

CDI  
Review Requirements Checklist  
for Commercial Lines Except Earthquake and Workers' Compensation

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
<b>FORMS</b>		
<b>Standard Requirements</b>		
Policy shall specify	CIC 381	Lists the required contents of a policy.
Insurer's name on policy.	CIC 430	The insurer's name or name approved for use by the commissioner, must be printed in large bold print in at least the size type used in the policy or on the face page.
CA Standard Form Fire Insurance Policy	CIC 2030 through 2083	Specifies standard form and measures of indemnity for any Fire policies.
Red - Ink Clauses	CIC 2081	Whenever a clause is inserted, or rider attached, affecting the standard form liability of the insurer for loss or damage by fire occasioned either directly or indirectly by hurricane, volcanic action or other disturbance of nature, the clause or rider shall be printed in red ink in type larger than small pica and at the head of the policy there shall be printed in red ink and in large boldfaced type the words, "This policy contains limitations of liability not permitted in the California standard form."
Auto Liability Provisions	CIC 11580.1	Lists provisions every auto liability policy must contain.
Mexico Warning-requirements for auto liability policies.	CIC 11580.6	Warning which must be included in an auto liability policy concerning liability coverage in Mexico.
<b>Applications</b>		
Application form NOT required to be filed.		
Concealment & Fraud	CIC 2070 & Bulletin 99-1	Prohibits insurers from substituting the words "any insured" for the standardized words "the insured" in fire and allied lines coverage form clauses adapted from the California Standard Form Fire Insurance Policy.
Discrimination	CIC 679.72	Prohibits an application from carrying identification, or requirement of an applicant's race, color, religion, national origin or ancestry.
Claim-Made Policies	CIC 11580.01(b)	For policies issued on a claims-made basis, application forms shall contain a heading advising an applicant that it is an application for a claims-made policy.
<b>Bankruptcy Provision</b>		

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Policy Content	CIC 11580	A liability policy must contain a provision that the insolvency or bankruptcy of the insured will not release the insurer from payment of damages during the life of the policy. The policy must also contain a provision that an action against the insurer may be made when a judgment has been secured against the insured or the executor or administrator of a deceased insured.
<b>Cancellation &amp; Nonrenewal</b>		
Cancellation or refusal to renew commercial coverage on drivers convicted while operating other vehicles.	CIC 670	Prohibited cancellations or refusal to renew commercial policies based on driver convictions resulting from operating private passenger autos not owned or leased by their employer.
Commercial policies covered by this chapter.	CIC 675.5	Specifies the commercial insurance policies covered by the following provisions relating to Cancellation and Non-Renewal. This is MOST Comm. Lines (excluding WC, Ocean Marine, Fidelity and Surety, Nuclear Insurance etc.)
Commercial policies --cancellation notice, grounds, rate and coverage changes	CIC 676.2	If a policy has been in effect for more than 60 days, or at renewal, may only be cancelled due to 1 or more reasons listed under CIC section 676.2 and no increase in rate, reduction of limits or change in conditions of coverage unless proper notice given and based upon one of the reasons specified.
Remedial Underwriting	CIC 676.3	Remedial underwriting action imposed by insurer on policies issued to dentist, physician or surgeon is allowed.
Rate increase or coverage reduction for healthcare facilities	CIC 676.4	Rate increase or coverage reduction for healthcare facilities is allowed
Commercial umbrella liability insurance; commercial excess liability insurance; commercial excess property insurance -- notice of cancellation; grounds; notice of non-renewal	CIC 676.6	If a policy has been in effect for more than 60 days, or at renewal may only be cancelled due to 1 or more reasons listed under CIC section 676.2 or is based on one or more of the items listed in this section.

