

## **Filing Guidelines**

### Rate Filings RFG – 2 Reference Rates

**RFG-1, RFG-2, RFG-7, and RFG-8** are considered Rate Filings.

FAILURE TO COMPLY WITH THESE GUIDELINES WILL RESULT IN RETURN OF FILING WITH REQUEST TO AMEND AND RE-SUBMIT.

OMISSION OF ANY OF THE FILING OR DISCLOSURE GUIDELINES WILL RESULT IN A DELAY OF THE REVIEW PROCESS.

*When referring to the New Brunswick Insurance Board, NBIB and the Board are interchangeable.*

### **Filing Guidelines**

The purpose of these Guidelines is to communicate to insurers the requirements for adopting Reference Rates (RFG-2) and to provide a systematic approach through which insurers may provide the required information and thus facilitate the process of preparing as well as reviewing these filings.

Filing to adopt Reference Rates will be allowed in the following circumstances:

- annual private passenger vehicles (PPV) filings with premium volume less than one (1) million.
- Annual commercial and miscellaneous filings falling below the threshold as outlined in [Info Bulletin 2009-003](#).
- initial filing for class of vehicle.

The following changes may also be included within an RFG-2:

- Discounts/Surcharges, Underwriting Rules, Rating Rules – Introduction, Amending, Removing. (refer to Section 4.m & 4.n)
- Endorsements - Introduction, Amending, Removing.
  - Proposed Endorsement – Include a copy of the proposed wording in both official languages.
  - Copy to Superintendent of Insurance – A copy of the proposed wording must also be sent to the Superintendent of Insurance at: [info@fcnb.ca](mailto:info@fcnb.ca). (Companies must have prior approval from both the Board and the Superintendent of Insurance)
- Rate Group Table Update.

- Companies do not need to submit the tables. Provide rate group table identification (i.e., year and type) and complete *Section 2: NBIB Summary Sheets – Step 2 NBIB Confidential row 82-87*.

### Filing Format – RFG-2

Subject to the guidelines set forth in Section C, the filing should contain the informational sections, as outlined below, and in the order outlined below:

Section	Contents/Document	Format	Document Name
	Cover Letter	Word, PDF	Cover Letter
1	Table of Contents	Word, PDF	
2	NBIB Summary Sheets	Excel	Filing Summary
3	Appendix A	Word, PDF	Appendix
4	Actuarial Justification (Section 4M-N if applicable)	Word, PDF	Actuarial Justification
5	Final Rates/Rate Level Change	Excel	Algorithm BR Current BR Proposed Discounts/Surcharges
6	Proposed Manual Pages Containing Revised Rates and Rating Program	Word, PDF	Pr Manual

### Naming Convention

See NBIB Summary Sheet “Start Here NBIB Cover Sheet” Row 2 for Naming Convention of Company Short Name and Type of Vehicle Short Name

Email Subject Line:

Date Submitted “YYYY\_MM\_DD” “Company Short Name” “Type of Vehicle Short Name” “RFG-#” “Original/Amendment/Response”

Documents:

“Company Short Name”\_”Type of Vehicle Short Name”\_”RFG-#”\_”Document Name”



## Submitting a filing to the Board

### Original Filing

Filings must be submitted electronically by email to [filings@nbib-canb.org](mailto:filings@nbib-canb.org).

- Separate filings must be submitted for each vehicle class i.e., PPV, Commercial (acceptable to combine Interurban with Commercial Vehicles), Motorcycles (including mopeds), ATV, SV, etc.
- If an insurer is submitting filings for more than one company, separate emails must be sent for each company and each filing.

### Amendments

- Submit amendments via email only, unless otherwise directed by the Board.
- **Subject line format is** *“(Date Amended) YYYY\_MM\_DD” “Company Short Name” “Type of Vehicle Short Name” “RFG-#” “Amendment”*. Example: **2015\_09\_30 Company PPV RFG-1 AMENDMENT**

### **For Effective Dates Amendments**

- Submit via email and include all corresponding filing documents with the new effective dates.

