

OIC Rules Coordinator

From: Au, Dam <Dam_Au@cinfin.com>
Sent: Friday, December 20, 2024 6:48 AM
To: OIC Rules Coordinator
Subject: Feedback on Premium change transparency (R 2024-07)

External Email

Dear WA OIC,

Thank you for the opportunity to provide feedback on this important item.

In our opinion, implementing phase two will generate more issues than resolutions/clarity for the consumers. Phase one has created some inquiries from the consumers looking for an explanation as to why the renewal premiums have increased. This “on demand” one off request has been disruptive from a workflow process. However, Phase two will be disruptive to the umpteenth power. Here are some of the reasons why:

- 1) The inquiries will generate extra calls for the agents and customer service
- 2) Will most likely create more consumer complaints to the OIC to address and process
- 3) Hard to explain to the policyholder if the renewal premium increased due to rate increases and/or due to increase in exposure (for example a change request from the insured to increase policy limits/coverages, lower deductibles, add a driver, add a vehicle, etc.)
- 4) A notice would likely trigger frequently for the following situations:
 - a. Large base rate change
 - b. Claims activity (especially for autos) generating policy surcharges
- 5) Difficult to segregate when a risk characteristic is part of more than 1 variable (e.g. a claim could have a direct surcharge and a policy level factor)
- 6) After a finite number of variables are provided, there is a need for an “all other” description that is unhelpful for the policyholder
- 7) There isn’t a prescribed way to calculate policy premiums, so 10 companies could end up with 10 different approaches to the calculation
- 8) Phase two will create an IT burden to automate for the state of Washington as this is not required by any other state currently
- 9) Will discourage new carrier entries to the state due to this unique requirement
- 10) Will discourage product innovation due to the potential of increasing more renewal notices

We feel it is to the state’s benefit to opt out of implementing Phase two and continue on with Phase one further as to track the results after collecting more meaningful sample size.

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