

## OHIO INSURANCE DEPARTMENT REVIEW REQUIREMENTS CHECKLIST

LINES OF BUSINESS:

Fidelity  
Surety

LINE OF INSURANCE:

CODES:

23.0000  
24.0000

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
<b>GENERAL REQUIREMENTS (FOR ALL FILINGS)</b>			
FILING SUBMISSION	<a href="#">ORC 3937.03 (A)</a>	FILING STANDARDS - FILE & USE - Requires that every form of a policy, endorsement, rider, manual of classification, rules and rates to be filed. This includes applications, declarations pages, and cancellation/nonrenewal notices.	
	<a href="#">Bulletin 91-1</a>	LOSS COST FILING PROCEDURES - Rating bureaus develop and file, for review or approval, advisory prospective loss costs and supporting actuarial and statistical data. Each insurer must individually determine and file the rates it will use as a result of its own independent company decision-making process. Ohio's bulletin is based on the NAIC loss cost model and uses the NAIC loss cost forms.	
	<a href="#">Bulletin 2000-2</a>	MULTIPLE LINE PACKAGES & PROGRAMS - Multiple line packages and programs will be considered under the "file and use" provision of ORC 3937, unless otherwise designated by the insurer making the filing. Package Policy or Program filings that contain both a property and liability component (HO or CMP) are no longer subject to a 30 day waiting period. The Package Policy or Program can be used when the filing is received by the Department.	
	<a href="#">ORC 3937.03 (A)</a>	PUBLIC RECORD – FILE & USE - A filing becomes a public record upon receipt by the Department or, if later, the requested effective date of the insurer.	
	<a href="#">ORC 3937.12</a>	STATISTICAL REPORTING - For new program filings, the insurer must designate a statistical agent to whom they will report their loss experience. Ohio's designated statistical agents are: Insurance Services Office (ISO), MSO, Inc. and Surety & Fidelity Association of America (SFAA).	
	<a href="#">OAC 3901-1-57</a> <a href="#">Bulletin 2010-8</a>	MANDATORY USE OF SERFF EFT FOR PRODUCT FILING SUBMISSIONS – Fees for rate, rule and form filings must be submitted via the SERFF EFT functionality when the filing is submitted to the Department.	
	<a href="#">Bulletin 2009-11</a>	MANDATORY USE OF SERFF FOR PRODUCT FILING SUBMISSIONS – All entities required to submit rate, rule and form filings through System for Electronic Rate and Form Filings (SERFF).	
<b>FORMS</b>			
ACCESS TO COURTS	<a href="#">ORC 3927.03</a>	Any insurer conducting business in Ohio must consent to have suit brought against it in an Ohio court.	
APPLICATIONS	<a href="#">ORC 3999.21</a>	FRAUD WARNING REQUIRED - An application or an addendum to an application shall clearly contain a fraud warning substantially as follows: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud. This is suggested language. Any language that is substantially similar is acceptable if it does not contain specific fines or penalties.	
	<a href="#">Bulletin 92-3</a>		
CANCELLATION/NONRENEWAL	<a href="#">ORC 3929.19</a>	INSURED'S RIGHT TO CANCEL - FIDELITY COVERAGE - Requires every policy to have language allowing the policy to be cancelled upon the written request of the insured.	
	<a href="#">ORC 3929.20</a>	PREMIUM REFUND - FIDELITY COVERAGE - For policies cancelled by the insured, the insurer may retain customary short rates for the time the policy has been in force and return to the insured the policy's unearned premium.	
	<a href="#">ORC 3929.22</a>		

