



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

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Administrative Letter 2018-07

TO: All Licensed Property and Casualty Insurers except Those Licensed Exclusively to Write Workers' Compensation, Licensed Rate Service Organizations and All Interested Parties

Re: Participating Insurers Allowed to either Adopt Rate Service Organization (RSO) Filings or Authorize an RSO to "File on Behalf Of"

The Bureau of Insurance (Bureau) announces that, effective immediately, participating insurers will be allowed the option to adopt materials filed by an RSO as an alternative to authorizing an RSO to file materials on their behalf. A participating insurer is defined as a member or subscriber of an RSO.

The option to adopt an RSO filing eliminates (i) the need to authorize an RSO to file materials on the insurer's behalf and (ii) the need for an insurer to physically file RSO materials as an alternative to authorizing the RSO to file on the insurer's behalf.

There is no change to the current filing requirements for RSOs. In other words, RSO filings can be submitted as either "filed on behalf of" or "advisory."

The Bureau has updated the SERFF General Instructions with information for insurers to use if they choose to use this adoption process for RSO filings. Insurers are permitted to adopt a particular RSO filing or to adopt an entire RSO program or product. The SERFF General Instructions also contain the requirements that insurers need regarding the "filed on behalf of" process. An attachment to this letter provides general guidance regarding these filings. However, since changes occur to filing requirements, the Bureau encourages all insurers to visit the SERFF General Instructions frequently to ensure that they are using the most current filing instructions and for announcements of changes in filing requirements.

Insurer Action for Adoption of RSO Filing:

To administer the adoption process, the Bureau has established procedures for an insurer to follow. For a participating insurer that has NOT authorized an RSO to file on its behalf, and wants to adopt a particular filing of forms, endorsements, rules, relativities and supplementary rating information that has been filed by the RSO and acknowledged, the following procedures apply.

Insurer Action for Adoption of RSO Filing, continued:

IF:	THEN:
the insurer decides NOT to adopt an RSO's filing,	the insurer does NOT file anything with the Bureau.
the insurer decides to adopt an RSO's filing,	the insurer must notify the Bureau, in writing, of its intentions to adopt the RSO's filing and the effective date of the adoption. Notification to the Bureau must be prior to the effective date of the adoption.
the insurer must adopt more than one RSO filing to have a complete program,	the insurer is required to submit a list of the RSO filing reference numbers needed to represent the RSO's complete program OR the adoption may state that it applies to all reference filings "up to and including" a specific reference filing for the applicable RSO program/product. The insurer must provide an effective date for the adoption.
the insurer decides to adopt an RSO's filing with modifications.	the insurer must notify the Bureau, in writing, of its intentions to adopt the RSO's filing, the effective date of the adoption, AND submit the modifications for the Bureau's review. Acceptable modifications include, but are not limited to, exceptions to an RSO's filed rule or additional endorsements. Depending on the modifications, insurers should be mindful of the effective date to give adequate time to implement the filing once the modifications are approved.
the insurer decides to adopt only a portion of an RSO's filing.	the Bureau will only accept adoption requests of an RSO's entire filing. If an insurer decides to adopt only a portion of an RSO's filing, the insurer is required to physically file the portion instead of a request to adopt.

Insurer Action when RSO Files on Behalf of:

When a participating insurer has authorized an RSO to file on its behalf, and a new RSO filing has been filed and acknowledged by the Bureau, the following procedures apply.

IF:	THEN:
the insurer decides to use the materials and effective date as filed,	the insurer does NOT file anything with the Bureau.

Insurer Action when RSO Files on Behalf of, continued:

IF:	THEN:
the insurer decides to use the materials as filed BUT with a different effective date,	the insurer must notify the Bureau in writing of its effective date on or before the RSO's effective date.
the insurer decides not to use the materials,	the insurer must notify the Bureau on or before the RSO's effective date of its decision not to implement the RSO's filing.
the insurer decides to use the materials with modifications,	the insurer must notify the Bureau, in writing, of its intentions to adopt the RSO's filing, the effective date of the adoption, AND submit the modifications for the Bureau's review.

The following list of questions and answers provides guidance regarding adoption of an RSO's filing(s).

1. *Will an insurer that is not a participating insurer of an RSO be allowed to adopt an RSO's Filing?*

No.

2. *Will RSOs still be allowed to "file on behalf of" their participating insurers?*

Yes. It is important to note that no changes are being made to the "file on behalf of" process that RSOs currently utilize.

3. *Can a participating insurer use the adoption process outlined in this administrative letter to adopt materials that were submitted by an RSO on a "file on behalf of" basis?*

Yes.

4. *What information is important for an RSO's participating insurer to know regarding the difference(s) between an RSO's "file on behalf of" authorization and the adoption process?*

With regard to the adoption of an RSO's filing, the only way that a participating insurer can adopt a reference filing is for the insurer to take ***specific and necessary actions***, which include (i) notifying the Bureau of the insurer's intention to adopt the reference filing, (ii) providing the RSO's reference filing number, and (iii) providing an implementation/effective date.

5. Will this change affect filing of an adoption of an RSO Advisory Filing?

No. Administrative Letter 2011-07 continues to apply to Advisory Filings.

6. Can the [Advisory Filing Adoption Form \(AFAF-1\)](#) be used to adopt a filing that has been submitted by the RSO as “filed on behalf of”?

No, insurers must use the instructions in this letter to “adopt” a filing that an RSO has submitted as “filed on behalf of.”

7. Will this affect the filing of advisory loss costs by an RSO?

No. [Administrative Letter 2010-05](#) (workers’ compensation loss costs) and [Administrative Letter 2006-16](#) (other than workers’ compensation loss costs) apply to advisory loss costs.

8. Are participating insurers required to notify the Bureau if they intend to adopt subsequent revisions to an RSO Filing?

Yes. Participating insurers must notify the Bureau and provide a future implementation/effective date **every time** they decide to adopt an RSO’s reference filing or any subsequent revisions of an RSO’s reference filing.

Questions about this administrative letter should be directed to the:

Property and Casualty Division’s
Rates and Forms Sections at
(804) 371-9965

Sincerely,



Scott A. White
Commissioner of Insurance

Attachment

Information required when adopting an RSO program

The Bureau requires certain information from insurers that prefer to adopt a particular RSO's filing or an entire program or product instead of authorizing the RSO to file on their behalf.

Instructions for adoption of one or more specific RSO filings for the same program or product:

- If a participating insurer wants to adopt one or more *specific RSO filings for the same program or product*, the following information is required:
 - RSO's name,
 - RSO filing number(s),
 - program/product name,
 - program/product description(s), and
 - insurer's effective/implementation date.
- If a participating insurer wants to adopt *a complete program or product* filed by an RSO, the following information is required:
 - RSO's name,
 - a list of all the RSO filing number(s) for the program/product,
 - program/product name,
 - program/product description(s), and
 - insurer's effective/implementation date.

OR

- RSO's name
- program/product name,
- a statement that the adoption filing applies to all reference filings "up to and including" a specific reference filing for the program/product,
- insurer's effective/implementation date.