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Department of Insurance

FORMS AND RATES BULLETIN 18

PREMIUM SURCHARGES ON HOMEOWNERS POLICIES

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It has come to the attention of the Department that some insurers issuing policies for homeowner's insurance, fire and extended coverage are surcharging the premiums based upon the number of claims incurred on an exposure during a specified period of time. This practice may increase collectable levels of premium without a corresponding increase in loss experience. This will effect the adequacy of present manual rates, rating factors and relativity factors.

Homeowners, fire and extended coverage losses are almost entirely beyond the control of insured. Rates are to be corrected on a geographical basis with due regard for other customary rating elements.

Any insurer utilizing such surcharge programs shall discontinue their use and file revised rates consistent with this bulletin.