



Department of Business Regulation
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

Insurance Bulletin 2018-6

Lender Placed Insurance Tracking Fees and Corporate Tax Rate

Tracking Fees: Applicable to all lender placed property programs

Lender Placed Insurers shall not include any expenses reflecting expenses for “tracking” and/or monitoring services performed by an insurer on behalf of a lender in force-placed insurance rate filing. Such services, if performed by an insurer on behalf of a lender, are not the business of insurance, and shall not be passed on to insureds in rate setting. While an insurer may enter into an agreement to perform “tracking” and/or monitoring services on behalf of a lender, the lender is responsible for those costs. These costs shall not be passed on to the consumer in rate filings.

All insurers writing Lender Placed Insurance are required to review existing rates for each lender placed property program on file with the RI Insurance Division, and shall submit a new rate filing in SERFF within 60 days of this notice. That filing must reflect rates after the removal of “tracking” expenses. The filing shall also include quantitative support demonstrating that the filed rates do not include “tracking” expenses. Failure to do so will result in the Department finding existing rates to be excessive and withdrawing approval for such filing. For any pending rate filing currently under the Department’s review, the filer must revise the pending filing accordingly to reflect the above.

Change in Corporate Tax Rate: Applicable to all lines of business

In light of recent changes to the corporate tax rate (from 35% to 21%), all rate filings submitted to the Department must reflect the new corporate tax rate in calculating the profit provision used to determine rate level indications. This applies to all future rate filings and any pending filing that is currently under the Department’s review. As to previously approved rates, any insurer whose requested rate would be decreased as a result of the lower corporate tax rate should file the lower rate. If an approved rate would not be lowered by application of the new tax rate, because the insurers requested a rate below indications, or for any other reason, the insurer should not make a rate filing.

Elizabeth Kelleher Dwyer
Superintendent of Insurance
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