

## General Form and Rate Filing Instructions – Paper Process

Life & Health Division

North Carolina Department of Insurance

The Life & Health Division has added Provider Agreements, HMO and PPO Operational Applications, Credentialing, and other Network related submissions to its Form and Rate review processes.

☑ All Paper filings are scanned to an electronic filing submissions application designed to enable companies to file and states to receive comment on, and approve or reject the form and or rate filing. This application is known as SERFF. For more information please visit <http://www.serff.com/about.htm>

At this time the SERFF application does not relay communications outside of the SERFF work environment. You may gain Public Access however to your work unit at the Department's Public Portal <http://pserff.ncdoi.net/lh.html>

☑ Regardless of filing method all communications are transmitted electronically. Unless otherwise noted do not provide multiple copies of paper submissions. The Department will communicate with you electronically to reduce the cost of paper handling.

☑ Electronic form and rate filings are strongly encouraged over paper submissions for Speed to Market objectives.

### FORMS

Mail Paper Submissions Attention:

Life & Health Division, 1201 Mail Service Center, Raleigh, NC 27699-1201

#### ◆ PAPER TRANSMITTAL HEADER

NAIC adopted: Life, Accident & Health, and Annuity & Credit Insurance Universal Paper Transmittal Header; or

NAIC adopted: Form/Rate Filing Attachment Documents Transmittal Header

#### ◆ COVER LETTER:

Address to Life and Health Division

Insurance Company's Licensed Name

FEIN #

Type of Filing – New Form

Indicate Initial or Company Response

Describe Policy Type

Describe Marketing Strategy

Include Your Toll Free Telephone Number

Include Your E-MAIL Address

◆ COVER LETTER ENCLOSURES:

Readability Score Certification

Evidence of Home State Approval

List of Submitted Form Numbers

Include Actuarial Demonstration and Rates

No policy of insurance which insures against loss due to sickness or bodily injury, accident or death shall be issued or issued for delivery in this State unless a copy of the form and the premium rate pertaining to the form is filed with and approved by the Commissioner.

RATE REVISIONS:

Mail Paper Submissions Attention:

Life & Health Division, 1201 Mail Service Center, Raleigh, NC 27699-1201

◆ PAPER TRANSMITTAL HEADER

NAIC adopted: Life, Accident & Health, and Annuity & Credit Insurance Universal Paper Transmittal Header; or

NAIC adopted: Form/Rate Filing Attachment Documents Transmittal Header

◆ COVER LETTER AND RATE SUBMISSION FACTS:

Address to Life and Health Division

Insurance Company's Licensed Name

FEIN #

Type of Filing – Rate Revision

Indicate Initial or Company Response

Describe Product Type

Describe Implementation

Stated Percentage Requested

List Approved Form Numbers

Date of North Carolina Form Approval

Date of Last Approved Rate Adjustment

Describe How the Plan is Marketed

Include Actuarial Demonstration and Rates

Include Signed Actuarial Certification

Include Your Toll Free Telephone Number

Include Your E-MAIL Address

Product Specific Filing Instructions

☐ Refer to line of business for more information on rating for the following types of insurance: Long Term Care, Medicare Supplement, and Credit Insurance Lines.

General Rate Revision Rules – Non-HMO Individual Accident and Health Insurance

☐ Pursuant to NCGS 58-51-95(f), the Commissioner must approve all rate adjustments to individual accident and health insurance policies.

☐ Pursuant to NCGS 58-51-95(c), the rates shall be reasonable in relation to the benefit provided and shall not be unfairly discriminatory. An actuarial certification of such, signed by a member of the Society or Academy, must accompany all rate filings.

☐ Pursuant to NCGS 58-51-95(f), rates shall be guaranteed to a single policyholder for no less than 12 months. Rates may be adjusted once every 12 months, either by implementing the rate change on all policyholders at the same time or by implementing the rate change on the policy anniversary.

☐ Pursuant to NCGS 58-51-95(f), no rate increase may become effective for any policy unless the insurer has give the policyholder written notice of the rate revision 45 days prior to the effective date of the revision.

☐ Pursuant to T 11 NCAC 16.0201, individual accident and health insurance policies and riders must comply with the minimum loss ratio standards as promulgated by the National

Association of Insurance Commissioners for such coverages. The minimum loss ratio upon which the product is priced shall be stated in all communications regarding the rates.

☒ Rate revisions must be accompanied by supporting data as required by T 11 NCAC 16.0205. If the filing is not brought into compliance within 45 days of its submission, the filing is closed.

☒ Pursuant to T 11 NCAC 16.0206, an insurer shall not establish, for rate revision purposes, on individual accident and health insurance a class within a policy form or group of policy forms so as to eliminate the possibility of new entrants into the class.

#### General Rate Revision Rules – HMO Individual (non-group) Plans

☒ Pursuant to NCGS 58-67-50(b)(1), the Commissioner must approve all HMO rates including a zero change in rate.

☒ Pursuant to NCGS 58-67-50(b)(2), the premiums shall not be excessive, inadequate, or unfairly discriminatory and must exhibit a reasonable relationship to the benefits provided. An actuarial certification of such, signed by a member of the Society or Academy, must accompany all rate filings.

