

OHIO INSURANCE DEPARTMENT REVIEW REQUIREMENTS CHECKLIST

LINES OF BUSINESS:
Mortgage Guaranty

LINE OF INSURANCE:

MG-Fixed Rate Mortgages
MG-Trust/Pool
MG-Variable Mortgages

CODES:
6.0000
6.0001
6.0002
6.0003

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
GENERAL REQUIREMENTS (FOR ALL FILINGS)			
FILING SUBMISSION	OAC 3901-1-13 (B)	Defines the terms "Mortgage Guaranty Insurance" and "Authorized Real Estate Security." "Authorized Real Estate Security" means a note, bond or evidence or indebtedness, not exceeding ONE-HUNDRED AND THREE per cent of the lower of the fair value appraisal or purchase price of the real estate secured by a mortgage, deed of trust, or other instrument which constitutes a first lien or charge on real estate, provided: ANY PERCENTAGE IN EXCESS OF ONE-HUNDRED PER CENT IS USED ONLY FOR CLOSING COSTS.	
	OAC 3901-1-13 (D) (8)	FILING FORMS & PREMIUM RATES - All policy forms and endorsements, and rates to be charged and the premium including all modifications of rates and premiums to be paid by the policyholder shall be filed with and subject to the approval of the Ohio Department of Insurance.	
	OAC 3901-1-13 (D) (8) ORC 3937.03 (A)	FILING STANDARDS - FILE & USE - All policy forms and endorsements and rates to be charged and the premium including all modifications of rates and premiums to be paid by the policyholder shall be filed with and subject to the provisions of Sections 3937.01 to 3937.18 of the Ohio Revised Code. This includes applications, declarations pages, and cancellation/nonrenewal notices.	
	ORC 3937.12	STATISTICAL REPORTING - The insurer must report the statistics to the Department annually by May 1st, without call. Use form INS 4012.	
	OAC 3901-1-57 Bulletin 2010-8	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.	
	Bulletin 2009-11	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).	
NO FILE OR FILING EXEMPTIONS	OAC 3901-1-13 (D) (1) & (D) (6)	BORROWER'S LIABILITY LIMITED TO FORECLOSURE - With respect to owner-occupied, single-family dwellings or owner-occupied two family dwellings, the insurance policy shall provide that the borrower shall not be liable to the insurer for any deficiency arising from a foreclosure sale.	
	OAC 3901-1-13 (D) (1) & (D) (6)	A mortgage guaranty insurance company must hold a certificate of authority for the transaction of such insurance pursuant to Title 39 of the Ohio Revised Code. Mortgage guaranty insurance shall be written only to insure loans secured by authorized real estate securities. A mortgage guaranty insurance company which anywhere transacts any class of business other than mortgage guaranty insurance is not eligible to transact mortgage guaranty insurance in the state of Ohio.	
	OAC 3901-1-13 (D) (7)	UNDERWRITING DISCRIMINATION - No company may discriminate in the issuance or extension of insurance on the basis of sex, marital status, race, color, creed, national origin, physical handicap or mental handicap. No policy shall be written unless and until the insurer itself or the lender, in compliance with underwriting directives from the insurer, shall have conducted a reasonable examination of the evidence supporting credit worthiness of the borrower and the appraisal report reflecting market evaluation of the property and shall have determined that prudent underwriting standards have been met.	

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NO FILE OR FILING EXEMPTIONS – cont'd	OAC 3901-1-13 (D) (10)	HIGH RISK UNDERWRITING - Any insurer which receives five per cent or more of its net annual premium from policies insuring loans secured by authorized real estate securities having greater than ninety-five per cent loan-to-value ratio shall notify the insurance department within thirty days. The superintendent of insurance may, if he determines that further underwriting loans greater than ninety-five percent loan-to-value ratio would have an adverse impact on solvency, prohibit further underwriting of such loans.	
FORMS			
ACCESS TO COURTS	ORC 3927.03	Any insurer conducting business in Ohio must consent to have suit brought against it in an Ohio court.	
APPLICATIONS	ORC 3999.21 Bulletin 92-3	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.	
RATES & RATING PLANS			
CATASTROPHE HAZARD	ORC 3937.02 (A) (5)	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	ORC 3937.02 (A) (1) & (A) (3)	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	ORC 3901.21 (M)	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	ORC 3937.02 (A) (7), (A) (8) & (B)	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.	
REBATES	OAC 3901-1-13 (E) (1) (c)	The insurer shall not rebate any portion of the premium. The insurer shall not quote any rate or premium charge which is different than that currently available to others for the same type of coverage. The amount of any premium charge which is less than the current schedule of premium charges is an unlawful rebate.	
RATEMAKING GENERALLY	ORC 3937.02 (A) (1) & (A) (3)	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.	
	ORC 3937.03 (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.	
	ORC 3937.02 (A), (B), (C) & (D)	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.	

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	ORC 3937.03 (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.	
	ORC 3937.03 (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.	
	ORC 3937.02 (A) (9)	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.	
	ORC 3937.02 (A) (9)	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.	
	OAC 3901-1-13 (B) (2)	LIMITED TO 103% OF FAIR VALUE - Mortgage guaranty insurance may be provided for an amount not in excess of 103% of the lower of the fair value as fixed by the appraisal or purchase price. Any percentage in excess of 100% can be used only for closing costs.	
RISK CLASSIFICATION	ORC 3937.02 (C)	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.	
TRENDING	ORC 3937.02 (A) (1), (A) (2) & (A) (3)	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	ORC 3937.02 (A) (6)	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.	