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Department of Business Regulation

233 Richmond Street
Providence, RI 02903

Insurance Bulletin Number 2005-10

Prior Company Placement

Insurance Regulation 25

The Department of Business Regulation (“Department”) issues this Bulletin to address the prohibition in revised [Insurance Regulation 25](#), Section 7 which states in part; “No insurer shall place an insured into a non-standard tier or company solely based upon prior non-standard placement.”

The Department has found that because of the increased use of company tiering, the line between non-standard and standard or preferred carriers has become much less clear. Therefore, whether a policy was previously written in a standard or non-standard company cannot be determined in an accurate and consistent manner. Thus, while programs that differentiate tiers and/or discounts/surcharges based upon criteria such as "no prior carrier" and the "number of days the prior policy has lapsed" may be appropriate, the use of prior carrier "type" as a rating criterion (i.e., tiering and/or discounts/surcharges) is not appropriate.

Pursuant to [Insurance Bulletins 2005-5](#) and [2005-8](#), insurers are required to review current programs and must bring all rates, rules and policy form filings into compliance with revised Regulations 16a, 25a and 62a to be effective December 31, 2005. Effective December 31, 2005, insurers’ use of prior carrier “type” may no longer be utilized for placement into a non-standard tier or company or used for discount/surcharge programs.

Joseph Torti, III
Associate Director and Superintendent of Insurance
September 16, 2005