☒ Pursuant to NCGS 58-67-50(b)(2), the premium or any adjustments thereto shall be guaranteed to every enrollee under the same category of non-group coverage for a period of not less than 12 months. As an alternative to providing a 12-month rate guarantee to every enrollee under the same category, rate revisions may be made applicable to all similar category of enrollee coverage at one time if the HMO chooses to apply for such premium revisions no more frequently than once in any 12-month period.

☒ Pursuant to NCGS 58-67-50(b)(2), no premium revision may become effective for any category of enrollee coverage unless the HMO has given written notice of the premium revision 45 days prior to the effective date of the revision.

☒ The rate filings are approved for a specific effective period usually a twelve-month period. The filing must include the HMO's requested effective period for the rates. Upon expiration of the effective period, the authority to use the premium rate terminates. The HMO is responsible for securing approval of new premium rates in order to prevent its authority to use the premium rates from expiring. The Department suggests to the filers that HMO premium rates be file at least 90 days before existing premium rates are scheduled to expire.

☒ Rate Revisions must be accompanied by supporting data as required by T 11 NCAC 16.0205. If the filing is incomplete it is disapproved and closed.

☒ Pursuant to rules in Section .0600 of Chapter 16 of T 11 of the North Carolina Administrative Code, HMOs are required to file an annual or a quarterly rate filing.

#### General Rate Revision Rules – Medical Service Corporation Individual (non-group) Plans

☒ Pursuant to NCGS 58-65-40, the Commissioner must approve all medical service corporation rates prior to their use in this State.

☒ Pursuant to NCGS 58-65-40, the premiums shall not be excessive, inadequate, or unfairly discriminatory and must exhibit a reasonable relationship to the benefits

provided. An actuarial certification of such, signed by a member of the Society or Academy, must accompany all rate filings.

☒ Pursuant to NCGS 58-65-45, rates shall be guaranteed to a single contract holder for no less than 12 months. Rates may be adjusted once every 12 months, either by implementing the rate change on all contract holders at the same time or by implementing the rate change on the policy anniversary.

☒ Pursuant to NCGS 58-65-45, no rate change may become effective for any contract holder unless the medical service corporation has given the contract holder written notice of the rate revision 30 days prior to the effective date of the revision.

#### HMO Rate Revisions

- Pursuant to NCGS 58-67-50(3)(b), the Commissioner must approve all HMO rates including a zero change in rate.
- The rate filings are approved for a specific effective period usually a twelve month period. Upon expiration of the effective period, the authority to use the premium rate terminates. The HMO is responsible for securing approval of new premium rates in order to prevent its authority to use the premium rates from expiring. The Department suggests to the filers that HMO premium rates be file at least 90 days before existing premium rates are scheduled to expire.
- Rate Revisions must be accompanied by supporting data as required by T 11 NCAC 16.0205. If the filing is incomplete it is disapproved and closed.

☒ Pursuant to rules in Section .600 of Chapter 16 of T 11 of the North Carolina Administrative Code, HMOs are required to file an annual or a quarterly rate filing.

☒ For annual and quarterly rate filings, for large employer groups, the HMO must include the diskette required by T 11 NCAC 16.0606(8).

#### LIFE AND HEALTH DIVISION TRADE SECRET FILING PROTOCOL

Regardless of filing status or method of receipt, all records, reports, forms or rates filed with the Life and Health Division (L&H) are open to the public as required by North Carolina General Statute (NCGS) § 132-1. Under certain circumstance an exception to the public record law can be granted provided the document meets the definition of a trade secret pursuant to NCGS § 132-1.2.

Trade Secret is defined by NCGS 66-152(3), as follows:

"Trade secret" means business or technical information, including but not limited to a formula, pattern, program, device, compilation of information, method, technique, or process that:

a. Derives independent actual or potential commercial value from not being generally known or readily ascertainable through independent development or reverse engineering by persons who can obtain economic value from its disclosure or use; and

b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The existence of a trade secret shall not be negated merely because the information comprising the trade secret has also been developed, used, or owned independently by more than one person, or licensed to other persons.

Please note that the N.C. Department of Insurance accepts no responsibility for the inadvertent release of any trade secret information. Only materials meeting the trade secret definition that are submitted and labeled as “two” distinct “Parts” shall be accepted. Please prepare your submission as follows:

Part 1 – Trade Secret: a complete filing that includes all components of the submission (all public as well as trade secret materials):

a) The filing letter or transmittal header must clearly state TRADE SECRET submission in the Reference and/or Transmittal Header Title.

b) Your request to treat the filing under trade secret status must include a statement addressing the following: why the information meets the definition of a trade secret, how the release of the information would cause harm, confirmation that the Department is not held responsible for any unintentional release of the materials, and agreement to bear the cost of defending the Department in the confidential handling of all trade secret materials.

c) Each page of the trade secret filing must be labeled or stamped TRADE SECRET.

Part 2 – Public Copy: a filing that consists of a cover letter including the reason the filing meets the definition of a trade secret and accepted financial responsibility to protect the Department in holding such materials confidential, all components of the submission that are not trade secrets, with all pages labeled or stamped Public. Premium Rate Calculations shall include an actuarial certification statement that the trade secret rate formula is based on sound actuarial practices. If Provider Payment Methodologies are submitted as trade secret, in lieu of such material in the public copy, there must be a clear statement that such is held as trade secret.

Revised May 2010