

Ins 6.06 Minimum documentation in support of rate filings. (1) **PURPOSE.** The purpose of this section is to establish the minimum supplementary rate information required to be submitted with rate filings to the commissioner. Statutes interpreted or implemented by this section are ss. 601.42 (1), 625.01, 625.02 (3), and 625.11, Stats.

(2) **SCOPE.** Except as provided in sub. (4), any insurer or rate service organization which is subject to s. 625.13 (1), Stats., and is filing rates for any kind or line of direct insurance in this state shall include, in that filing the supplementary rate information required by sub. (5) or (6).

(3) **DEFINITIONS.** (a) A "frequency trend factor" means any factor which adjusts the past number of paid or incurred claims to reflect more accurately the number of claims that can be expected to develop during the period the proposed rates will be used.

(b) A "loss adjustment factor" means any factor used to modify or adjust the actual losses paid or incurred during the period under examination or review.

(c) A "loss development factor" means any factor used either to adjust the reported amount of incurred losses to include incurred but not reported losses or to correct errors in the estimation of loss reserves for reported claims that have not been paid, or both.

(d) A "premium adjustment factor" means any factor used to modify or adjust the actual premiums earned during the period under examination or review.

(e) A "rate level factor" means any factor that adjusts prior earned premiums to the premiums that would have been earned if the present rates had been in effect throughout the period under examination or review.

(f) A "severity trend factor" means any factor which adjusts the past average claim amount to reflect more accurately the average claim amount that can be expected to develop during the period the proposed rates will be used.

(4) **EXEMPTIONS.** (a) Life and disability insurance as defined in s. Ins 6.75 (1), disability insurance as defined in s. Ins 6.75 (2) (c), title insurance as defined in s. Ins 6.75 (2) (h), mortgage guaranty insurance as defined in s. Ins 6.75 (2) (i), municipal bond insurance as defined in s. Ins 3.08 (3) (e), and worker's compensation insurance as defined in s. Ins 6.75 (2) (k) are exempt from the provisions of this section.

(b) All companies licensed under ch. 612, Stats., are exempt from the provisions of this section.

(c) The commissioner may, upon written application, exempt an insurer from full or partial compliance with this rule.

(5) **SUPPLEMENTAL RATE INFORMATION.** A rate filing and accompanying supplemental rate information shall be appropriately organized for the kind, class or line of business for which the filing is being made. Except as provided in sub. (6), all rate filings shall include the following supplementary rate information:

(a) (1) At least three separate and consecutive years of both Wisconsin and aggregate of all state's experience showing

1. Premiums earned;
2. Losses paid;
3. Separate reserves for reported but unpaid losses; and
4. Reserves for losses incurred but not reported.

(2) If any of the information required by (1) is omitted or less than three years' experience is provided, an explanation shall be submitted.

(b) An explanation of the rate-making procedures including a description of any statistical data and actuarial methods utilized; or a statement of facts and other detailed information which explain judgments used; or a statement as to how the rates of the filing company compare with those of the competition, providing detail where the rates are substantially higher or lower; or any combination.

(c) Explanation of the permissible or target loss ratio, including an explanation of how any investment income has been taken into account.

(d) When used, any premium adjustment factors and loss adjustment factors by year and an explanation of methods and judgments underlying each factor. Loss adjustment factors include but are not limited to loss development factors, frequency trend factors, and severity trend factors. Premium adjustment factors include but are not limited to rate level factors.

(6) OTHER SUPPLEMENTAL RATE INFORMATION. The commissioner may accept supplemental information other than that required by sub. (5) if the insurer or rate service organization can demonstrate to the commissioner that this information fully supports the rate filing and complies with s. 625.11, Stats.

(7) USE OF RATE SERVICE ORGANIZATION RATES. A member of or subscriber to a rate service organization licensed under s. 625.32, Stats., shall file supplementary rate information if its rates deviate from those filed on its behalf by the rate service organization. Such a filing shall be as required by subs. (5) and (6).

(8) ADDITIONAL INFORMATION. The commissioner may require additional rate filing information if the commissioner determines that the original filing does not explain the proposed rate. Such additional information shall be provided within 30 days of the request.

(9) CERTIFICATE OF COMPLIANCE. The filings required pursuant to sub. (2) shall be accompanied by a certificate of compliance in a form substantially similar to that set forth in Appendix I.

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COMMISSIONER OF INSURANCE

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APPENDIX I

CERTIFICATE OF COMPLIANCE

I, _____ (name),
an officer of _____ (company name),
hereby certify that I have the authority to bind and obligate the company by the filing of this form. I further certify that, to the best of my information, knowledge and belief:

1. The accompanying filing complies with all applicable provisions of the Wisconsin Statutes and with all applicable rules of the Commissioner of Insurance; and

2. The accompanying filing complies with the minimum documentation required to be filed pursuant to Ins 6.06 (5) or (6).

(signature)

(title)

(date)

Individual responsible for this filing:

Name: _____ Title: _____

Address: _____

Phone Number: () _____ Date: A _____

Ins 6.07 Insurance policy language simplification. (1) **PURPOSE.** The purpose of this rule is to establish minimum standards for legibility, coherence and understandability in consumer insurance policies delivered or issued for delivery in the state of Wisconsin on or after the effective dates stipulated in sub. (8). Sections of statutes interpreted or implemented by this rule are ss. 631.20 (2) (a) and 631.22.

(2) **SCOPE.** This rule shall apply to "consumer insurance policies" as defined in sub. (3) and not exempted under sub. (5).

(3) **DEFINITIONS.** (a) In this section "consumer insurance policy" means a life, disability, property or casualty insurance policy, or a certificate or a substitute for a certificate for group life, disability, property or casualty insurance coverage, which is issued to a person for personal, family or household purpose and a copy of which is customarily, in the insurance industry, delivered or is required by law, rule or agreement to be delivered to the person obtaining insurance coverage.

(b) The term "text" as used in this section shall include all printed matter except the following:

1. The name and address of the insurer; the name, number or title of the consumer insurance policy; the table of contents or index; captions and subcaptions; specification pages, schedules or tables; and

2. Any such form language which is drafted to conform to the requirements of any federal law, regulation or agency interpretation; any form language required by any collectively bargained agreement; any medical terminology; any words which are defined in the form; and any form language required by state law or regulation; provided, however, the insurer identifies the language or terminology excepted by this subdivision and certifies, in writing to the commissioner, that the language or terminology is entitled to be excepted by this subdivision.

(4) **MINIMUM STANDARDS.** (a) In addition to any other requirements of law, no consumer insurance policy, unless excepted under sub. (5), shall be delivered or issued for delivery in this state on or after the dates such forms must be approved under this section, unless:

1. The text achieves a minimum score of 50 for those policies labeled as Medicare supplement policies as defined by s. Ins 3.39, and a minimum score of 40 for all other policies included under this rule, on the Flesch reading ease test as described in par. (b), or an equivalent score on any other comparable test as provided in par. (c) of this subsection unless a lower score is authorized under sub. (7);

2. It is printed, except for specification pages, schedules and tables, in not less than 10 point type, one point leaded;

3. It is appropriately divided and captioned, presented in a meaningful sequence, and the style, arrangement and overall appearance of the policy enhance its understandability;

4. It contains a table of contents or an index of the principal sections of the policy if the policy contains more than 3,000 words or if the policy has more than 3 pages;

5. It contains a single section listing exclusions, or the exclusions are given at least equal prominence;