### **For Summary Sheet Amendments**

- Provide details of the amendment(s) and if applicable the cell(s) in the spreadsheet that are affected.

### **Approval Process**

The NBIB will send an email to the insurer within two (2) business days to acknowledge receipt of a filing. The filing will then be reviewed for completeness based on these filing guidelines and the Insurer will be informed of any information required to complete this filing.


Once a filing is deemed complete, the NBIB and/or its consulting actuaries will proceed to review the technical components of the filing. The NBIB may request further information from the insurer.

Queries from the Board or its consulting actuaries must be responded to **within four business days**.

## **A. FILING DOCUMENTS REQUIRED FOR RATE FILING – RFG-2 FILING**

### **COVER LETTER**

Provide details on the filing being submitted and outline the changes being proposed and the rationale. The filing cover letter must set out the name, title, insurer name, business address,



telephone number and email address of the individual authorized to act as contact on behalf of the Insurer. The named contact person must be prepared to respond to questions posed by the NBIB or its consulting actuary and accept correspondence from either on behalf of the insurer relating to this filing.

## SECTION 1: TABLE OF CONTENTS

This section contains a listing of the contents of Section 2 through 6 of the filing and should be in sufficient detail to serve as a reference, by page number, for the location of specific elements of the filing.

## SECTION 2: NBIB SUMMARY SHEETS

**NBIB Summary Sheet Template (Excel Format ONLY)** – Available on the NBIB website for download.<sup>1</sup>

The NBIB Summary Sheet is one Excel document with multiple worksheet tabs. It must be completed and submitted as part of the filing package with the correct naming convention: “*Company Short Name*” “*Type of Vehicle Short Name*” “*RFG-#*” *Original Filing Summary*. Example: ***Company PPV RFG-2 Original Filing Summary***.

If necessary, the amendments should be submitted with the naming convention: “*Company Short Name*” “*Type of Vehicle Short Name*” “*RFG-#*” *Amended Filing Summary*. Example: ***Company PPV RFG-2 Amendment Filing Summary***.

The worksheet tabs are as follows:

**Instructions** – Instructions and notes for filing submission.

**Start Here NBIB Cover Sheet** – Row 3 NBIB Document Name for the correct naming convention. Considered non-confidential.

**Step 2 NBIB Confidential** - The information on this sheet is considered confidential and NOT available to be viewed by the public.


**Capping Capping** - Capping of rates is a tool that insurers employ to limit dislocation of premium and, thereby, improve retention where revisions to rating programs create substantial changes in the distribution of premium among risk profiles. The principal causes of such dislocation are revision of relativities for existing rating variables or introduction of a new algorithm with new rating variables, though it could relate to acquisition of a portfolio.

Insurers have the option to apply capping to premium and can use capping so as to preserve overall premium level provided.

**Rule Change** – Complete ONLY when there is a proposed change to underwriting rules, rating rules, and/or discounts and surcharges.

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<sup>1</sup> [https://www.nbib-canb.org/industry/filing\\_package](https://www.nbib-canb.org/industry/filing_package)



**Maps** – The map is considered confidential. If varying from the 11 statistical territories, insurers MUST include a copy of the proposed or existing rating territories.

**Reference XXX Comparison** – insurers input the proposed rates and differentials which compares to the most recent approved reference rates for this class. Please comment on any discrepancies between the rates.

### **SECTION 3: Appendix A**

#### **LOA / STATEMENT REGARDING FA DATA/CERTIFICATE OF ACTUARY**

- **Signed Letter of Authorization** - A letter signed by an officer of the company on whose behalf the filing is being made, granting the individual identified the authority to submit the filing. Authorized officers are the President, CEO, CFO, CCO, any vice-president, the treasurer, or the corporate secretary or Chief Agent for Canada for the company.
- **Signed Facility Association Statement** – not applicable
- **Signed Certificate of Actuary** – not applicable

### **SECTION 4: ACTUARIAL SUPPORT**

Sections 4.a-4.l - not applicable

#### 4.m. Discounts/Surcharges

1. Indicated Discounts or Surcharges
2. Off-balance

#### 4.n. Rating Based on Group Membership

1. Indicated Discounts or Rates for Groups
2. Off-balance

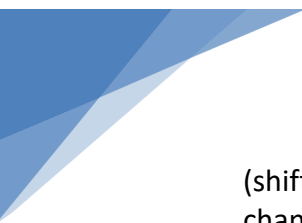
#### **4. M. Discount/Surcharges** (if applicable)

##### 4.m.1. Indicated Discounts or Surcharges

A comparison of current, indicated, and proposed discounts or surcharges must be provided for each coverage when a change is proposed. Included in this should be the written premium distribution and the exposure distribution by discounts or surcharges.

