

Department of Consumer & Business Services
Oregon Division of Financial Regulation – 5

P. O. Box 14480
350 Winter St. NE
Salem, Oregon 97309-0405
Phone (503) 947-7983

STANDARDS FOR MOTOR VEHICLE RATES AND RULES

This checklist (product standards) has been provided as an aid to assist you in preparing your filing. ORS 731.296, OAR 836-010-0011(2) & (3). This checklist includes relevant statutes, rules, bulletins, and other documented positions to enforce ORS 731.016.

The standards are summaries, and review of the entire statute or rule may be necessary. After diligent consideration has been given to each item, mark as instructed. “Not applicable” can be used only if the item does not apply to the coverage being filed. If the reviewer requests the checklist (product standard), any line left blank may result in the delay or disapproval of the filing.

This checklist is NOT APPLICABLE to the following:

(See our website for instructions, <http://dfr.oregon.gov/rates-forms/Pages/index.aspx>.)

1. Mechanical breakdown, use Form 440-3617.
2. For Gap, use Form 440-3616.
3. For Collateral Protection or Residual Value use 440-5057.

Market:

Personal lines

Commercial lines

TOI (type of insurance): 19.0 Personal Auto

20.0 Commercial Auto

Sub-TOI code:

- 19.0001 Private Passenger Auto
 19.0002 Motorcycle
 19.0003 Recreational Vehicles
 19.0004 Other

- 20.0001 Business Auto
 20.0002 Garage
 20.0003 Other
 20.0004 Truckers

Type of filing:

- Standard market Antique/classic Non-owner
 Non-standard market Named driver exclusion (Requirements listed under limits.)

Review requirement	Reference	Description of review standard requirements	Check Answer
GENERAL REQUIREMENTS			
Filing Submission	OAR 836-010-0011 As required on SERFF or our website	Required filing requirements are located on SERFF or on our Web site at: http://dfr.oregon.gov/rates-forms/Pages/index.aspx . Provide an explanation of the different programs the proposed rates will apply to under the General Filing Description in SERFF, or in a cover letter. A third party filers' letter of authorization is attached if applicable. The signed Certificate of Compliance, form 440-3894 is attached to the Supporting Documentation tab. The rates and/or rules are attached to the Rate Schedule tab. An actuarial document that provides an overview of the contents of the filing, and the reasons and procedures used to support the rate change has been attached to the Supporting Documentation tab. Any unapproved forms to which the rates and rules will apply must be submitted via SERFF in either a Form filing, or a Form, Rate and Rule filing.	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
Requirements		Other documents required with this filing: Changes to underwriting rules and rating manual.	Yes <input type="checkbox"/> No <input type="checkbox"/>
	Bulletin 2003-8	Histogram (see example).	Yes <input type="checkbox"/> No <input type="checkbox"/>
	ORS 737.205	Complete copy of underwriting rules and rating manual submitted annually.	Yes <input type="checkbox"/> No <input type="checkbox"/>
	ORS 737.205, OAR 836-080-0425, OAR 836-080-0438	Copies of rates, rating plans, and rating systems must be filed. (<i>Schedule rating can only be applied to commercial lines.</i>)	Yes <input type="checkbox"/> No <input type="checkbox"/>
	OAR 836-010-0011	Filing new program. Revisions to existing program.	Yes <input type="checkbox"/> No <input type="checkbox"/>

Review requirement	Reference	Description of review standard requirements	Check Answer
Requirements Not Part of a Listed Category	ORS 746.035, ORS 742.045	Promotional Offers: Any promotional offer or item disclosed in the policy needs to be specifically identified including what it is and the benefit to the policyholder. Vague language that does not specify the benefit or item offered is not acceptable. Any promotional offer or item that is not related to the risk assumed by the insurer is offered to everyone in a non discriminatory manner.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
Fictitious group	ORS 737.600(3)(d)	Fictitious groups for rate purposes meet the requirements of ORS 737.600(3)(d)	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
Discounts and surcharges	ORS 742.490 thru ORS 742.496	Mandatory discount for drivers over the age of 55 who complete an approved motor vehicle accident-prevention course.	Confirm <input type="checkbox"/>
	ORS 742.480	Mandatory discount for the principal operator of a covered motorcycle who has successfully completed a motorcycle rider education course established under ORS 802.320.	Confirm <input type="checkbox"/>
	ORS 742.449	Continuous prior coverage. Lapse of motor vehicle insurance implies higher risk category only when in violation of ORS 806.010.	Confirm <input type="checkbox"/>
	ORS 746.260, ORS 746.265	Driving record – Convictions that occurred more than 3 years before the policy application date or policy renewal date are not considered for determining surcharges or for eligibility in issuing or renewing a policy. This does not apply to discounts.	Confirm <input type="checkbox"/>
	ORS 746.660	Does not base adverse underwriting decision (ORS 746.600) on previous adverse decision.	Confirm <input type="checkbox"/>
Credit Report Scoring	ORS 737.205, ORS 746.662	Credit Scoring for Personal Insurance rules and rates must be filed pursuant to ORS 737.205 “File and Use”. The credit scoring algorithm should be filed as a separate schedule item under the Supporting Documentation tab in SERFF and should be marked confidential or no public access.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
	ORS 746.661(1)(b)	Credit history may be used only in conjunction with other underwriting factors to deny coverage.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
	ORS 746.661(2), ORS 746.661(6), Bulletin INS 2010-4	A policyholder’s credit history or insurance score may be reevaluated at renewal only at the insured’s request. The insurer may not use a policyholder’s new credit history or insurance score to change rating tiers on renewal unless the resulting tier results in a lesser premium.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
	ORS 746.661(2)(b), Bulletin INS 2010-4	A policyholder’s request to have their credit history rerated will only be used when the new credit history or insurance score results in a lower premium.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>

