



South Carolina Department of Insurance

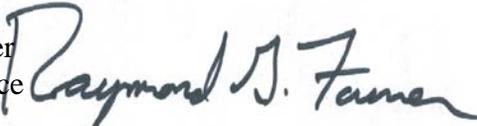
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To: All Insurers and other Persons Conducting Private Passenger Automobile Insurance and Homeowners Insurance Coverage in South Carolina

From: Raymond G. Farmer
Director of Insurance 

Re: Data Call for Statistical Information for Private Passenger Automobile and Homeowners Insurance Coverage

Date: April 25, 2013

Pursuant to South Carolina Code §§ 38-13-160 and 38-73-270, the South Carolina Department of Insurance (Department) requests data for inclusion in an electronic consumer information system, shopper's guide, and other print media. The information obtained from this data call will also be used to develop price comparison tools for consumers shopping for automobile and homeowner's insurance coverage, and property insurance for personal, family, or household needs. It will also assist the Department in providing market assistance to South Carolina consumers through direct consumer contact and via the Department's new website.

Insurers writing private passenger automobile or homeowners insurance coverage will be required to submit information to the Department in accordance with the instructions set forth in this Bulletin. Please see the instructions for calculating the private passenger automobile and homeowners sample rates and the additional information required. Excel files with the record layout to use for the sample rate data file, zip codes, and required additional information are attached.

The data requested must be submitted by May 25, 2013, for rates effective June 1, 2013, and each year thereafter. If you have any questions regarding this data call or the attached instructions, please contact Michael Williams via email at mwilliams@doi.sc.gov or by telephone at 803-737-6166.

GENERAL INSTRUCTIONS

WHO REPORTS DATA

Property and Casualty (P&C) insurers who write new private passenger automobile property and casualty insurance (personal auto) or homeowners property and casualty insurance (residential property) and meet one of the following criteria will be required to submit information to the Department:

- The insurer is in one of the top 25 national groups based on personal auto direct written premiums and has more than \$1 million in personal auto direct written premiums in South Carolina, or
- The insurer is in one of the top 25 national groups based on homeowners direct written premiums and has more than \$1 million in homeowners direct written premiums in South Carolina.

All other P&C insurers have the option to report the requested information and are encouraged to participate.

WHAT DATA TO REPORT

- If an insurer is writing new business in a particular company anywhere in South Carolina, then the insurer shall submit sample rates for new business and for all ZIP codes.
- If an insurer writes renewal business only in a particular company and at some point in the future opens up that company to new business, then the insurer shall submit sample rate data at that time.

HOW TO REPORT DATA TO THE DEPARTMENT

- Insurers shall submit the data in a comma-delimited file according to a record layout provided by the Department as an attachment to these instructions.
- Insurers shall provide additional information including how to contact the company, available discounts, credit scoring information, and overall statewide rate changes via an excel spreadsheet provided by the Department as an attachment to these instructions.

ZIP CODES

- The Department requests data for 539 specific ZIP codes for personal auto liability insurance.
- The Department requests data for 539 specific ZIP codes for residential property (homeowners, condos, and renters) insurance. The Department requests residential property sample rates, including wind coverage, for these 539 ZIP codes. Insurers must

also provide a second set of sample rates, excluding wind coverage, for ZIP codes (included in the 539 total ZIP codes) in Zone 1 and Zone 2, which constitute the territory covered by the South Carolina Wind and Hail Underwriting Association (SCWHUA territory) as defined in South Carolina Order 2007-03. The list of ZIP codes is provided in an Excel spreadsheet attachment with these instructions.

Deadline: Insurers should submit their data by May 25, 2013, for sample rates that will be in effect on June 1, 2013, and each year thereafter.

INSTRUCTIONS FOR CALCULATING PERSONAL AUTO SAMPLE RATE ESTIMATES

Please use the following guidelines when calculating your sample rate information.

