



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

Insurance Bulletin 2021-3

Private Passenger Auto Rate/Rule Filings for 2021

The purpose of this Bulletin is to inform insurers of certain Insurance Division (“Division”) expectations related to private passenger auto form/rate filings considering changing consumer and driving patterns related to Covid-19.

Impact of Covid-19

In March 2020, the Division issued Bulletin 2020-4 asking insurers to take additional steps to extend flexibility to their insureds during the then emerging pandemic, as our Governor had recently issued a State of Emergency. Many insurers reviewed that guidance and returned premiums to policyholders via credits or dividends. Now that full year data is available from 2020, the Division is asking insurers to review their private passenger auto (“PPA”) rates in light of the information they have learned in the subsequent months and adjust their rates to account for that additional information.

Insurance coverage plays a critical role in the stability of Rhode Island’s economy and the protection of its residents and businesses. COVID-19 has created unique risks in those insurance markets much as it dramatically impacted the daily lives of all Rhode Islanders. Any trip down Route 95 or Route 146 anecdotally shows that a significant share of the population has adapted to working remotely, and has impacted how we shop, dine and are entertained.

During 2020, in accordance with Bulletin 2020-4, many PPA carriers filed rules introducing premium refunds or credits. The Division expects that Rhode Island driving patterns will remain different than they were prior to the onset of the COVID-19 emergency for many years to come. Even when vaccines are universally available, the Division anticipates that telework will continue in some areas where it had never before been contemplated. As work practices in many industries have adapted to the pandemic, it is possible that commuting patterns, including with respect to personal vehicle use or the use of public transit, may never fully return to their pre-COVID-19 levels.

Directive to Refile Rates

While carriers may continue to offer premium credits or refunds per the requests of Bulletin 2020-4, the Division now asks that each PPA carrier submit a rate filing by no later than July 30, 2021 that includes 2020 claims and expense experience and a view of future loss trends. Given the impact COVID-19 has had on a variety of factors including traffic density, vehicle speeds, availability of medical care, delays in court proceedings, etc., each carrier's filing should document how it has adjusted its data in response. The Division's staff will work with our independent actuaries to carefully review filings to

make sure that this experience is considered when calculating actuarially appropriate rates for 2021 and future years.

As such, all PPA carriers writing in Rhode Island are required to review existing rates on file with the RI Insurance Division and shall submit a rate filing in SERFF by July 30, 2021, within approximately 90-days of issuance of this Bulletin.

Additional Covid-19 Related Filing Questions

The Department has also added additional questions to its filing criteria for the purposes of addressing the impact of Covid-19 in PPA. Those questions are also included below. For any pending PPA rate filing currently under the Department's review, the filer must revise the pending filing accordingly to reflect the above.

COVID-19 PPA Additional Questions

1. *Please explain how historical experience during the period from March 1, 2020 through March 1, 2021, the period of time most affected by the COVID-19 pandemic, could be predictive of future experience. At a minimum, the following must be addressed:*
 - a) *Changes to underlying exposure to loss due to decreased driving activity by a specific insured, as well as the aggregate impact of decreased driving activity in the state (which lead to reduced road congestion, for example).*
 - b) *Changes to frequency of claims.*
 - c) *Changes to severity of claims.*
 - d) *Changes to estimates of ultimate losses.*
 - e) *Disruption to expected loss trends including claim frequency, claim severity, reduction in model year/symbol drift as less newer cars are being bought, etc.*
 - f) *Impact on claim adjudication*
 - g) *Adjustments, if any, to the expected loss ratio.*
2. *Please provide the details of any premium relief (dividends, credits, or otherwise) that you provided since COVID-19 began. Please provide the SERFF tracking number for reference. Explain how this is reflected in the experience used to derive indications utilizing experience during the pandemic period.*
3. *Please include quarterly and twelve-month moving quarterly comparisons for frequency, severity and pure premium by coverage. Explain how you have considered the impact of Covid-19 in your assumptions for your projected rate level indications (such as in trend and projected loss selections).*
4. *Please specifically include in your filing a comparison between March 1, 2019 through December 31, 2019 and March 1, 2020 through December 31, 2020 with respect to incurred losses and on-level earned premium.*
5. *Please address all the items listed in 1 above in your actuarial memorandum. Include a summarized list of Exhibits and Page Numbers that describe what considerations and/or adjustments have been included in this filing due to the impacts of COVID-19.*
6. *Please explain any impacts on internal insurance company expenses due to Covid-19, for instance, due to less travel and working from home.*

Elizabeth Kelleher Dwyer
Superintendent of Insurance
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