

ARIZONA PROPERTY AND CASUALTY FORM AND RATE RULE FILINGS WORKERS' COMPENSATION

The Arizona Department of Insurance and Financial Institutions (the Department) Property and Casualty Section developed the following checklist to help you submit a complete and correct form or rate/rule.

NOTE: This checklist is not intended to serve as an all-inclusive list of requirements. Insurance policies must meet all requirements of Arizona law, regardless of whether the law is summarized in this checklist.

This checklist applies to the following types of insurance (TOI's) and sub-types:

16.0 Workers' Compensation

- 16.0001 – Alternate Workers' Compensation
- 16.0002 – Employers Liability
- 16.0003 – Excess Workers' Compensation
- 16.0004 – Standard Workers' Compensation
- 16.0000 – WC Sub-TOI Combinations

This checklist is in addition to the [General Filing Checklist](#)

FILING REQUIREMENTS

NOTE - File and use. Insurers must file Workers' Compensation **forms** before using them. Arizona law provides the Department 30 days to approve or disapprove forms. Each insurance company must submit forms to the Department for approval not less than 30 days prior to their proposed effective date. No form may be used until the Department has approved it or until it has been on file with the Department for more than 30 days. [ARS §§ 20-357,364,](#)

Topic	References*	Requirements
* ARS"§" = Arizona Revised Statutes Section; "AAC" = Arizona Administrative Code		

Forms	ARS § 20-357	<ul style="list-style-type: none"> ● Forms must first be filed with the Director before they may be used by the insurer or rate service organization. ● Forms must be numbered in accordance with the NCCI forms numbering rule IV. A company form number may be included on the form; however, a policy form number in accordance with the NCCI rule must also be shown on the form.
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		<ul style="list-style-type: none"> Forms that change the language, other than insurer's name, in approved NCCI forms must be simultaneously submitted to the rating organization (NCCI) for review to ensure that the forms do not conflict with or duplicate any existing NCCI Forms or Rules. The Department will not make a determination on the filing until such time as a "No Objection" letter is received from the NCCI. Since the Director has 30 days in which to approve or disapprove the form; obtaining a review and response from the NCCI is advisable before filing with the Department. The Department will issue its "approval" or "disapproval" electronically via SERFF. If the 30 days elapse and the Director has not approved or disapproved the form(s), the form(s) become effective. ARS § 20-357.
Rate Filings	ARS § 20-357	<ul style="list-style-type: none"> Every insurer shall adhere to the filings made by the rating organization. An insurer may file up to 6 uniform percentage decreases or increases to be applied to the statewide rate portion of the rating organizations rate filing (Deviation) or may adopt a Scheduled rating plan. Insurers may not file changes to a rating organization rule.
Cancellation/Non-renewal	ARS § 23-961(F) AAC R20-5-715(C) AAC R20-5-202(A)(3)	<ul style="list-style-type: none"> The named insured/employer and the Industrial Commission must be given 30 day notice of cancellation or non-renewal by the Insurance Carrier. Insurers seeking to cancel or refuse renewal of aggregate and specific excess insurance policies shall provide 90 days written notice of the proposed cancellation or non-renewal to the other party to the policies and to the Commission. The written notice shall be by registered or certified mail. Failure to provide notice as required by this Section precludes cancellation or non-renewal of the policies. For Self-Insured the excess insurance policy contains a 60-day notice of termination. The policy shall also state, unless otherwise agreed to by the Insurer, that the self-insurer is required to report in writing to the Industrial Commission any notice of termination of the excess WC policy.
Excess Workers' Compensation	AAC R20-5-201 through-1109	<ul style="list-style-type: none"> For any excess workers' compensation policies issued to self-insureds or workers' compensation pools please review Arizona Administrative Code Title 20 Chapter 5 regarding cancellation notification time frames and retention and coverage limit requirements.

<p>Deviations</p>	<p>ARS § 20-359</p>	<ul style="list-style-type: none"> • Any deviation(s) shall be filed with Director for a waiting period of at least thirty days. Rate deviation filings cannot be filed until such time as the NCCI's annual rate filing has been reviewed and acknowledged by the Department. • An insurer may adopt both a rate Deviation and a Schedule rating plan within the same insurance company but may not apply the schedule rating and rate deviation to the same risk. • No other Rate or Rule, other than a Deviation or selection of Schedule rating, is to be included in the Deviation or Schedule rate filing. • All rate Deviation filings shall be simultaneously submitted to the rating organization (NCCI) for review. ARS § 20-359 • AZDeviationFilings@ncci.com
<p>Deviation(s) – Supporting Documentation</p>	<p>ARS § 20-359</p>	<ul style="list-style-type: none"> • If more than one deviation is filed by an insurer, each company's deviation must be supported with the underwriting rules that are based on criteria that would lead to a logical distinction of potential risk. • All Deviation filings shall contain the following supporting actuarial documentation for each company's deviation: <ul style="list-style-type: none"> Actuarial memorandum signed by actuary Current and proposed deviations and proposed effective dates Overview of the rating methodology used Details showing how the deviation is estimated from the various components of the analysis and the rationale for the selected deviation. Company historical expense analysis Calculation of the permissible loss ratio Derivation of profit and contingency provisions and explanatory information regarding calculations including, as applicable, invested/non-invested surplus, return on investment, federal tax rate on investment income, estimated investment earnings on unearned premium reserves and loss reserves, premium to surplus ratio, cost of capital targets, estimated cash flows, types of profit models used, and other key profit model assumptions as applicable. Overall premium impact of filing Indicated rate level change Loss adjustment expense ratio for the filing specifically to Arizona WC for the last 5 recent years on paid and/or incurred loss basis.

		<p>Countrywide experience as applicable to supplement AZ data)</p> <p>Industry data used in the filing</p> <p>List of Company data sources that were used in the filing</p> <p>Credibility considerations, formulas and complements of credibility used (as applicable)</p> <p>Annual written and earned premium for last 5 years and projected for the filing policy period.</p> <p>Loss development factor calculations and supporting data (separately for medical and indemnity if applicable), including basis for loss development selections.</p> <p>Loss, exposure, and premium trend factors, as applicable, including rationale for trend factor selections</p> <p>Premium development factor calculations</p> <p>Rate history</p> <p>Loss and premium on level factor calculations</p> <p>Calculation of ULAE and ALAE loads used in the rates, including supporting analysis of these expenses.</p> <p>Explanation of the treatment of salvage and subrogation</p> <p>Explanation of the treatment of reinsurance costs, as applicable</p> <p>Explanation of the treatment of dividends, as applicable</p> <p>Explanation of the treatment of deductibles</p>
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CERTIFICATION OF COMPANY OFFICER

NOTE: Filer certification must be completed and signed by an officer of the company.

I, _____, certify on behalf of the company that is submitting this filing that I am responsible for the validity, accuracy and completeness of the enclosures in this filing. To the best of my knowledge and belief each form or rate filing included in this filing: 1) conforms to all of the applicable requirements outlined above; 2) contains no provision(s) previously disapproved or required to be corrected and/or revised by the Arizona Department of Insurance and Financial Institutions; 3) does not exceed this company's powers, the authority granted by its state of domicile or its Arizona certificate of authority; and 4) complies with all applicable provisions of state or federal law and orders of the Director of Insurance.

Title: _____

Email: _____

Phone: _____

Date: _____

Company Officer Signature: _____