



# Office of Insurance Regulation

## Overview of the Property & Casualty Rate Review Process

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### **Philosophy of the Rate Review Process**

The Office of Insurance Regulation's (Office) philosophy is guided by Florida's rating law (Section 627.062, Florida Statutes), the Florida Administrative Code, actuarial standards and principles.

The Office does not "approve" or "disapprove" the method an insurer uses to derive their proposed rates. In reviewing the rate filing the Office makes a determination as to whether or not the actual proposed rates are excessive, inadequate or unfairly discriminatory. It must accept a rate filing request if it complies with the law, and is adequately supported by actuarial justification.

### **Evaluation Criteria Used During the Process**

The evaluation process involves a review of the company's actuarial justification for a proposed rate increase/decrease, including an analysis of the company's book of business, and the anticipated future expenses. Some areas for analysis include:

- Past and Prospective Loss Experience
- Past and Prospective Expenses
- Investment Income
- Cost of Reinsurance
- Margin for Underwriting Profit and Contingency
- Other Factors that Influence the Frequency or Severity of Claims

### **Components of a Rate Filing**

A company submits supporting documentation deemed to be relevant to the company's rate request. However, the information below is usually required for any rate filing:

- Cover Letter and Explanatory Memorandum
- Statewide Indication Form to Support Statewide Change
- Territorial Support Information to Show Proposed Rate Adjustments
- Support Documentation for Reinsurance Costs
- Support Documentation for Catastrophe Models Used (if applicable)
- Any Changes to Underwriting Rules
- Underwriting and Pricing Components for Credit Scoring (if applicable)
- Required Certifications Signed by Actuaries and Company Officers



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### The Rate Filing Process

Although this process is interactive and involves multiple communications between Office and company staff, this is a general overview of the rate filing process:

- Filing is uploaded by the company on the Office's I-File System
- Filing is assigned to a reviewer (Actuary and Actuarial Analyst)
- Clarifying information is requested by the Office (if applicable)
- Company responds to clarifying information requested (if applicable)

Based on the reviewer's analysis, the reviewer meets with senior management to recommend approval, or the reviewer will issue a Notice of Intent to Disapprove (NOI) within 90 days of the initial company upload to the I-File System. If the rate request is approved or NOI'd, the company is notified in writing.

- If NOI is issued, the company has 21 days to request a hearing with the Division of Administrative Hearings (DOAH)
- DOAH conducts the hearing within 30 days after receipt of the Formal Request
- Hearing officer must issue Recommended Order within 30 days after the hearing or after receipt of transcripts
- Office (Insurance Commissioner) issues Final Order
- If the company disagrees, it may elect to appeal the Final Order to the First District Court of Appeals

At any time during the process, the company may withdraw the filing, and/or submit a new filing, which begins the process anew.

**For More Information Contact**  
OIR Legislative Affairs at (850) 413-5042