



## Ohio Administrative Code Rule 3901-1-22 Risk modification plans.

Effective: November 17, 2022

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### (A) Purpose

The purpose of this rule is to set forth the requirements of risk modification plans that are permitted for non-personal lines insurance to recognize variation in hazard and characteristics of risk.

### (B) Authority

This rule is promulgated pursuant to the authority vested in the superintendent under sections 3901.041 of the Revised Code, which requires the superintendent to adopt, amend, and rescind rules and make adjudications necessary to discharge duties and exercise powers provided to the superintendent under Title XXXIX of the Revised Code, subject to sections 119.01 to 119.13 of the Revised Code. This rule is issued to implement sections 3935.03, 3935.04, 3937.02 and 3937.03 of the Revised Code.

### (C) Definitions

(1) "Risk modification plan" (commonly called a schedule rating plan or an individual risk premium modification plan) means the application of judgment debits or credits to the otherwise applicable premium, which are based upon the individual risk's variation in hazard and characteristics of the risk otherwise not reflected.

(2) "Experience modification plan" means any rating plan or procedure, including a retrospective rating plan wherein a manual rate for insurance is modified based upon the past loss experience of the insured.

(3) "Expense modification plan" means any rating plan or procedure where the variation of the premium for a particular risk corresponds to the variation in the expenses of this particular risk from those contemplated in the manual rate for insurance.



(4) "Personal lines" means a policy of property and casualty insurance issued to a natural person primarily for personal or family protection, such as a personal automobile, homeowners, non-commercial dwelling fire or personal umbrella policy.

(D) Specifications

Every filing for a risk modification plan must contain satisfactory specifications of factors or elements to be applied. The risk modification plan shall not duplicate any factor or element already fully reflected in the basic premium or rates.

(E) Eligibility criteria

Every filing for a risk modification plan shall indicate any eligibility criteria, including, but not limited to, any minimum premium criteria that the insurer utilizes to determine if the risk modification plan should be applied to a particular risk. A risk modification plan must be applied to all eligible risks.

(F) Maximum debit and credit

A limit of twenty-five per cent maximum debit and credit shall be applied to the premium or rate based on the application of a risk modification plan. This limitation does not apply to any debit or credit applied to the premium or rate based on the application of an experience modification plan or an expense modification plan.

(G) Documentation

Each company shall obtain all information necessary to determine the proper application of the risk modification plan to any particular risk. Each company shall maintain adequate supporting information for inspection by the superintendent of insurance, upon request, for a period of not less than three years.

(H) Applicability



This rule is not applicable to any risk written by an insurer in accordance with divisions (F) and (G) of section 3935.04 of the Revised Code. This rule is not applicable for any risk written by an insurer in accordance with divisions (E), (F), and (G) of section 3937.03 of the Revised Code.

(I) Severability

If any paragraph, term or provision of this rule is adjudged invalid for any reason, the judgment shall not affect, impair or invalidate any other paragraph, term or provision of this rule, but the remaining paragraphs, terms or provisions shall be and continue in full force and effect.