

October 28, 2015

Colorado Department of Regulatory Agencies  
Division of Insurance  
Commissioner Marguerite Salazar  
1560 Broadway, Suite 850  
Denver, CO 80202

*sent via email to:*  
bobbie.baca@state.co.us

**RE: Draft New Bulletin 5.XX - Concerning the Use of Price Optimization in Establishing Rates -NAMIC's Written Comments on the Draft Proposed Bulletin**

Dear Commissioner Salazar:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written comments on the Draft Proposed Bulletin. As always, your department's commitment to working collaboratively with the insurance industry on drafting insurance bulletins is greatly appreciated.

NAMIC is the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The 1,400 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$196 billion in annual premiums, accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. NAMIC has 160 members who write property/casualty and workers' compensation insurance in the State of Colorado, which represents 44% of the insurance marketplace.

Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. Our educational programs enable us to become better leaders in our companies and the insurance industry for the benefit of our policyholders.

NAMIC commends the DOI on drafting a bulletin that is thoughtful and measured in its approach to what is commonly referred to as "Price Optimization". Overall, NAMIC's members are pleased with the scope and structure of the draft bulletin. In the spirit of collegiality, NAMIC respectfully tenders the following suggested revisions to the draft bulletin:

1) We assume that the bulletin's reference to "factors" is intended to denote "rating factors," so to avoid confusion we suggest that the word "rating" be inserted before "factors." This matter was discussed by many of the regulators and interested-parties who are participating in the

various drafts of the NAIC's price optimization white paper. Actuaries have typically commented that the word "factor" has a specific meaning in the ratemaking context – i.e. a "factor" is assumed to be a "rating factor." The task force that is preparing the white paper has responded to these comments by changing "factor" to "rating factor" where they actually meant "rating factor," and changed "factor" to "characteristic" (or some similar word) where they didn't mean "rating factor."

2) In light of the time and effort necessary to thoroughly revise a rate filing, NAMIC believes that it would be reasonable and appropriate for the 60 days deadline, be extended to 120 days from the date of the formal issuance of the bulletin, so that insurers have appropriate time to properly comply with their regulatory obligations.

Thank you for your time and consideration of NAMIC's written comments. NAMIC looks forward to participating in this collaborative endeavor. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you have any questions pertaining to my written comments.

Respectfully,

A handwritten signature in cursive script, appearing to read "Christian J. Rataj".

Christian J. Rataj, Esq.  
NAMIC's Senior Director - State Affairs  
Western Region