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Cancellation- number of days for policies under CIC 675.5	CIC 677.2	All cancellations shall be in writing and mailed to the producer of record (if not an employee of the insured) and named insured at the address shown in the policy at least 30 days prior to cancellation, except for nonpayment of premium. Then it shall be 10 days prior.
Nonrenewal- number of days for policies under CIC 675.5	CIC 678.1	Specifies proper notice of non-renewal or conditional renewal shall be in writing at least 60 days but less than 120 days before policy expiration, specifying when notice is not required.
Nonrenewal- number of days for policies under CIC 675.5	CIC 678.2	For Professional Liability policies, the 120 day maximum in 678.1 does not apply.
Refund policy	CIC 481, 481.5	Requirements regarding refund of unearned premium.
<b>Loss Settlement</b>		
Notice of loss	CIC551	An insured may provide notice of an accident, injury or death within 20 days. A policy must not have a requirement of notice for a lesser period.
Valuation of Personal Property	CIC 381.2	When a policy includes coverage for loss or damage to a specific item of personal property of the insured, on which a separate amount of insurance is placed, the insurer must specify the method of loss computation in the policy.
<b>Punitive Damages</b>		
Punitive Damages Prohibited	CIC 533.5	Coverage for punitive damages is prohibited. Any policy, primary, excess or umbrella, which provides coverage for punitive damages must contain a California exclusionary endorsement. Or, if punitive damages are added by endorsement, the endorsement must state that punitive damages do not apply in California.
<b>RATING</b>		
<b>Pricing</b>		
Prior Approval	CIC 1861.01 (C), 1861.05 (b), CCR Title 10, Subchapter 4.8	Requires filing of rates prior to implementation.

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Rate Adequacy	CIC 1861.05(a)	No rate shall be in effect that is excessive, inadequate, or unfairly discriminatory.
Policy Fees (Not broker fees)	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8	Policy fees, and other similar fees, such as inspection fees, are premium. Therefore, requests from carriers to change their fees will require a prior approval filing.
Tier rating	CIC 1861.05(a), CCR 2360.2, Bulletin 80-11, Bulletin 94-12	Every insurer must maintain eligibility guidelines to determine the appropriate rating plan for an insured.
Insurer Groups	CIC 1853.5, 1861.05(a), CCR 2360.2, 2360.5	Requires maintenance of eligibility guidelines for placement of risks in each company who are members of an insurer group which write the same or substantially the same insurance.
Lowest Premium	CCR 2360.3	An insurer shall charge each insured the lowest Premium for which the insured qualifies. At each policy renewal the insurer shall adjust the Premium charged to the insured, as necessary, to reflect the lowest Premium for which the insured qualifies at that time.
<b>Rating Plan Requirements</b>		
Rating Plans	CIC 1861.01(c), 1861.05(a) & (b)	A rating manual must be submitted with an application for approval of rates.
Advisory Organization Loss Costs-adoptions	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	Permits the development of rating plans in cooperation and in concert with advisory rating organizations. Requires manuals to contain loss costs not rates. For New Program filings adopting approved advisory organization loss costs and manuals, insurers must submit a complete new program filing which includes the development of the loss cost multipliers and any loss cost modifiers. For previously approved programs, adopting changes to loss costs, loss cost multipliers or modifiers require a complete rate change application filing using company/group specific data. Any AO adoption files must contain the CDI file number for the approved AO files the insurer wishes to adopt.

