

Criteria for Selecting Companies to Appear Before the Select Committee

The Senate started with two categories:

- 1) companies that received a notice of intent (NOI) to disapprove by the Office of Insurance Regulation, based on their rate filings for homeowners policies; and
- 2) companies that made homeowners rate filings that have been approved by the Office of Insurance Regulation.

For the companies that received a notice of intent (NOI) to disapprove by the Office of Insurance Regulation, based on their rate filings for homeowners policies:

- a) rank the companies by the percent rate increase (adding the approved presumed factor rate filing and the proposed true-up filing); and
- b) from the companies with the highest percent rate increases, select the 3 companies with the largest market shares (based on number of policies written).

* Without changing the results, ensure that the companies chosen made rate filings using rate factors questioned by the Office of Insurance Regulation, including:

- using an unapproved short form model;
- using a risk load for the first time (never used in previous filings);
- using a substantially higher profit contingency factor than in previous filings; and
- purchasing additional reinsurance (to a higher Probable Maximum Loss PML).

For the companies that made homeowners rate filings that have been approved by the Office of Insurance Regulation:

- a) rank the companies by the approved percent rate reduction (adding the approved presumed factor rate filing and the proposed true-up filing); and
- b) of those companies with the greatest approved percentage rate reductions, select the 2 companies with the largest market shares.

* Without changing the results, ensure that the companies chosen:
are currently writing significant numbers of new policies; and
do not rely on another insurer's rate filing.