

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

**Bulletin 2009-5
March 26, 2009**

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, 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 July 1, 2009.

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 1997. Over the course of the last 12 years the costs of providing the subject form workload activities has significantly increased while the subject rates were not updated and remained unchanged. Thus, the change to the cost recovery rates is necessary to support the projected workload and 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. Based on the number of forms received in each subdivision a rate was determined that would fully recover the costs of processing the said forms. Preliminary fees amounts that were not in multiples of \$10 were rounded to the next higher multiple of \$10 so that fees would be in whole dollars.

Changed Fees.

Title 10, California Code of Regulations:

§ 2202(b), Fee Table:

Fee Table											
<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)	2,030	1,020	460	110	630	110	460	600	1	460	
(2)	1,160	600	210	110	460	110	NA	NA		210	
(3)	2,030	NA	460	110	460	110	460	600		460	
(4)	1,160	600	210	110	460	110	460	460	2	210	
(5)	2,030	1,020	460	110	630	110	460	600	3	460	
(6)	600	600	280	110	460	110	See Note 4			280	
(7)	(A):210		(B):210		(C) Documents: 700, Applications: 630					210	
(8)	1,160	600	210	110	460	110	NA	NA		210	
(9)	NA	1,470	350	110	350	110	NA	NA	5	350	
(10)	460	110	110	110	NA	NA	Sec 2509 30, et seq.			110	
(11)	210										
(12)	Individual Life Policies and Group Annuity Certificates: 1,190							Riders and Insert Pages: 320			
(13)	210 (See Ins. C 11522 when more than 10 documents are filled within a calendar quarter.)										
(14)(A)	350										
(15)	180										
(16)	840										

NOTES	
*	Per experience group.
1	Small employer health insurance rating plans: \$460 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: \$210 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: \$280 per experience group Documents advertising Medicare supplement insurance. \$210 per advertisement.
3	Documents demonstrating compliance with Ins. C. 10231.6 (c) and 10232 (b). \$350 per association. Documents advertising long-term care insurance. \$210 per advertisement.
4	Voluntary downward deviated rates. \$110 per experience group. Actuarially equivalent rates: \$350 per experience group. Upward deviated rates and mandatory downward deviated rates: \$700 per experience group. Renewals of previously-approved upward deviated rates and mandatory downward deviated rates: \$350 per experience group.
5	Long-term care benefits funded by reducing life insurance benefits or by waiving annuity withdrawal charges: \$700 per document. Applications with additional underwriting criteria for such long-term benefits: \$630 per application.

§ 2202(c) “Minimum Fee”. The minimum fee is changed to \$280.

§ 2202(d) “Change of Company Name or Merger.” The fee is changed to \$350.

§ 2203(b) The minimum fee provided for in this provision is changed to \$280.

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

STEVE POIZNER
INSURANCE COMMISSIONER