

RULES – FILED AND APPROVED

MAY 9, 2019

GENERAL LIABILITY

LI-GL-2019-134

## WASHINGTON GENERAL LIABILITY UPDATED ZIP CODE TERRITORY DEFINITIONS AND REVISED RULE A3. FILED AND APPROVED

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### KEY MESSAGE

Enclosed are revisions to:

- Washington territory definitions reflecting USPS ZIP code changes through October 2018 and;
- CLM Division Six – General Liability Rule A3.

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### ISO ACTION

We filed GL-2019-OZC1 in Washington. This rule filing:

- Presents revisions to Premises and Operations and Liquor Liability rating territory definitions, located in Territory Definitions Tables of CLM Division Six – General Liability, that result from United States Postal Service (USPS) ZIP code changes through **October 2018**.
- Revises the date in Paragraph B.2. of Rule A3. Rating Territories for Premises And Operations (Subline Code 334) and Liquor Liability (Subline Code 332) to **November 1, 2018**. This date recognizes that the USPS ZIP code changes through August 2016 are reflected in the ZIP code-based territory definitions.

Refer to the attachment for complete details.

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### INSURANCE DEPARTMENT ACTION

The Insurance Department has approved this revision as filed.

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### EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after October 1, 2019.

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## COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number GL-2019-OZC1, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

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## RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

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## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2018-044](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 10-19 (or the earliest possible subsequent date), along with any new and/or revised manual pages

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## REFERENCE(S)

[LI-CL-2018-044](#) (11/27/2018) Revised Lead Time Requirements Listing

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## ATTACHMENT(S)

Filing [GL-2019-OZC1](#)

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## DATA QUALITY STATEMENT

Statistical plan data reported to ISO is first processed through a system of rigorous automated data verification procedures so that only valid data would be used for ratemaking. Subsequent to this initial data submission review, additional analyses on the statistical plan data involving an even more customized data review for this line was performed by staff. During these processes, various data records were excluded from the review. The ISO staff responsible for this circular also reviewed the data for reasonableness.

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## ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

The American Academy of Actuaries' "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" requires that an actuary issuing a Statement of Actuarial Opinion should include an acknowledgment with the opinion that he/she has met the qualification standards of the AAA. ISO considers this rules filing a Statement of Actuarial Opinion; therefore we are including the following acknowledgment:

I, David Terné, am a Managing Director of Strategic Actuarial Operations for ISO and I, Timothy J. McCarthy, am an Actuarial Product Director for Commercial Liability for ISO. We are jointly responsible for the content of this Statement of Actuarial Opinion. We are both members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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## CONTACT INFORMATION

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WASHINGTON  
GENERAL LIABILITY  
ZIP CODE-BASED TERRITORY DEFINITIONS UPDATED  
FILING GL-2019-OZC1  
EXECUTIVE SUMMARY

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**PURPOSE** This filing revises ISO territory boundaries to be concurrent with United States Postal Service (USPS) ZIP Code boundaries in effect through October 2018, while the prior filing GL-2017-RZIP1, was through August 2016.

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**BACKGROUND** Washington filing GL-2007-RZPWA, which became effective December 1, 2007, revised Rule A3 of Division Six of the Commercial Lines Manual in response to Washington Administrative Code § 284-24-110, "Effect of Changes to ZIP Code Boundaries". Filing GL-2007-RZPWA also updated ISO territory boundaries to be concurrent with USPS ZIP Code boundaries in effect through May 2006. Subsequent filings have updated the territories to reflect more recent ZIP Codes.

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**COMPANY DECISION** We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the material herein are appropriate for its use. We have included within this document the information upon which ISO relied in order to make such independent judgments.

Some revisions included in this document involve areas of ISO staff judgment. Each company should carefully review and evaluate its own experience in order to determine whether the revised procedures are appropriate for its use.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

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GENERAL LIABILITY  
ZIP CODE-BASED TERRITORY DEFINITIONS UPDATED

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## EXPLANATION OF CHANGES

Rule A3 of Division Six of the Commercial Lines Manual is being revised as shown on page A-3 to identify the date through which the ZIP Codes in the Washington Territory Definitions Table are up-to-date.

The Washington Territory Definitions Tables are being editorially revised to reflect the ZIP Code changes listed in Section B. These changes are editorial because the boundaries of these ZIP Codes do not form the physical boundaries of any ISO territory.