- Calculate the annual premium that will be in effect on June 1, 2013, for each profile in each of the ZIP codes provided by the Department.
- If you do not offer an annual policy, multiply the sample rate estimate by the appropriate number to calculate an annual premium. For instance, multiply the sample rate estimate for a six-month policy by 2 to arrive at an annual, or 12-month, sample rate.
- Calculate sample rates based on the policy form your company is most likely to offer new customers.
- The sample rate should include discounts, surcharges, or other rating factors specifically mentioned in the profile categories and variables. Do not include any discounts, surcharges, or other rating factors beyond those applicable to the sample rate profile description.
- If the sample rate for the vehicle includes certain applicable discounts, surcharges, or other rating factors, for example, passive restraints, anti-lock brakes or airbags, then note the applicable discounts, surcharges, or other rating factors on the "Additional Information" form.
- Enter the sample rate for a given profile even if the sample rate does not vary by category or variable. For example, the sample rate for an insurer may be the same for a given profile even though the vehicle differs.
- Enter whole dollars only. Round to the nearest whole dollar, for instance, enter 450 for 450.35.
- Do not use commas in any numeric values submitted; enter 1000, not 1,000.

The profile categories and variables provided are not exhaustive. It is understood that your company may need to use other rating factors not mentioned when calculating the sample rates. If you have a question regarding the applicability of a rating variable not specifically mentioned

or implicit in the profile description, please contact the Department for further instruction. The Department's contact information is found on page 14. In addition, please review the Frequently Asked Questions (FAQs) on page 5.

PERSONAL AUTO SAMPLE PROFILE CATEGORIES, VARIABLES, AND DEFINITIONS

The following categories and variables within each category will be used to develop sample rates:

- **Vehicle make, model, year, and VIN (2 variables)**
 1. 2011 Toyota Camry four-door sedan, 2.5 liter/4 cylinder engine
VIN: 4T1BF3EK&B
 1. 2011 Ford F-150 truck, regular cab, 4x2, 4.6 liter/8 cylinder engine
VIN: 1 FT&F1CF&B

- **Marital status (2 variables)**
 1. Single
 2. Married

- **Gender (2 variables)**
 1. Male
 2. Female

- **Age (3 variables)**
 1. 18 years old
 2. 30 years old
 3. 65 years old

- **Limits of coverage (3 variables)**
 1. 25/50/25 (effective January 1, 2007)
 2. 50/100/50
 3. 100/300/100

- **Use of vehicle (2 variables)**
 1. Drive car 10,000 miles per year and/or primarily for pleasure
 2. Drive car 18,000 miles per year and/or primarily to/from work

- **Credit score (3 variables)**
 1. Below average risk
 2. Average risk
 3. Above average risk

- **Driving record (3 variables)**
 1. One at-fault accident in prior 36 months
 2. One speeding ticket in prior 36 months

3. No violations

Definitions:

1. *Vehicle make, model, year, and Vehicle Identification Number (VIN):* means the vehicle's make, model, year, and VIN to be used in rating.
2. *Marital Status:* means whether the driver is single or married.
3. *Gender:* means whether the driver is male or female.
4. *Age:* means the age of the rated driver.
5. *Limits of coverage:* means the limits for liability coverage. As of January 1, 2007, the limits of 25/50/25 are the minimum financial responsibility limits. The limits of 50/100/50 and 100/300/100 represent commonly purchased higher limits. If you are not currently offering a particular limit, then leave the field for that profile blank on the data file. See S.C. Code Ann. § 38-77-140 (2002).
6. *Use of vehicle:* means vehicle usage.
7. *Credit score:* means the credit score rate or relativity used to rate the policy. From the range of rates or relativities used to rate the policy in relation to the use of credit, the average risk should be the middle rate. The "below average risk" should be the middle rate of the rates lower than the "average risk" rate. The "above average risk" rate should be the middle rate of the rates higher than the "average risk" rate.

Example: If there are 9 rate levels associated with credit scoring, the middle rate level "rate level 5" would be used for the average risk. "Rate level 3" would be used for the below average risk, and "rate level 7" would be used for the above average risk. If there are 10 rate levels, select the same "rate levels." That is, rate level 5 is the average risk, rate level 3 is the below average risk, and rate level 7 is the above average risk. (For illustration purposes, the rate relativities might be 0.90. for rate level 3, 1.00 for rate level 5 and 1.10 for rate level 7).

