

COMMON CAUSES OF REVIEW DELAYS FOR PROPERTY & CASUALTY SUBMISSIONS

The following is a list of "common causes" of omissions and/or filing errors which, in our observation, cause the majority of processing delays. For more details, please review a comprehensive exhibit of filing requirements by product line.

REGARDING FORM, RATE AND RULE FILINGS

Certification

Filers must certify using the following language that the filing has been properly completed and is in compliance with all applicable Vermont Laws, regulations and policies:

Certification Statement: "I CERTIFY THAT THE ATTACHED FILING HAS BEEN COMPLETED IN ACCORDANCE WITH VERMONT REGULATION I-2010-03 AND IS IN COMPLIANCE WITH ALL APPLICABLE VERMONT LAWS AND REGULATIONS."

Filing Fee

Each rate, rule and form filing (or any combination) must be accompanied by a non-refundable fee of \$50.00 or the retaliatory fee whichever is greater. For rating, advisory or service organizations a non-refundable fee of \$150.00.

Vermont requires the Fee Calculation Explanation on the "Filing Fees" tab to be completed. It must show the following:

1. The name of each company (if there is more than one)
2. The state of domicile for each company
3. What the state of domicile charges for a filing fee versus Vermont's filing fee

If the Fee Calculation does not have this information then the filing will be disapproved and an objection letter will be sent. Please also review Vermont's General Instructions.

REGARDING FORMS

Vermont State Amendatory Endorsements

New or updated State Amendatory endorsements must be included with any policy or coverage part filing.

Side-By-Side" Comparison

Each "Prior Approval" or "File and Use" filing submission must be accompanied by a side-by-side comparison. per Regulation I-2010-03.

ISO Adoptions / Non-Adoption

ISO Adoptions requests must be accompanied by the appropriate ISO circular letter or Executive Summary.

Non-Adoptions should provide specific information about the nature of the non-adoption and the ISO effective date, which in turn becomes the non-adoption effective date.

You cannot Adopt an ISO filing prior to the ISO effective date.

Cancellation / Non-Renewal

Notice of cancellation, notice of non-renewal and renewal must comply with Title 8, § 3879-3883, 4223-4225 and 4711-4715 inclusive, effective September 1, 1990.

Indemnity" Insuring Agreement Wording

We require liability policies to be written on a "pay on behalf of" rather than an "indemnification" basis, per Title 8, § 4203.

Pollution

Pollution liability may not be excluded in Vermont except by Individual Risk Filing where a known hazard exists, per Bulletin 111.

Uninsured / Underinsured Motorists

Uninsured/Underinsured Motorists coverage must be provided for every policy providing motor vehicle liability coverage in Vermont, per Title 23, § 941.

Binding Arbitration

Binding arbitration is not permitted if the process can be demanded unilaterally, as it may deprive the insured of access to the court. Binding arbitration is approvable only if both parties agree to the arbitration process.

Defense Within Limits

We do not allow defense within limits. It is potentially misleading and deceptive, since a verdict against

the Insured may find the limits too impaired by defense expense to pay the judgment to the injured party. We are, however, willing to consider a separate limit for defense which is equal to the liability limit.

Fraud

If an Insured obtains a policy through fraud or material misrepresentation, that policy may be voided. See 8 V.S.A. § 4205; see also *McAllister v. AVEMCO Insurance Co.*, 148 Vt. 110 (1987). For fraud or material misrepresentation in the presentation of a claim, the company may only deny the claim on that basis, but has grounds for cancellation under the statutory provisions of Title 8, § 3879, § 4223 and § 4711.”

Claims Made - Extended Reporting Periods

Extended reporting periods must reinstate the limit or have a separate limit of liability equal to that of the expired policy. Also, any Optional Extended Reporting Period must begin when elected, rather than at the end of the "Basic" ERP.

Type Size

A minimum 10 point type size requirement, per Regulation I-2010-03.

Readability

Readability must be at a minimum of 40 on the Flesch scale, per Regulation I-2010-03.

Named Insureds

As of 1/1/01, parties to a Civil Union under Vermont law need to be recognized as insureds. See Regulation 2000-01-1H and Bulletin 127 for options.

With respect to motor vehicle liability, we do not allow any intra-insured or intra-family exclusions.

Alcohol/Drugs

Exclusion not permitted. Department requirement Acts committed under the influence of alcohol may not be excluded. Acts committed under the influence of drugs must be limited to illegal drugs or legal drugs used illegally.

Lead / Lead Paint

Lead exclusions are not allowed in primary Liability policies.

Asbestos

May not be excluded. The Department does not allow asbestos exclusions on primary policies except by means of an Individual Risk "Consent to Rate" filing which is approvable only when there is a documented exposure to asbestos.

Disclosure

The insured must be given written notice whenever a coverage has been modified or eliminated, per our Disclosure Regulation 78-1 (1).

RATES

General

Rating guidelines and methodology must be provided, per Title 8, section 4688. We will accept the CLM Classification Table, as filed, by you and other insurers.

"a" Rates

For (a) rate filings, please also furnish your rating guidelines and methodology. It is not acceptable to simply indicate that "(a) rating applies" or to state "refer to company", per Title 8, § 4688 (a).

Loss Costs

For instructions and forms needed for loss cost filings, please see Bulletin 99. With respect to changes in company loss cost multipliers, please provide documentation and explanation for the reasons for a change.

Classes

We do not recognize any class of insurance as being exempt from rate and rule filing requirements, per Regulation I-2010-03.

Reductions in Coverage

Rating documentation are required to accompany reductions in coverage, since we consider a coverage reduction to be a de facto rate increase, in addition to the inclusion of the previous loss cost multiplier, previous rate change, and previous effective date.