



South Carolina Department of Insurance

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(Issued upon January 13, 2003)

To: Property and Casualty Insurers

From: Ernst N. Csiszar 
Director

Subject: Update on Changes For the Coming Year

Several changes are affecting the Property and Casualty Insurance Market during the year 2003. These changes include the Automobile residual market, Workers' Compensation residual market, commercial rate filings, public notices and the filing approval process.

AUTOMOBILE RESIDUAL MARKET

The automobile residual market will convert on March 1, 2003 from a Joint Underwriting Association to an Assigned Risk Plan. This change is pursuant to Act 154 of 1997. The Assigned Risk Plan will be managed by AIPSO from the Rhode Island office. The Department of Insurance has promulgated the Plan of Operation for the AAIP of SC. You may view, download, and print the Plan of Operation and the Manual of Rules and Rates from the AAIP of SC website at www.aipso.com/sz. Please refer to this website frequently over the next few months for new information as it becomes available.

The Joint Underwriting Association was a great success in the implementation of Act 154 and was instrumental in the decrease in the South Carolina residual market from over 600,000 policies to several hundred.

WORKERS' COMPENSATION RESIDUAL MARKET

The Workers Compensation Residual Market will be converted to an assigned risk plan. The National Council on Compensation Insurance will serve as plan administrator. The plan will also participate in the pooling mechanism used by most states. A bulletin on these changes will be provided as the changes begin to take place. Insurers should be aware that the changes will provide that the Plan Administrator may make residual market assessments.

COMMERCIAL RATE FILINGS

Act 300 became effective January 1, 2003. That Act specifies that the Department promulgate a regulation to define which commercial lines of insurance will not be subject to filing requirements. That regulation has been published in the State Register and will need to be approved by the General Assembly. Insurers should continue to make filings as before. The Department will send out a bulletin when the regulation has been adopted. In summary, the Act has passed, but it requires that the Department promulgate a regulation in order to define the lines of insurance. In South Carolina, this type of regulation requires legislative approval.

PUBLIC NOTICE

The public notice process for some non-auto rate filings has not changed in several years, but there has been some confusion regarding that process. Section 38-73-910 provides that the Department must provide public notice of certain filings for workers' compensation, fire, allied lines, and homeowners' insurance. The current threshold is two million dollars in written premium for that line of insurance in the previous year. If the filing includes a rate increase and the premium is more than the threshold, then the Department places notices in the newspaper as required by the law. Insurers are billed for those notices in the newspaper. Once the notice period is completed, the filing is acted upon by the Department in the normal manner and may be approved, disapproved or any other appropriate action. The notice allows a person to ask for a public hearing by paying a fee. If such a request is received, a public hearing is scheduled and takes place before the Administrative Law Judge Division. The Department averages approximately two public hearings a year.

FILINGS PROCESSES

The Property and Casualty Division has adopted new technologies that insurers should endeavor to use. The System for Electronic Rate and Form Filing (SERFF) is being used by the Division.

The Department's website, www.doi.state.sc.us, allows insurers to access the filings database. An insurer may search the SCDOI Database and obtain information as to whether a filing has been received and its status. The Property and Casualty Staff request that insurers use this website to access information instead of calling for status checks.

The Division attempts to process filings in 30 days after being received. This is not always possible. Insurers who have a filing pending more than 30 days with the Department may E-mail the Department at P&CMail@doi.state.sc.us requesting an update on progress. Please include your filing number. The Division manager may be contacted as a last resort at dkruger@doi.state.sc.us.

The Division has recently begun using an actuarial consultant on certain rate filings due to a lack of staffing resources. On filings where this is necessary, the insurer will be billed for the cost of the consultant for such filings pursuant to Section 38-13-50. The use of the consultant should be limited.

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