8. *Driving record:* means the type of violation, if any, to use in rating. "No violations" means no tickets, accidents, or claims in prior 36 months.

PERSONAL AUTO SAMPLE RATE FAQS

1. **Question: Does South Carolina include motorcycles and motor homes within the scope of personal automobile insurance?**

Answer: Yes, but motorcycles and motor homes are not within the scope of the personal auto sample rates being requested. The Department is requesting sample rates for an automobile and a truck.

2. **Question: For the personal auto sample rates, are there specific UIMBI, UIMPD, PIP, Medical Payments, Comprehensive, or Collision amounts that should be used when rating the requested scenarios?**

Answer: No. For the personal auto sample rates, the Department is requesting only bodily injury (BI), property damage (PD), uninsured motorist bodily injury (UMBI), and uninsured motorist property damage (UMPD) coverages. Sample rates for other auto coverages are not required.

3. **Question: For the auto sample rates, should companies submit separate records for the car and the truck?**

Answer: Please submit a data file for the car and a separate data file for the truck. Please designate File Type as A =auto and File Subtype as C =car or T =truck. Also please follow the file naming convention explained on page 13 -Instructions to Prepare the Sample Rate Data File.

4. **Question: My company uses credit score in combination with other factors to rate a policy. What should I do?**

Answer: The Department understands that many companies use credit score as just one of several attributes in overall tier selection. In other words, they define "risk" as the full set of attributes, not just the credit score. However, the data call instructions are to provide a rate for an above average, average, and below average credit score risk as defined above. Therefore, it is understood that each insurer may need to exercise some tier selection judgment in order to comply.

INSTRUCTIONS FOR CALCULATING RESIDENTIAL PROPERTY SAMPLE RATE ESTIMATES

Please use the following guidelines when calculating your sample rate information.

- If more than one fire protection class exists for a ZIP code, use the highest rated fire protection class.
- Calculate the annual premium that will be in effect on June 1, 2013, for each profile in each of the ZIP codes provided by the Department.
- If you do not offer an annual policy, multiply the sample rate estimate by the appropriate number to calculate an annual premium. For instance, multiply the sample rate estimate for a six-month policy by 2 to arrive at an annual, or 12-month, sample rate.
- Calculate sample rates based on the policy form your company is most likely to offer new customers.
- The sample rate should include discounts, surcharges, or other rating factors specifically

mentioned in the profile categories and variables. Do not include any discounts, surcharges, or other rating factors beyond those applicable to the sample rate profile description.

- Enter the sample rate for a given profile even if the sample rate does not vary by category or variable. For example, the sample rate for an insurer may be the same for a given profile even though the type of construction differs.
- Enter whole dollars only. Round to the nearest whole dollar, for instance, enter 450 for 450.35.
- Do not use commas in any numeric values submitted; enter 1000, not 1,000.

Additional guidelines for calculating residential property sample rates:

- Contents coverage:
Coverage for contents is usually a fixed percentage of the dwelling coverage. Different companies have different percentages as part of their base policy. No additional amounts of coverage should be used in calculating the sample rates. Use the amount of coverage provided by the policy without upgrading for additional coverage. This amount of coverage should be reported in the "Additional Information" form.
- Replacement cost on contents:
Replacement cost on contents should be assumed in calculating the sample rates.
- Deductible clause 1 (Wind/Hurricane):
Use a 1 percent wind/hurricane deductible for all counties with the exception of the 8 coastal counties listed below. For those 8 coastal counties, use a 2 percent wind/hurricane deductible.
 - If there is a separate hurricane deductible, use the wind deductible amount. If these percentage deductibles are not applicable to your company, use the closest dollar amount to a 1 or 2 percent deductible given the coverage amount. Note the deductible amount used if different from the instructions in the "Additional Information" form.
 - Coastal Counties: Horry, Georgetown, Charleston, Colleton, Beaufort, Jasper, Berkeley, and Dorchester.
- Deductible clause 2 (Other than Wind):
Use a \$1,000 other than wind deductible for all counties. If a \$1,000 deductible is not applicable to your company, use the closest dollar amount to \$1,000 given the coverage amount. Note the deductible amount used if different from the instructions in the "Additional Information" form.
- Wind coverage:
Provide sample rates that include wind coverage for the 539 homeowners ZIP codes.