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Schedule Modification and Individual Risk Premium Modification	CIC 1861.05, CIC 1857 and Bulletin 85-4	Permits use of a schedule rating plan up to +/-25% modification. Modification in excess of +/-25 % is permitted with convincing supporting documentation.
Upgrades	CCR 2360.7	Whenever an insurer makes insurance with broadened or enhanced coverage available to new insureds, the insurer shall offer the same broadened or enhanced coverage to all existing insureds which otherwise qualify for the newly broadened or enhanced coverage, and the insurer shall apply the same rating plans to both new and existing insureds in accordance with this chapter. Any change in coverage offered to existing insureds under this section shall be offered no later than the next renewal date.
<b>Filing Requirements</b>		
Prior Approval of rates, rules, and forms	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	Insurers who desire a rate change shall file a complete rate application. The applicant shall have the burden of proving the requested rate change is justified. The commissioner shall notify the public of any rate change application. The application shall be deemed approved 60 days from the public notice unless a consumer requests a hearing within 45 days of the public notice or the commissioner decides to hold a hearing or the proposed rate adjustment exceeds 15% for commercial lines, in which the commissioner must hold a hearing upon a timely request.
Complete Rate Application	CIC 1861.05(b), 1857.7, 1857.9, 1864 and CCR 2643.6, 2648.4 and June 8, 2001 Notice to all	Specifies the required contents - for a complete application for approval of rates.
Prior Approval of rates, rules, and forms by line of insurance	CIC 1861.01(c), 1861.05(b), 1857.7, CCR 2642.7, 2643.3(b) and Filing Instructions	Requires rate filing applications on a line by line basis. CCR 2642.7 lists the lines of insurance.
Auto Liab. & Phys. Dam. combined filing.	CIC 1853.97	Auto liability and auto physical damage insurance may at the option of the insurer be considered a single line for rate filing purposes.

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Auto Liab. & Phys. Dam. ratemaking data filed separately by coverage	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	CA-RA5 of the rate filing application must be done separately for each PPA coverage (e.g. BI, PD, MP, UM/UIM, comp., coll.), besides completing a CA-RA5 for all coverages combined.
All files containing forms	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	All filings containing forms (whether company or an advisory organization) must have forms filing pages CA-FA1 and CA-FA2 completed in the rate application.
New Programs	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions- New Programs Section	ALL manual rules, underwriting rules, rates, and forms to be used with a new program must be submitted with the rate application. If the proposed forms are AO forms or company forms already in use with other programs, and previously filed, then the forms do not need to be filed with the New Program. However, they must be listed on the CA-FA1 page with the CDI file number for the approved form filings.
Advisory Organization(AO) Forms -- adoptions	CIC 1855.5	Requires approval of an advisory rating organization's policy endorsements, and forms prior to use by insurers.
Forms without coverage changes	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	Forms that do not affect changes in coverage do not need to be filed.
Mailing Address	Rate Filing Application Instructions	Mail all completed filing applications to: CALIFORNIA DEPARTMENT OF INSURANCE, RATE REGULATION DIVISION, Rate Filing Bureau, 45 Fremont Street, 23rd Fl., San Francisco, CA 94105. Do not address files to the Commissioner.
<b>General Filing References</b>		
Maintenance of records	CIC 1857	Provides that insurers shall maintain reasonable records to support and explain the rating plans, and underwriting rules.

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Documentation Supporting Rates	CCR 2360.6	The insurer shall keep documentation in the underwriting file for every insurance policy issued to every insured, identifying all information which the insurer considered in determining the Premium charged to the insured. This documentation shall be maintained at all times during which a policy is in force and for at least three years from the policy inception date.
Documentation Supporting Rates	CCR 2360.6	The insurer shall keep documentation in the underwriting file for every insurance policy issued to every insured, identifying all information which the insurer considered in determining the Premium charged to the insured. This documentation shall be maintained at all times during which a policy is in force and for at least three years from the policy inception date.
Reinsuring Non-admitted Insurers	CIC 803	No admitted insurer shall assume or reinsure the liabilities of a non admitted insurer for the purpose of circumventing the rate and form provisions of the CIC.
Burden of proof	CIC 1861.05(b) and CCR 2646.5	The insurer has the burden of proving that its rate is not excessive, inadequate, unfairly discriminatory, or otherwise in violation of the CIC.
Definition for Inland Marine Insurance	CIC 103 and Commissioner's Directives of 12/29/94 and 5/9/95	Uncontrolled inland marine rates must be filed for prior approval same as controlled inland marine. Defines pleasure boats 26 ft. or less as inland marine, and over 26 ft as ocean marine.