

APPLICATION / RATE TEMPLATE CHANGE LOG

05/01/07

No substantive changes to the Rate Template since the 04/17/07 version. On the Instruction tab, directions for correcting a common Excel error were added at the bottom of the page. On the Template tab, Coverage and (template) Version Date were added. On the Rate Making Data tab, a special error message will appear when Marketing System does not total 100%.

08/01/07

Changed Maximum Rate of Return from 10.88% to 10.91%.

09/01/07

Effective this date, the California Department of Insurance is rolling out a new all Excel version of the Prior Approval Rate Application and Rate Template. While the formatting changes are too numerous to mention, there are no substantive changes to the rate template. We are asking all filers, paper and electronic, to use the new application. Electronic (SERFF) filers should submit both the original Excel version and a PDF copy of the application. Paper filers should retain the Excel copy, as you may be asked to submit it via email, once your filing is accepted. The Excel application contains a rate template. However the stand alone version of the Prior Approval Rate Template is available for filings that require multiple rate templates.

Please note that Excluded Expenses and Federal Income Tax on Investment Income & Yield, previously required under separate exhibits, are now part of the application.

10/12/07

The Rate Template has been amended to correct an error.

11/01/07

The significant change this time is the annual update of the efficiency standard table, based on a rolling average of data from 2004 to 2006. There could be a significant change in the results for certain lines of insurance. The Maximum Rate of Return, based on the Risk Free Rate of Return has also been updated. The impact of this change should be minimal. Finally, the template was programmed to default to a 100% Credibility value for new programs.

12/07/07

The leverage and reserve factors were updated, based on AM Best's Aggregates & Averages - Property Casualty, 2006 Edition. Also the maximum rate of return was adjusted on a monthly basis. The impact of the leverage and reserves changes will vary by line of insurance.

01/10/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

02/22/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

03/20/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

04/15/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

05/16/08

The rate template was revised to conform to the new Prior Approval Regulations. The efficiency standard, leverage and reserves tables, and the Risk Free Rate of Return have been updated. We have also added a new loss conversion multiplier template along with instructions, which would apply only to filings of advisory organization loss costs.

06/16/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

07/29/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

08/15/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

11/20/08

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

01/20/09

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated.

4/15/09

The Efficiency Standards, Leverage and Reserves factors, and Maximum Rate of Return have been updated. Also, Forms tab (12a) and Rules tab (12b) were added.

05/15/09

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated. Also, the Efficiency Standard for Surety has been adjusted to a single standard for all distribution channels.

06/15/09

The Maximum Rate of Return, based on the Risk Free Rate of Return has been updated. Also, the Efficiency Standard for Earthquake has been revised.

07/28/09

For the first time, multi-coverage templates have been provided for programs involving more than one coverage for which a separate premium is charged. The Maximum Rate of Return, based on the Risk Free Rate of Return, has been updated.

10/15/09

Leverage and Reserves ratios and the Maximum Rate of Return have been updated. Pull down menus for line/type of insurance have been changed from numerical codes to alpha descriptions. This was done in order to avoid

confusion due to discrepancies between CDI lines of insurance and the Uniform Product Coding Matrix.

Also, the Workers' Compensation application has been updated.

3/17/10

The Risk Free Rate of Return, which determines the Maximum Rate of Return has been replaced, as a hard coded value, by a link to the CDI website. The value of this data item in the rate template will be updated to it's current value every time the file is opened.

The Efficiency Standard table in the rate template has been updated, based on 2006 to 2008 data.

04/04/11

The Efficiency Standards, Reserves Ratios and Leverage Ratios tables have been updated to reflect current values.

The "Miscellaneous" line description has been removed. All lines of insurance, not otherwise classified, should be placed in either Other Liability or Inland Marine, as appropriate.

01/23/12

The Efficiency Standards, Reserves Ratios and Leverage Ratios tables have been updated to reflect current values.

02/28/12

Correcting the Reserves Ratios for Private Passenger Auto.

06/12/12

Correcting error in Reserves Ratios, PPA Template only.

08/16/12

Correcting an error in the Efficiency Standard for PPA Physical Damage, Captive marketing system.

01/28/13

The Efficiency Standards, Reserves Ratios and Leverage Ratios tables have been updated to reflect current values.

11/12/2013

The Efficiency Standards have been updated to reflect current values.
The formula to calculate "(9) Other", which is D73, on "(14)Yield-Tax" sheet of the rate application has been revised. The cell used to include annual statement page 2, line 6 through 9. Now the cell is calculated by adding annual statement page 2, line 6, 8, 9, and 11.
The worksheet, "IncLoss&DCCE", has been updated to reflect current values.

10/1/2014

Reserves Ratios and Leverage Ratios have been updated to reflect current values.
The line reference for policyholder surplus on Yield/FIT page has been updated (from 35 to 37).