Provide a second set of sample rates that excludes wind coverage for the ZIP codes in Zone 1 and Zone 2 of the SCWHUA territory.

- Insurance to value:
Assume the insurance to value equals 100 percent.

The profile categories and variables provided are not exhaustive. It is understood that your company may need to use other rating factors not mentioned when calculating the sample rates. If you have a question regarding the applicability of a rating variable not specifically mentioned or implicit in the profile description, please contact the Department for further instruction. The Department's contact information is found on page 14. In addition, please review the FAQs on page 10.

RESIDENTIAL PROPERTY SAMPLE PROFILE CATEGORIES, VARIABLES, AND DEFINITIONS

The following categories and variables within each category will be used to develop sample rates:

- **Coverage type (3 variables)**
 1. Homeowners
 2. Condominium-unit owners
 3. Renters

- **Type construction (3 variables)**
 1. Frame
 2. Masonry
 3. Masonry veneer

- **Credit score (3 variables)**
 1. Below average risk
 2. Average risk
 3. Above average risk

- **Coverage amount**
 - Homeowners (4 variables)
 1. \$75,000
 2. \$150,000
 3. \$200,000
 4. \$350,000
 - Condominium-unit owners (2 variables)
 1. \$50,000
 2. \$100,000
 - Renters (1 variable)
 1. \$25,000

- **Age of home (Homeowners policies only, 3 variables)**
 1. One (1) year old
 2. Ten (10) years old
 3. Thirty-five (35) years old

- **Claim history**
 1. Claim-free in prior 5 years
 2. One fire loss in prior 3 years

Definitions:

1. *Coverage type*: means whether the coverage is for a homeowner, condominium-unit, or renters policy. Identify the policy form used by the company that is most likely offered new customers.

2. *Type of construction*: means whether the type of construction is frame, masonry, or masonry veneer.
 - Frame Construction: Frame construction consists of outer walls of frame; iron clad; sheet aluminum or aluminum siding on wood; composition siding; and asphalt covered fiberboard.
 - Masonry Construction: Exterior walls constructed of masonry material (such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile, or similar construction), disregarding floors resting directly on the ground.
 - Masonry Veneer Construction: Brick veneer construction consists of outer walls of brick veneer or stone-veneer.

3. *Credit score*: means the credit score rate or relativity used to rate the policy. From the range of rates or relativities used to rate the policy in relation to the use of credit, the average risk should be the middle rate. The "below average risk" should be the middle rate of the rates lower than the "average risk" rate. The "above average risk" rate should be the middle rate of the rates higher than the "average risk" rate. For example, if there are 9 rate levels associated with credit scoring, the middle rate level, "rate level 5," would be used for the average risk. "Rate level 3" would be used for the below average risk, and "rate level 7" would be used for the above average risk. If there are 10 rate levels, select the same "rate levels." That is, rate level 5 is the average risk, rate level 3 is the below average risk, and rate level 7 is the above average risk. (For illustration purposes, the rate relativities might be 0.90 rate level 3, 1.00 for rate level 5, and 1.10 for rate level 7.)

4. *Coverage amount*: means the coverage amount used to rate the profile. For homeowners policies, this is the coverage amount for the dwelling. For condominium-unit owner and renters policies, this refers to the coverage amount for personal property.

5. *Age of home*: means the age of home. The age of home variable is used to determine the applicable rating factor.

6. *Claim history*: means whether there is a claim, and if so, the type of loss, for use in rating.

RESIDENTIAL PROPERTY SAMPLE RATE FAQs

1. **Question: If, for instance, a company accepts a minimum Coverage C limit of \$30,000 on a tenant's policy, can we instead rate a \$30,000 Coverage C policy in lieu of the \$25,000 Coverage C called for in the rating samples?**

Answer: If your rating plan has a rate for the \$25,000 coverage, then report that rate. If your rating plan does not have a rate for the \$25,000 coverage, then leave the particular field blank because there is nothing applicable to report. A company must report a "record" for each representative ZIP code for this data call. However, the field where the premium is reported may be empty if the company does not have a rate for a particular coverage specified in the instructions.

