

WORKERS' COMPENSATION RATE FILINGS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd E. Kiser

Senate Sponsor: John L. Valentine

LONG TITLE

General Description:

This bill modifies the Insurance Code to address workers' compensation rate filings.

Highlighted Provisions:

This bill:

- ▶ establishes procedures for workers' compensation insurance tiered rate filings.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-19a-408, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-19a-408** is enacted to read:

31A-19a-408. Procedures for workers' compensation tiered rate filings.

(1) Notwithstanding Section 31A-19a-214 and subject to the other provisions of this section, a workers' compensation insurer may file with the commissioner a rate filing for workers' compensation insurance that provides for a plan with more than one rate tier for a single insurer or an insurer group with common ownership if the filing shows that:

(a) each tier is established on underwriting rules that are based on criteria that would lead to a logical distinguishing of potential risk; and

30 (b) supporting actuarial analysis or other information that shows a clear distinction
31 between the following for each tier:

32 (i) expected losses and expenses; and

33 (ii) actual losses and expenses.

34 (2) A workers' compensation insurer shall file with the commissioner an update of the
35 actuarial analysis or other information required under Subsection (1)(b) at least every three
36 years.

37 (3) A workers' compensation insurer may apply underwriting expertise and judgment in
38 the tier placement process, except that underwriting expertise and judgment shall:

39 (a) be applied in a prudent manner; and

40 (b) when applied, be fair, reasonable, and fully documented.