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GROUP POLICIES	<a href="#">OAC 3901-1-31</a>	Limited only to those types of insurance that permit the employer's contribution to be tax deductible and the premium excluded from the gross income of the employee.	
PUNITIVE DAMAGES	<a href="#">ORC 3937.182</a>	Coverage for punitive and exemplary damages is prohibited. Ohio will accept forms with coverage for punitive and exemplary damages in policies for multi-state risks as long as the language is clear that coverage does not apply to Ohio.	
<b>RATES &amp; RATING PLANS</b>			
CATASTROPHE HAZARD	<a href="#">ORC 3937.02 (A) (5)</a>	Actuarial Standards Board Standard of Practice No.39 Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking - Due consideration should be given to the identification of catastrophe perils or events, the identification of catastrophe losses, the data used in determining a provision for catastrophe losses, the use of non-insurance data and models, the provision for catastrophe losses and loss adjustment expense.	
CREDIBILITY	<a href="#">ORC 3937.02 (A) (1) &amp; (A) (3)</a>	Actuarial Standards Board Standard of Practice No. 25 Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverage - Credibility procedures should produce results that are reasonable, do not tend to materially bias results, are practical to implement, and give consideration to the need to balance responsiveness and stability.	
DISCRIMINATION	<a href="#">ORC 3901.21 (M)</a>	Prohibits unfair discrimination between individuals of the same class and essentially the same hazard in the amount of premium, policy fees or rates charged for any policy or contract of insurance.	
EXPENSES	<a href="#">ORC 3937.02 (A) (7), (A) (8) &amp; (B)</a>	Actuarial Standards Board Standard of Practice No. 29 Expense Provisions in Property/Casualty Insurance Ratemaking - Due consideration should be given to categorization of expenses, methods to determine expense provisions, start-up costs, expense trending, policyholder dividends, residual market and statutory assessment, and reinsurance.	
INDIVIDUAL RISK RATING	<a href="#">Bulletin 2000-3</a>	Special Filings and Excess Rate Consent Filings are no longer required to be submitted on a quarterly basis. The policy and all supporting documentation used to write the risk shall be maintained by the insurer for inspection by the superintendent, upon request, for a period of not less than 3 years. Special Filings and Excess Rate Consent Filings are permissible for those individual risks that have unique characteristics that are not contemplated by the company when developing the rate for the average risk in that class.	
RATEMAKING GENERALLY	<a href="#">ORC 3937.02 (A) (1) &amp; (A) (3)</a>	DATA QUALITY - Actuarial Standards Board Standard of Practice No. 23 Data Quality - Data should be selected with due consideration to such matters as appropriateness, reasonability, comprehensiveness, internal and external consistency, limitations of the data, assumptions needed to use the data, cost and feasibility of alternatives, sampling methods, the use of imperfect data, and the extent of reliance on data supplied by others.	
	<a href="#">ORC 3937.03 (A)</a>	DOCUMENTATION & DISCLOSURE - Actuarial Standards Board Standard of Practice No. 41 Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations - Documentation should be sufficient for another actuary practicing in the same field to evaluate the work.	
	<a href="#">ORC 3937.02 (A), (B), (C) &amp; (D)</a>	GENERAL REQUIREMENTS - Actuarially sound rates meet the general requirements. Rates should result from an analysis of the company's own data, with consideration given to marketing and underwriting strategies, company operations, systems and policy writing constraints, targeted rates of return, and all other pertinent information.	
	<a href="#">ORC 3937.03 (A)</a>	SUPPORT - The information submitted should be sufficient to explain, support, and demonstrate the derivation of new rates or changes to existing rates and the impact to the company's book of business in the state. The supporting information should be consistent with the principles and standards set out below.	
	<a href="#">ORC 3937.03 (A)</a>	STATUTORY REQUIREMENT - Casualty Actuarial Society Statement of Principles Regarding Property/Casualty Insurance Ratemaking - A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. Due consideration should be given to such items as: exposure units, data, homogeneity, credibility, loss development, trends, catastrophes, policy provisions, mix of business, reinsurance, operational changes, external influences, classification plans, individual risk rating, risk, investment and other income, and actuarial judgment.	

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RATEMAKING GENERALLY – cont'd	<a href="#">ORC 3937.02 (A) (9)</a>	CASH FLOW TESTING - Actuarial Standards Board Standard of Practice No. 7 Performing Cash Flow Testing for Insurers - Due consideration should be given to allocation of assets, the number and range of scenarios, asset characteristics, investment strategy, obligation characteristics, management policy, sensitivity testing, internal consistency, and external requirements.	
	<a href="#">ORC 3937.02 (A) (9)</a>	USING MODELS - Actuarial Standards Board Standard of Practice No. 38 Using Models Outside the Actuary's Area of Expertise (Property/Casualty) - Due consideration should be given to appropriate reliance on experts, model components, user input, model output, appropriateness of the model for the intended application, and validation of input and output.	
RISK CLASSIFICATION	<a href="#">ORC 3937.02 (C)</a>	Actuarial Standards Board Standard of Practice No. 12 Concerning Risk Classification - Due consideration should be given to the methods used to demonstrate cost differences, causality, objectivity, practicality and cost effectiveness, anti-selection, statutes, regulations, adjudication, industry practices, operating environment, data, and the applicability of the risk classes.	
SCHEDULE RATING	<a href="#">OAC 3901-1-22</a>	The maximum credit or debit is +/-25%.	
TRENDING	<a href="#">ORC 3937.02 (A) (1), (A) (2) &amp; (A) (3)</a>	Actuarial Standards Board Standard of Practice No. 13 Trending Procedures in Property/Casualty Insurance Ratemaking - Trending procedures should appropriately reflect projected changes in such components as claim costs, claim frequencies, expenses, exposures, and premiums. Due consideration should be given to model selection, the purpose of the trending procedure, historical insurance data, non-insurance data, economic and social influences, and informed judgment.	
UNDERWRITING PROFIT & CONTINGENCIES	<a href="#">ORC 3937.02 (A) (6)</a>	Actuarial Standards Board Standard of Practice No.30 Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking - Due consideration should be given to estimation methods, the basis for the cost of capital, estimates of future costs, the parameters of the risk transfer, investment income, income taxes, contingency provision, and consistency of accounting rules.	