



B U L L E T I N

September 22, 2022

Bulletin No. 15-2022

To: NISS Member Companies

Re: Automobile General Instructions Updated

NISS is updating our Automobile Statistical Plans General Instructions to add Gender Neutral Classification Coding and the Household Rating Plan.

These changes apply to new and renewal policies effective October 1, 2022, and subsequent. The coding on the attached pages will be reflected in the 4th Quarter 2022 revisions to the NISS Automobile Volume I and Volume II Statistical Plans.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey R. Patterson", with a long horizontal flourish extending to the right.

Jeffrey R. Patterson
Interim CEO

Attachments

I GENERAL INSTRUCTIONS

- A. METHODS OF COMPILING EXPERIENCE
- B. RECORDING OF STATISTICS
- C. PREPARING AND COMPLETION OF REPORTS OF STATISTICS
- D. REVISIONS TO THE PLAN
- E. REINSURANCE
- F. NUMERIC CODING LIMITATIONS
- G. CLASSIFICATION CODES
 - | 1. COVERAGES DEFINED BY CLASSIFICATION CODES
 - | 2. GENDER NEUTRAL
 - | 3. HOUSEHOLD RATING PLAN
- H. MORE VEHICLES THAN DRIVERS
- I. REPORTABLE BUSINESS

E. REINSURANCE -

The statistics are to be reported for direct business only. Therefore, the reports of statistics shall not include premiums received from or losses paid to other carriers on account of reinsurance assumed by the reporting carrier, nor, shall any deductions be made by the reporting carrier for premiums ceded to or for losses recovered from other carriers on account of reinsurance ceded.

F. NUMERIC CODING LIMITATIONS -

Numeric and alpha coding is allowed according to the instructions in the calls and the coding section of the Statistical Plan. Fields, in the reporting instructions, designated as "Reserved" must contain blanks or zeros only. Data elements which are not used in the rating of a specific risk must contain blanks and zeros only. As an example, if manufacturers model year is used to rate a vehicle the age group field is to contain a blank or zero.

G. CLASSIFICATION CODES -

1. Coverages Defined By Classification Codes

Under this Statistical Plan, various coverages are to be identified by classification codes found in the Miscellaneous Classification Code section as well as the Coverage Codes section. Death and Disability Coverage and Extraordinary Medical Benefit Coverage are prime examples.

2. Gender Neutral

States requiring youthful operators who identify as gender neutral to receive the same rating classification as a youthful female, classification codes should be reported consistent with the rating laws of the state.

If insurers are required to treat gender neutral youthful operators the same way youthful females are treated for purposes of underwriting and rating, then such business should be reported under the "youthful female" classification codes published with this Statistical Plan.

3. Household Rating Plan

To report the auto statistical data, you must first assign the "rated driver". In a standard rating plan, one driver is assigned to an automobile and that is the "rated driver". For the household rating plan, drivers are not assigned to automobiles, so basically all drivers are assigned to all automobiles.

To determine the "rated driver" of each automobile on the household rating plan you must use the rating factors.

The driver generating the highest rating factor for the series of rating categories shall be assigned to the automobile with the highest premium. Each remaining inexperienced driver shall be assigned in the order of highest remaining rating factor to the remaining automobile with the highest premium until all inexperienced drivers are assigned to an automobile.

Any automobiles remaining after assignment of all inexperienced drivers shall be assigned an experienced operator classification.

For example:

If you have a policy with four automobiles, with a father whose factor is 1.05, a mother whose factor is 1.00, a son whose factor is 2.5, and a daughter whose factor is 1.5.

You would use the son's information to assign the class code for the highest rated vehicle on the policy since he has the highest factor. Then, the daughter would be reported on the next highest rated vehicle with the appropriate classification code. The other two vehicles will be classified with experienced auto classifications.

You will select your class plan from the NISS Automobile Statistical Plans based on which states you are reporting, and which class plan best fits the factors that you are using to determine your household factors (Age, Gender, Marital Status, Vehicle Use, etc.).

If you have any questions about assigning the "rated driver" or selecting a class plan, please contact NISS for help.

H. MORE VEHICLES THAN DRIVERS -

For states other than Hawaii, Michigan, Montana, and Pennsylvania, for business written under the Revised 202 Classification Plan, specific rates and rules apply in those cases where there are more vehicles than drivers on a Private Passenger Automobile Policy. Specific 8XXXXX Primary Classification Codes identifying risks classified as "Excess Auto 1" and "Excess Auto 2" appear on page A312.5.

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F. CLASSIFICATION CODES -

1. Coverages Defined by Classification Codes

Under this Statistical Plan, certain coverages are to be identified by classification codes, found in the miscellaneous classification code section, as well as coverage codes found in the coverage codes section. Death and Disability Coverages are prime examples.

2. Gender Neutral

States requiring youthful operators who identify as gender neutral to receive the same rating classification as a youthful female, classification codes should be reported consistent with the rating laws of the state.

If insurers are required to treat gender neutral youthful operators the same way youthful females are treated for purposes of underwriting and rating, then such business should be reported under the "youthful female" classification codes published with this Statistical Plan.

G. REPORTABLE BUSINESS -

Statistics are to be reported by carriers licensed in the state(s) where they are providing coverage. Direct written premiums booked to statutory page 14 of the Annual Statement and corresponding losses are reportable to NISS via coding provided in the Automobile Statistical Plan Volume II.

In some instances, charges added to a loss are not reportable to NISS. These can include, but are not limited to: fines and penalties levied against carriers (e.g., La. Rev. Stat. Ann. § 1402.2.B.) including bad faith claims; as these are amounts of loss having little or no direct correlation to the actual loss sustained under the responding policy/coverage.