If no changes to discounts/surcharges are proposed in the filing, insurers must still list all existing discounts and surcharges (including expense-based discounts and group discounts, if applicable).

A current and proposed distribution of the insurer's book of business that is affected by the discount or surcharge change must be provided to determine the average premium changes



(shift). All assumptions and detailed calculation must be provided to support the rate level change.

The general approach to calculating discounts or surcharges can be expected to remain reasonably constant over the years. Any change in either the approach or the underlying data from the prior rate filing should be disclosed and supported.

#### 4.m.2. Off-balance

The aggregate premium may be increased or decreased through the introduction of new discounts or surcharge, or by changes to existing ones. The filing must account for these changes using off-balance procedures or by accounting for the premium change in its rate level. *If the change in discount or surcharge is not off-balanced and instead a rate level change is generated, sections 4.a. – 4.j. must be completed. Refer to Filing Guidelines for RFG – 1 for instructions on the methodology to be adopted for completing these sections.*

All data used in the process of calculating the off-balance must be exhibited and labeled. The calculation of each off-balance must be shown. All judgments associated with the process of calculating the off-balance should be disclosed and supported.

Off-balance calculations should be based on the insurer's own distribution of business for discounts or surcharges. Should the insurer find it necessary to rely on outside data or a different source of internal data, the filing must identify the source of the data and provide an explanation of its applicability in the circumstances.

The general approach to calculating the off-balance can be expected to remain reasonably constant over the years. Any change in either the approach or the underlying data from the prior rate filing should be disclosed and supported.

#### **4.n. Rating Based on Group Membership** (if applicable)


##### 4.n.1. Indicated Discounts or Rates for Groups

The ratemaking process must be outlined in detail where an insurer proposes to introduce or make changes to:

- a discount or schedule of rates based on membership in a group; or
- discounts or a schedule of rates that vary among groups.

A discount or a schedule of rates based on group membership could be based on lower (higher) loss costs based on (un)favorable experience, or risk management programs, or identifiable characteristics of a group that would result in lower or higher loss exposure or lower expenses based on lower administrative expense or lower acquisition cost.

Insurers should maintain separate premium and loss statistics to support a discount or schedule of rates based on group membership. The basis of the discount or surcharge should



be defined in sufficient detail so that naming individual organizations is not necessary. Insurers are **not** expected to develop a unique discount or schedule of rates for a specific group unless such a group is of sufficient size that its own experience supports such a discount or schedule of rates. Support for discounts and rates must be actuarially credible and therefore only in the instance of large groups would a unique discount or schedule of rates be appropriate. In the case where more than one discount is proposed, (e.g., variation of discounts based on types of groups), a list of groups and discounts applicable is required to be submitted with the filing, as well as on a periodic basis. Insurers should complete a regular compliance review of group business to ensure that the business continues to qualify as a group and that the group discount or schedule of rates continue to be supported.

The insurer's own loss data should be used to the extent possible. If the insurer finds it necessary to rely on outside data or a different source of company data, the insurer must identify the source of the data and provide an explanation of its applicability. All data used in the process of developing the indicated discounts or surcharges based on group membership should be exhibited and labeled.

A comparison of current, indicated, and proposed discounts or schedule of rates must be provided for each coverage when a change is proposed. Included in this should be the written premium distribution and the exposure distribution by discounts or schedule of rates.

