the public welfare or the welfare of any insurer demands that any portion thereof be not made public."

California Code of Regulations, Title 10, Chapter 5, Subchapter 2, Article 1, Document Submission and Approval Procedures, Section 2214, subsections (a) and (b) specify the general contents and form of a rate filing. These subsections read:
(a) Where the rates to be used with a submitted document are required to be filed or approved, they shall be included with the initial submission of the document.
(b) Cover letters for submissions of revisions of previously filed or approved rate schedules shall specify:
(1) The nature of the revision relative to the previously filed or approved rate schedules, including whether it will result in increases in premiums charged to existing insureds;
(2) The date of filing or approval of the rate schedule being revised; and,
(3) The form numbers and approval dates of the forms with which the revised rates are to be used.
(4) The Commissioner reserves the right to request additional information concerning revised rate schedules.

Pursuant to 10 CCR §2214 (b)(4), the Commissioner currently requests that health insurance rate filings include the following additional information:

1) Date policy first issued
2) Is block of business open or closed?
3) If closed, date last policy was issued.
4) Policyholder count, state & national, most recent
5) Policyholder count, state & national, annually over most recent 10 years, or since first issued.
6) Average duration, in years, state & national, annually over most recent 10 years, or since first issued.

7) Realized historical loss ratio, by calendar year & duration, excluding Active Lives Reserves, state & national.
8) Total realized historical loss ratio for all durations and excluding changes in Active Lives Reserves, state & national.
9) Anticipated Future Loss Ratio, by duration, excluding Active Lives Reserves, of the block of business, for the next 10 years, state and national.
10) Realized (accumulated) historical loss ratio for this block of business, state & nation.
11) Anticipated (discounted) future loss ratio for this block of business.
12) Anticipated lifetime loss ratio for this block of business.
13) Implementation date of last rate increase in California
14) List the rate increases implemented in California each year, over the previous ten years, or since the year when the product was first marketed if the product has been marketed for less than ten years.
15) List the weighted average of rate increases implemented nationwide, excluding California, over the previous ten years, or since the date when the product was first marketed if the product has been marketed for less than ten years [Earned premium dollars in each state should be used as weights].
16) Annual lapse rate for the past ten years – percentage of policyholders as of 1/1/xxxx that had lapsed by 12/31 of the same year, state and national.
17) The main justifications for rate increase request: inflation, utilization increases, changing technology/application of newer forms of treatment, revision of geographic factors that are not revenue neutral, changing competitive environment, revision of original assumptions used for development of rates, adverse – actuarially credible – experience, other (please explain).
18) The amount of rate increases applied for, concurrently with the present rate increase, in other states, and whether the rate increases have been approved/ authorized/ acknowledged, or pending approval/authorization/acknowledgement. Provide a weighted average.

Insurance Code §12956 establishes a general policy in favor of making policy forms filed with the department public unless, in the Commissioner's determination, the public welfare would be best served by keeping these forms confidential. The Commissioner has concluded that the public interest would be best served if the department were to make available for public inspection all contents of rate filings for individual health insurance policy forms submitted to the department.

After the date of this Notice, the department will make rate filings for individual health insurance policy forms available for public inspection upon receipt. The department will make available for public inspection ten days from the date of this Notice any rate filing for an individual health insurance policy form it had received prior to the date of this Notice and that it has not already acknowledged unless the insurer that submitted that rate filing withdraws the filing within ten days of the date of this Notice. When making rate filings available for public inspection, the department will post the contents of a filing on its web site.

Any questions should be directed to Bruce Hinze, Senior Staff Counsel, at (415) 538-4392 or bruce.hinze@insurance.ca.gov .