

LOSS COSTS – IMPLEMENTATION

OCTOBER 9, 2020

COMMERCIAL PROPERTY

LI-CF-2020-099

KENTUCKY COMMERCIAL FIRE AND ALLIED LINES ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED

KEY MESSAGE

Revised advisory prospective loss costs reflecting a statewide loss cost level change of -1.9% have been acknowledged.

BACKGROUND

In circular [LI-CF-2020-096](#), we advised you that we submitted filing CF-2020-RLA1 to the Insurance Department.

INSURANCE DEPARTMENT ACTION

The Insurance Department has acknowledged this revision as filed.

EFFECTIVE DATE

We do not establish an effective date for Commercial Fire and Allied Lines loss cost revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of May 1, 2021, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in referenced circular [LI-CF-2020-096](#).

COMPANY ACTION

You must independently determine the final rates you will use and the effective date of any rate change. If you decide to use our prospective loss costs to revise your rates, you are NOT required to file anything with the Insurance Department.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Filing Number [CF-2020-RLA1](#), NOT this circular number.

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

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-2019-057](#) 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.

REVISION DISTRIBUTION INFORMATION

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 5-21 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

- **ProMetrix**

Revised loss costs for specifically rated and class-rated properties contained in ProMetrix will be displayed as "Pending" beginning on November 9, 2020. On May 1, 2021, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information in ProMetrix will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

- **Toll-free Telephone Service**

Revised loss costs for specifically rated and class-rated properties will be available by calling toll-free 1-800-444-4554 and requesting "Pending" from November 9, 2020 to May 1, 2021. On May 1, 2021, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information available via toll-free telephone service will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

NOTE: Specific property information is provided for Basic Group I and Basic Group II in this state. However, the eligibility criteria for Basic Group I and Basic Group II are independent and, therefore, an individual property may be eligible for Basic Group I and/or Basic Group II specific rating.

REFERENCE(S)

- [LI-CF-2020-096](#) (10/05/2020) Kentucky Commercial Fire And Allied Lines Advisory Prospective Loss Cost Revision Filed; Exhibits Newly Presented In Excel
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

CONTACT INFORMATION

If you have any questions concerning:

- The actuarial content of this circular, please contact:
Aleksandr Chertok
Actuarial Operations
201-469-2744
Aleksandr.Chertok@verisk.com
propertyactuarial@verisk.com
- The non-actuarial content of this circular, please contact:
Alexander Esau
Production Operations, Compliance and Product Services
201-469-2717
productionoperations@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at www.verisk.com/iso. To keep abreast of the latest Insurance Lines Services updates, view www.verisk.com/ils.