

**STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE**  
45 Fremont Street, 23rd Floor  
San Francisco, CA 94105

**Bulletin 2011-4  
December 29, 2011**

**TO:** All Insurers Licensed for Life, Disability and/or Workers Compensation Insurance; Fraternal Benefit Societies, Grants and Annuity Societies, Reciprocal or Inter-Insurance Exchanges, Motor Clubs and Other Interested Persons

**SUBJECT:** Revised Filing or Approval Cost Recovery Rates for Life, Disability and Workers Compensation Policy Forms and Certain Other Documents

**Purpose.** This Bulletin implements increases to cost recovery rates for the filing or approval of policy forms and other documents which are subject to Title 10, California Code of Regulations (CCR), Chapter Five, Subchapter 2, Article 1, Document Submission and Approval Procedures: Fees.

**Effective Date.** The increased cost recovery rates will become effective for filings first received by the Department on or after March 28, 2012, provided, however, that the Office of Administrative Law has granted approval to the California Department of Insurance's proposed regulations amending Title 10, California Code of Regulations, § 2202 to reflect the fee increase.

**Background.** The subject cost recovery rates are set forth in regulations promulgated under the authority granted to the Insurance Commissioner by Insurance Code § 12973.9, which also grants the Commissioner authority to establish standards by which the Commissioner may determine "amended fee schedule(s)". Those standards and the mechanism to implement them are set forth in § 2202(e) of the cited Article.

Pursuant to Insurance Code §12973.9 the subject cost recovery rates are paid by insurers to cover the actual expenses incurred by the Department in processing the subject forms. These subject cost-recovery rates were last modified in March 2010. However, in measuring the additional revenue generated by the fee increase, the total revenue was still insufficient to cover the total costs to process the policy form filings. Thus, the change to the cost recovery rates is necessary to fully offset the costs of processing, indexing, and maintaining files of the documents described in Title 10, California Code of Regulations § 2202(a). The new fees are set forth at the end of this Bulletin.

#### **Derivation of the Revised Cost-Recovery Rates**

The subject cost recovery rate increases were derived by determining the actual costs to the Department of performing the mandated form workload and comparing those costs to the actual revenue received for those efforts. The increase was applied at a uniform rate in each subdivision. Fee amounts that were not in multiples of \$10 were rounded to the next \$10, pursuant to CCR § 2202(e).

## Changed Fees.

Title 10, California Code of Regulations:

§ 2202(b), Fee Table:

<b>Fee Table</b>											
<i>Subdivision of 2202(a)</i>	<i>Policy</i>	<i>Certificate</i>	<i>Rider/Insert Page</i>	<i>Text Cell</i>	<i>Application</i>	<i>Enrollment Form</i>	<i>New Issue Rates</i>	<i>Rate Increases*</i>	<i>See Note Below</i>	<i>Other Forms</i>	
(1)	4,420	2,210	990	230	1,370	230	990	1,300	1	990	
(2)	2,510	1,300	460	230	990	230	NA	NA		460	
(3)	4,420	NA	990	230	990	230	990	1,300		990	
(4)	2,510	1,300	460	230	990	230	990	990	2	460	
(5)	4,420	2,210	990	230	1,370	230	990	1,300	3	990	
(6)	1,300	1,300	610	230	990	230	See Note 4			610	
(7)	(A):460		(B):460		(C) Documents: 1,520, Applications: 1,370					460	
(8)	2,510	1,300	460	230	990	230	NA	NA		460	
(9)	NA	3,200	760	230	760	230	NA	NA	5	760	
(10)	990	230	230	230	NA	NA	Sec 2509.30, et seq.			230	
(11)	460										
(12)	Individual Life Policies and Group Annuity Certificates: 1,380							Riders and Insert Pages: 200			
(13)	60 (See Ins. C §11522 when more than 10 documents are filled within a calendar quarter.)										
(14)(A)	760										
(15)	380										
(16)	1,830										

<b>Notes</b>	
*	Per experience group.
1	Small employer health insurance rating plans: \$1,000 per submission. Lists of small employer health insurance benefit plan designs; lists of associations to which or through which small employer health insurance benefit plans are marketed and information pertaining thereto: \$460 per list or amendment thereto.
2	Filings of experience under previously-approved Medicare supplement insurance rate schedules demonstrating compliance with loss ratio standards for in-force policies: \$610 per experience group. Documents advertising Medicare supplement insurance. \$460 per advertisement.
3	Documents demonstrating compliance with Ins. C. §§ 10231.6(c) and 10232(b). \$760 per association. Documents advertising long-term care insurance. \$460 per advertisement.
4	Voluntary downward deviated rates: \$240 per experience group. Actuarially equivalent rates: \$760 per experience group. Upward deviated rates and mandatory downward deviated rates: \$1,530 per experience group. Renewal of previously-approved upward deviated rates and mandatory downward deviated rates: \$760 per experience group.
5	Long-term care benefits funded by reducing life insurance benefits or by waiving annuity withdrawal charges: \$1,530 per document. Applications with additional underwriting criteria for such long-term benefits: \$1,370 per application.

§ 2202(c) "Minimum Fee". The minimum fee is changed to \$610.

§ 2202(d) "Change of Company Name or Merger." The fee is changed to \$760.

Any questions regarding this bulletin should be directed to the Legal Division at (415) 538-4500.

DAVE JONES  
INSURANCE COMMISSIONER