Review requirement	Reference	Description of review standard requirements	Check Answer
Discrimination	ORS 746.015, OAR 836-081-0010	Rates, rating plans, and rating systems do not discriminate unfairly in the availability of insurance and application of rates.	Confirm <input type="checkbox"/>
Requirements not part of a listed category	ORS 746.015, ORS 746.045	Promotional Offers: Any promotional offer or item disclosed in the policy needs to be specifically identified in the rating plan. The actuarial memorandum or other documents will provide details related to any promotional offering.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
Rebates	ORS 746.035, ORS 746.045	Are inducements or rebates specified in the policy? If "yes," explain in the cover letter and identify the location in the rule.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
Ratemaking generally			
Credibility	ORS 737.310, OAR 836-010-0021	1. Provide all data used and judgments made. 2. Provide description of methodology used.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
Loss valuation	ORS 737.310, OAR 836-010-0021	Premiums	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
		1. Earned premium, and earned premium at present rates for each coverage or combined coverages using the extension of exposures or on level factors.	<input type="checkbox"/> <input type="checkbox"/>
		2. A rate level history.	<input type="checkbox"/> <input type="checkbox"/>
		3. Adjustment for inflation. For example, in automobile physical damage, adjusting for symbol drift and model year rating.	<input type="checkbox"/> <input type="checkbox"/>
		4. State whether data is on a basic or total limits basis.	<input type="checkbox"/> <input type="checkbox"/>
	ORS 737.310, OAR 836-010-0021	Loss data	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
		1. For each coverage and year used in calculating the rate level, state whether data is on a basic or total limits basis.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>
		2. Each year and coverage includes: Earned exposures. Incurred losses. Loss development factors. Description of the methodology used to derive the loss development factors. Unallocated loss adjustment expense. Allocated loss adjustment expenses. Ultimate incurred losses and loss adjustment expenses. Trend factors. Trended ultimate incurred losses and loss adjustment expense.	Yes N/A <input type="checkbox"/> <input type="checkbox"/>

Review requirement	Reference	Description of review standard requirements	Check Answer	
Loss valuation, continued	OAR 836-010-0021	3. If losses are separated into catastrophic and non-catastrophic, include a description of the method used to separate losses.	Yes <input type="checkbox"/>	N/A <input type="checkbox"/>
Risk classification	ORS 737.310, OAR 836-010-0021	For each rating variable, such as driver class, territory, or tier levels, provide the following information:	Yes <input type="checkbox"/>	N/A <input type="checkbox"/>
		1. Earned premium, earned exposures, incurred loss and number of claims.	<input type="checkbox"/>	<input type="checkbox"/>
		2. Methodology and judgments used to arrive at the differentials.	<input type="checkbox"/>	<input type="checkbox"/>
		3. Adjustments to ensure homogeneity of rating group characteristics.	<input type="checkbox"/>	<input type="checkbox"/>
		4. All data used and judgments made.	<input type="checkbox"/>	<input type="checkbox"/>
Investment income	ORS 737.310, OAR 836-010-0021	5. Description of methodology used.	<input type="checkbox"/>	<input type="checkbox"/>
		1. Cash flow method.	<input type="checkbox"/>	<input type="checkbox"/>
Trending	ORS 737.310, OAR 836-010-0021	2. Alternative method showing amount of investment income earned on loss, LAE, and unearned premium reserve to earned premium.	<input type="checkbox"/>	<input type="checkbox"/>
		1. Provide all internal loss-trend data or external industry fast-track-loss-trend data	<input type="checkbox"/>	<input type="checkbox"/>
		a) Separate determinations of loss severity and frequency trends.	<input type="checkbox"/>	<input type="checkbox"/>
		b) Calculation of annual trend factors including statistical results.	<input type="checkbox"/>	<input type="checkbox"/>
		c) All data used and judgments made.	<input type="checkbox"/>	<input type="checkbox"/>
Underwriting profit & contingencies	ORS 737.310, OAR 836-010-0021	d) Description of methodology used.	<input type="checkbox"/>	<input type="checkbox"/>
		1. Oregon data for commission and brokerage.	<input type="checkbox"/>	<input type="checkbox"/>
		2. Countrywide data for general and other acquisition expenses as reported in the <i>Insurance Expense Exhibit</i> .	<input type="checkbox"/>	<input type="checkbox"/>
		3. Oregon data for taxes, licenses, and fees.	<input type="checkbox"/>	<input type="checkbox"/>
		4. Expense trend.	<input type="checkbox"/>	<input type="checkbox"/>
Fees Service charge	ORS 737.310, OAR 836-010-0021	5. Historic experience.	<input type="checkbox"/>	<input type="checkbox"/>
		Cost-accounting justification on initial filings and subsequent changes.	<input type="checkbox"/>	<input type="checkbox"/>