2. **Question: If a company does not offer wind/hail exclusion for HO 00 04 and HO 00 06, in the second set of samples required, should they input zeroes or handle another way?**

Answer: A company should report a "record" for each representative ZIP code for this data call. However, the field where the premium is reported may be empty if the company does not have a rate for a particular coverage specified in the instructions. If the company does not offer wind/hail exclusion in Zone 1 and Zone 2 of the SCWHUA territory, then the fields where the premium is reported for these profiles will be empty; do not enter zeroes.

3. **Question: My company uses credit score in combination with other factors to rate a policy. What should I do?**

Answer: The Department understands that many companies use credit score as just one of several attributes in overall tier selection; in other words, they define "risk" as the full set of attributes, not just the credit score. However, the data call instructions are to rate to the above average, average, and below average credit score. Insurers should only look at the credit score.

INSTRUCTIONS FOR PREPARING THE SAMPLE RATE DATA FILE

GENERAL INSTRUCTIONS

- Use the record layout in the Excel spreadsheet attachment included in the data call to submit the sample rates. The Excel spreadsheet also includes the ZIP code/county tables for the personal auto, residential property including wind, and residential property excluding wind sample rates. Please see examples shown below.
- A company must report a "record" for each representative ZIP code for this data call. However, the field where the sample rate is reported may be empty if the company does

not have a rate for a particular coverage or profile specified in the instructions.

- Use comma-delimited fields in the data file.
- Because the data file will be in a comma-delimited format, do not use commas in any data elements. For example, enter 1000 not 1,000.
- Use multiple spreadsheets. Save the spreadsheets individually as comma-separated value (CSV) files. Open a blank worksheet. Import the first CSV file into cell A1 of the worksheet, specifying a delimiter of something other than a comma (e.g., a semicolon). Import the second CSV file into cell B1 in the same manner, and so on. Save the spreadsheet as a CSV file. Use a text editor (e.g., Notepad) to remove the resultant double quotes (using Replace All).

DEFINITIONS

1. *Record*: Includes the sample rate data for one ZIP/county combination. A new record begins with the company's SCDOI number.
2. *SCDOI Number*: Use the company's six-digit SC Company Code, which can be found at the following location: <https://online.doi.sc.gov/Eng/Public/Queries/CoLicSrch.aspx>
3. *File Type*: Submit personal auto sample rates and residential property sample rates in separate files. Designate file type by A = auto or R = residential.
4. *File Subtype*:
 - For personal auto, submit a file with sample rates for a car and a truck. Designate subtype as follows: C = car or T = truck.
 - For residential property, submit a file with sample rates including wind coverage for the 539 representative ZIP codes, and a second file with sample rates excluding wind for the 8 coastal counties. Designate subtype as follows: I = Including wind or E = Excluding wind.
5. *Effective Date*: Include the effective date of the sample rates in YYYYMMDD format, for example, **20130601 for June 1, 2013**.
6. *ZIP Code*: Refers to the representative ZIP code designated by the Department; see Excel spreadsheet tables included in this data call. If there is one (1) representative ZIP code located in two counties, then submit rates for both ZIP/county combinations as shown in the record layout Excel spreadsheet.
7. *County Code*: See ZIP code/county name/county code table in Excel spreadsheet. South Carolina has 46 counties and each county has a name and a code. Be sure to use the ZIP/county/county code table provided by the Department; the position of each ZIP/county combination is critical to ensure that a company's sample rate data loads successfully into the Department database.

8. *Profile Values*: The remainder of the Department record layout file includes the profile descriptions. Use the description to calculate the sample rate, and display the sample rate value for each profile in the company's data file.
9. *Total*: Include a total for all the profile values as a "check sum" at the end of each record. The Department will use this value in the data validation check.