## ADDITIONAL RULE

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### **RULE A3. RATING TERRITORIES FOR PREMISES AND OPERATIONS (Subline Code 334) AND LIQUOR LIABILITY (Subline Code 332)**

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- A. The state company rates/ISO loss costs display loss costs by territory.
- B. A rating territory is a geographical area defined in terms of U.S. Postal Service (USPS) ZIP Codes, as shown in the Territory Definitions.
1. Determine the applicable rating territory based on the ZIP Code of the location of insured risk. If the ZIP Code of the mailing address differs from the ZIP Code of the location of insured risk, use the ZIP Code of the location of insured risk to assign the rating territory.
  2. In accordance with Washington insurance regulations, (1) an insured's rates shall not be changed solely because the United States Postal Service (USPS) changes the insured's ZIP Code; and (2) the physical boundaries of a rating territory shall be determined by the ZIP Code boundaries in effect when the insurer made a rate filing defining the territory. Territory boundaries can be changed only by the insurer's subsequent rate filings.

ISO territory boundaries in Washington are concurrent with USPS ZIP Code boundaries in effect as of ~~September 1, 2016~~ November 1, 2018. If the USPS introduces a new ZIP Code or realigns a ZIP Code boundary after ~~September 1, 2016~~ November 1, 2018, assign the rating territory based on the ZIP Code boundary that formerly applied to the location of the insured risk before the USPS changed the ZIP Code.

## WASHINGTON ZIP CODE-BASED TERRITORY MAINTENANCE PROCEDURE

These procedures have been developed in response to the requirements of Washington Administrative Code §WAC 284-24-110. They will be used in developing future updates of subline 332 and 334 territory definitions to be concurrent with ZIP Code changes by the United States Postal Service (USPS).

1. ZIPMove is the official USPS source for information about ZIP Code realignments. ISO staff will review ZIPMove annually to identify ZIP Code changes that have occurred since our prior review. Other ZIP Code information sources may also be used for this review.
2. ZIP Code changes will be evaluated for impact on ISO territory boundaries and will be categorized as either:
  - ZIP Code changes WITH territory boundary impact; these are ZIP Codes that form the physical boundary of an ISO territory boundary;
  - ZIP Code changes with NO territory boundary impact; these are ZIP Codes that are not located on an ISO territory boundary.
3. For ZIP Code changes WITH territory boundary impact:
  - appropriate filing action will be taken to update ISO territory boundaries in response to these ZIP Code changes; these filings will be coordinated with ISO loss cost experience review filings;
  - upon approval of the territory update filing, Rule A3 and the Territory Definitions page will be updated to display the date of the latest USPS ZIP Code boundary information used in our territory update filing.
4. For ZIP Code changes with NO territory boundary impact:
  - the Territory Definitions Tables will be editorially revised to reflect any ZIP Code updates that do not have territory boundary impact.
5. Circulars notifying insurers of the results of our ZIP Code review will be released annually, either in conjunction with a filing if territory boundaries have changed, or as an informational circular if only editorial changes are necessary.

## WASHINGTON ZIP CODE-BASED TERRITORY MAINTENANCE PROCEDURE (continued)

### Explanatory Notes

- Effective Date of USPS Changes

ZIPMove does not specify an effective date for the ZIP Code revisions. Instead, according to the USPS:

1. the date on which a ZIP Code realignment is entered into the USPS Address Management System database is the "transaction date" provided in ZIPMove;
2. a ZIP Code realignment goes into effect as of its transaction date;

therefore, ISO staff will use the transaction date in our analysis of the impact of future ZIP Code changes.

- Presentation of ZIP Code Information in ISO Documents

A ZIP Code realignment means one ZIP Code loses some addresses and another ZIP Code gains those addresses. ZIPMove lists both the losing and gaining ZIP Codes and the realigned street address range (e.g., 100-200 East 22nd St.); in ISO documents, ZIP Code changes will be presented in terms of the ZIP Code that gains addresses; i.e., the ZIP Code that is expanding.

- Split ZIP Codes

In some cases a ZIP Code is split into two ZIP Codes without changing the boundary (i.e., the geographic area) of the original ZIP Code; such changes will not affect the physical boundary of an ISO territory and will, therefore, be handled like other ZIP Code changes with no territory boundary impact.

- ZIPMove Information

More information about the USPS ZIPMove product can be found in the Address Information System Products page at [https://ribbs.usps.gov/index.cfm?page=address\\_info\\_systems](https://ribbs.usps.gov/index.cfm?page=address_info_systems).

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ZIP CODE-BASED TERRITORY DEFINITIONS UPDATED

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## ZIP CODE CHANGES WITH TERRITORY BOUNDARY IMPACT

There were no changes that resulted in an address being moved from one territory to another; that is, there were no changes that had an impact on the existing territory boundaries.

## ZIP CODE CHANGES WITH NO TERRITORY BOUNDARY IMPACT

The editorial changes listed in the section that follows will be made to the Territory Definitions Tables in Division Six of the Commercial Lines Manual.

### Deleted Boundary ZIP Codes

<u>State</u>	<u>Deleted Boundary ZIP Code</u>	<u>Went Mostly To</u>
WA	99107	99141