If credibility procedures are used, they must be disclosed in the same detail as outlined in section **4.h. Refer to Filing Guidelines for RFG – 1 for instructions on the methodology to be adopted for completing these sections.**

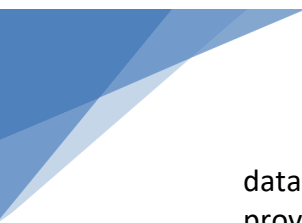
The general approach to calculating discounts or rates based on group membership can be expected to remain reasonably constant over the years. Any change in either the approach or the underlying data from the prior rate filing should be disclosed and supported.

#### 4.n.2. Off-balance

The aggregate premium may be increased or decreased through the introduction of new discounts or surcharge, or by changes to existing ones. The filing must account for these changes using off-balance procedures or by accounting for the premium change in its rate level. *If the change in discount or surcharge is not off-balanced and instead a rate level change is generated, sections 4.a. – 4.j. must be completed. Refer to Filing Guidelines for RFG – 1 for instructions on the methodology to be adopted for completing these sections.*

All data used in the process of calculating the off-balance must be exhibited and labeled. The calculation of each off-balance must be shown. All judgments associated with the process of calculating the off-balance should be disclosed and supported.

Off-balance calculations should be based on the insurer's own distribution of business for group discounts or schedule of rates. Should the insurer find it necessary to rely on outside



data or a different source of internal data, the filing must identify the source of the data and provide an explanation of its applicability in the circumstances.

The general approach to calculating the off-balance can be expected to remain reasonably constant over the years. Any change in either the approach or the underlying data from the prior rate filing should be disclosed and supported.

## **SECTION 5: FINAL RATES/RATE LEVEL CHANGE**

Exhibits illustrating current and proposed rating algorithms, base rates, discounts/surcharges, and differentials, clearly identified as either current or proposed, must be disclosed in this section, including any explanatory material in support of the proposed changes.

### **5. a. Algorithm**

Exhibits illustrating current and proposed algorithms for all coverage, including discounts and surcharges and 6-month policy adjustment factor (if applicable) must be disclosed in this section.

### **5. b. Base Rates**

Exhibits illustrating current and proposed base rates must be disclosed in this section. Provide a side-by-side comparison of current versus proposed base rates in Excel format.

### **5. c. Differentials**

Exhibits illustrating current and proposed differentials must be disclosed in this section. Provide a side-by-side comparison of current versus proposed differentials in Excel format.

### **5. d. Discounts and Surcharges**

Exhibits illustrating current and proposed discounts and surcharges for each applicable coverage must be disclosed in this section.

### **5. e. Calculation of Final Rates**

Not applicable

### **5. f. Calculation of Rate Level Change and Average Rate**

Not applicable.

### **5. g. Dislocation and Rate Capping**


Not applicable

## **SECTION 6: PROPOSED MANUAL PAGES CONTAINING REVISED RATES AND RATING PROGRAM**

A proposed set of manual pages with rating rules, discounts, surcharges, or definition changes must be provided with the filing. A set of manual pages that contain the rates by territory and class, driving record, etc. is required at any time **UPON THE REQUEST** of the Board.

Any changes or additions to the rating rules, definitions or text in the proposed rate manual should be denoted by a sidebar.





## **SECTION 7: RATING EXAMPLES (Profiles) ONLY UPON REQUEST**

Each insurer must file with the NBIB, when requested, those rating examples that would be affected by the filing. Also, the NBIB may require additional and/or different rating examples because of the review process. The rating examples must be provided in Excel format.

The rating examples must be completed according to the risk description specified. Each insurer must provide both current and proposed rating criteria for each of the rating examples as required.

Any additional information pertaining to the rating example must be disclosed with a detailed description for each affected rating example.

Specific instructions and key assumptions that should be adopted when completing these rating examples are:

- All rates are to be stated on an annual basis. If annual policies are not issued, the rates should be converted to an annual basis.
- All risks should be rated strictly according to the information provided. DO NOT provide preferred rates unless the criteria as stated fit the eligibility rules for a preferred class. If so, provide only the preferred rates, and state so.
- Clearly identify all applicable surcharges/discounts that apply to each coverage.

## **SECTION 8: FINAL FILING - Not applicable**