In summary, the record layout includes these fields:

1. SCDOI Number
2. File Type (R=Residential or A=Auto)
3. File Subtype (I=Including Wind or E=Excluding Wind)
4. Effective Date
5. ZIP Code
6. County Code
7. Profile 1 value -Example: homeowners; frame; below average; 75000; 1; 0
8. Profile 2 value -Example: homeowners; frame; below average; 75000; 10; 0
9. Profile 3 value -Example: homeowners; frame; below average; 75000; 35; 0
10. Etc.

Last Total = Total of all the profile values.

Examples of records:

- SCDOI#, File Type, File Subtype, date, ZIP1, County, profile 1 value, profile 2 value, profile 3 value, ...,total1
- SCDOI#, File Type, File Subtype, date, ZIP2, County, profile 1 value, profile 2 value, profile 3 value, ...,total2
- SCDOI#, File Type, File Subtype, date, ZIP3, County, profile 1 value, profile 2 value, profile 3 value, ...,total3

File Naming Convention:

Please use this naming convention for the data files: SCDOI#-Line-Sub Line-Date.txt

- **SCDOI#** is 6 digits, left-padded with zeroes

- **Line** is "R" for Residential/homeowners and "A" for Auto
- **Sub Lines** for Auto are "C" for Car and "T" for Truck
- **Sub Lines** for Residential/homeowners are "I" for Including Wind and "E" for Excluding Wind (Coastal ZIPs only)
- **Date** is the effective date of the rates in YYYYMMDD format.

Personal Auto example: for a company with SCDOI# 123456: 0123456-A-C-20130601.txt

Homeowners example: for a company with SCDOI# 987654: 0987654-R-I-20130601.txt

SAMPLE RATE DATA FILE FAQS

1. **Question: In the record layout Excel spreadsheet, are the profiles specified in each row intended to be column or row headings?**

Answer: The items in column B of the record layout Excel file (Department Data Call Record Layout Instructions 2013) are intended to be column headings. The record layout is a guide or template to develop the sample rates for each of the 539 ZIP codes; please do not submit the data in an Excel spreadsheet.

2. **Question: Should the ZIP code and county be listed in the output file?**

Answer: Yes. Each record in the data file includes the sample rates for one ZIP/county combination. A record begins with the company's SCDOI Number, followed by the File Type, then File Subtype, then Effective Date, then ZIP Code, then County Code. South Carolina county names and codes are listed with the ZIP codes in the tabs labeled "Selected ZIPs" in the Department Data Call Record Layout Instructions 2013 file. Be sure to use the ZIP/county/county code table provided by the Department; the position of each ZIP/county combination is critical to ensure that a company's sample rate data loads successfully into Department's database.

3. **Question: If a ZIP code returns two or more territory codes in my company's system, how should this be reported?**

Answer: This example assumes that a company has a ZIP code that is subdivided within a county, for example, two cities within the same ZIP code/within the same county have different rates. In this case, the company should select the portion of the ZIP code with the majority or the highest percentage of the business written for the company.

4. **Question: What goes in the field at the end of the record for the "Total"?**

Answer: In this field, please enter a total for all the "premium" values in the record. The Department will use it as a "check sum" field to verify that all the data in a

record was received and loaded correctly.

5. Question: I'd like to send the Department a sample rate test file. How do I do this?

Answer: The Department is happy to review sample rate test files. Please submit the data in a zipped (compressed) comma-delimited .txt file. Important: Please do not submit Excel spreadsheet files. The record layout is provided in Excel as a template to follow when calculating the sample rate estimates and programming the data file. Add the word "TEST" to the name of the file -for example: 0123456-A-C-20130601-TEST.txt.

6. Question: Are there any guidelines regarding rate changes and updating the data call? We are planning a rate change for late 2013 and want to be prepared to provide the updated data.

Answer: The data call must be submitted by May 25, 2013 for rates effective June 1, 2013, and each year thereafter. If a company is planning to change rates after the annual data call deadline, then the company may either provide their updated rates when they are effective or wait until the next annual data call deadline.

ATTACHMENTS

[Record Layout Instructions Spreadsheet](#)

[Additional Information 2013 - Auto](#)

[Additional Information 2013 - Property](#)

QUESTIONS

Any questions regarding the data collection instructions should be directed to Michael Williams via e-mail at mwilliams@doi.sc.gov or 803-737-6166.