

Title 19: Department of Insurance

Part 1: General

Part 1 Chapter 45: Insurance Flexible Rating System

Rule 45.01: Authority.

This Regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted to him by Miss. Code Ann. Sections 83-5-1 and 83-2-1 et seq. (Rev. 2011), as well as the provisions of the Mississippi Insurance Department (“MID”) Regulation entitled “Rules of Practice and Procedure before the Mississippi Insurance Department”, 19 Miss. Admin. Code, Part 1, Chapter 15.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-1 et seq. (Rev. 2011); 19 Miss. Admin. Code, Part 1, Chapter 15.

Rule 45.02 Purpose.

The purpose of this Regulation is to implement a more efficient, reasonable and competitive property and casualty insurance market and regulatory environment that benefits Mississippi consumers by establishing a Flexible Rating System as proscribed in House Bill 773, which passed in the 2020 Session of the Mississippi Legislature.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-1 et seq. (Rev. 2011).

Rule 45.03: Scope.

~~Unless specifically exempted herein, the Flexible Rating System set forth in this Regulation shall apply to all lines of commercial property and casualty insurance which are not otherwise exempt from rate filing and approval requirements as set forth in House Bill 773, which passed in the 2020 session of the Mississippi Legislature.~~ The Flexible Rating System prescribed herein shall also apply to stand-alone residential earthquake policies, ~~and~~ stand-alone residential flood insurance policies that are not written through the National Flood Insurance Program, commercial liability and cybersecurity coverages.

This Regulation shall not apply to workers’ compensation insurance, medical malpractice insurance, assigned risk/residual market plans or the Mississippi Windstorm Underwriting Association.

Filings made by rate service organizations, as defined in Miss. Code Ann. § 83-2-1(d), shall not be eligible to submit filings pursuant to in the Flexible Rating System as set forth in this Regulation.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-1 et seq. (Rev. 2011) and H.B. 773, 2020 Mississippi Legislative Session.

Rule 45.04 Definition of Flexible Rating System.

For purposes of this Regulation, the term “Flexible Rating System” shall mean a proposed rate plan filed with MID pursuant to Section 83-2-1 et seq., which ~~is based upon standard rating characteristics and risk factors, and which~~ allows for an automatic ability on the part of the insurer to raise in the aggregate or lower in the aggregate rates by a ~~+/-~~ 15% without the need for a subsequent filing so long as the change is within the overall approved +/- 15% range.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-1 et seq. (Rev. 2011).

Rule 45.05 Filing Requirements.

A Flexible Rating System filing made pursuant to this Regulation shall be in compliance with all applicable provisions in Section 83-2-1 et seq., and shall include the rate, rating plans and rating systems used by the insurer. Supporting actuarial data shall accompany every filing and shall be in sufficient detail to justify the rate.

At the point that aggregate rate changes by the insurer under the Flexible Rating System approved by MID total fifteen percent (15%), a new rate filing shall be required pursuant to the provisions of Section 83-2-1 et seq. prior to making any further rate adjustments. There is no annual reset for the 15% flexible rating band.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-1 et seq. (Rev. 2011).

Rule 45.06 Notice to Department.

An insurer shall notify MID of any change in rates implemented under the Flexible Rating System within thirty (30) days after the effective date of the change. The notice must include the name of the insurer and the average percentage change in rates statewide and by zone or territory. Any rate change made pursuant to the Flexible Rating System may only be applied to a policy at the beginning of the policy period.

Should the Commissioner determine that any change in rates implemented pursuant to this Regulation is excessive, inadequate or unfairly discriminatory, he shall disapprove the change in rates pursuant to the procedure provided in Section 83-2-11(2)(b).

No more than one (1) rate adjustment may be made by an insurer during a twelve (12) month period pursuant to the Flexible Rating System set forth in this Regulation; however, upon written application by the insurer, the Commissioner may authorize more than one (1) rate adjustment during any twelve (12) month period, subject to the percentage limitations prescribed herein.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-3; 83-2-7; 83-2-11(2)(b) (Rev. 2011).

Rule 45.07 Policy Forms.

With respect to policy form filings, insurers must comply with Section 83-2-7 prior to the use of any policy form.

Source: *Miss. Code Ann.* Sections 83-5-1; 83-2-7 (Rev. 2011).

Rule 45.08 Rating Modification on Individual Commercial Risks.

Insurers are still allowed to follow established procedures allowing for a debit or credit to be recognized regarding the special characteristics of an **individual** commercial risk which may not fully be reflected in the basic company premium or rates. Filings of this nature are distinct from filings made under the Flexible Rating System as set forth in this Regulation as Flexible Rating System filings are applicable to all policies within the subject line of insurance, whereas the rating modification referenced within this section is applicable only to an individual risk.

Source: *Miss. Code Ann.* Section 83-5-1 (Rev. 2011).

Rule 45.09. Severability.

If any provision of any section of this Regulation or the application thereof is held by a court to be invalid, such invalidity shall not affect any other provision of that section or application of the Regulation which can be given effect without the invalid provision or application, and to this end, the provisions of the Regulation are declared to be severable.

Source: *Miss. Code Ann.* Section 83-5-1 (Rev. 2011).

Rule 45.0910 Effective Date.

The effective date of this Regulation shall be January 1, ~~2021~~ 2022. Filings made on and after this date may contain a Flexible Rating System component.

Source: *Miss. Code Ann.* Sections 25-43-3.113(2)(b)(i) (Rev. 2018); 83-5-1; 83-2-3; 83-2-7 (Rev. 2011).