

## **BULLETIN 94-2**

### **Procedures for Insured's Inquiries Regarding Workers' Compensation Rates**

Sections 31A-19-418 and 419 of the Utah Insurance Code make provisions for individual insureds to obtain information about and seek redress concerning their individual workers' compensation rates. The code requires that insurers have procedures in place whereby they can respond to their insureds' rate concerns, particularly if the insured feels aggrieved by the rates charged. Individual insurer procedures for responding to their insureds' questions should generally conform with the procedures outlined in this Bulletin. Those insurers using independent agents must develop procedures whereby an insured can inquire directly to the company if he is not satisfied with explanations provided by his agent.

We have found, unfortunately, that rather than responding directly to questions, insurers simply refer their customers to the Insurance Department for an explanation of workers' compensation rates. It is only good customer relations for an insurer to take time with its insureds and explain workers' compensation rating concepts and rules. In the future, insured's who call the Department for information about their rates will be referred back to their insurer or agent.

#### **Requests for Review of Rates Procedures pursuant to Section 31A-19-418**

1. The insured submits a written request to his insurer for information about the rates being charged.
2. The insurer shall respond within a reasonable time, furnishing all pertinent rating information to the insured, or his authorized representative.
3. When the information has been received, if the insured then feels the rates or rules have been incorrectly or unfairly applied, he sends a second written request which asks for a review of the application of the rates and rules to his insurance. The applicant may request to be heard in person or through an authorized representative.
4. The insurer must grant the request for review within 30 days after it is made.
5. If the insurer does not grant the request for review within 30 days, the insured may appeal in writing to the commissioner.
6. The commissioner may then order the insurer to respond.
7. Following the review of the rates, the applicant may request the commissioner to confirm that the insurance afforded was rated according to filed rates and rating plans.
8. If this appeal reveals that the insurance was not afforded according to filed rates and rating plans, the commissioner may take regulatory action against the insurer.

#### **Requests for Hearing on Filings Procedures pursuant to Section 31A-19-419**

If the preceding grievance process determines that rates and rating plans have been properly applied, but the insured maintains that the filed rates and rating plans are excessive, inadequate or unfairly discriminatory, the insured may apply to the commissioner for a hearing. The burden is upon the insured making the

application to demonstrate that the filed rates and rules are excessive, inadequate or unfairly discriminatory in general principle. Insurance rates and rules are based upon comprehensive rules and principles. The fact that one individual is adversely affected by a rule does not necessarily invalidate the basic soundness of the general rule.

The commissioner will grant a hearing if he finds that the appeal was made in good faith and that the grievance would be justified if the grounds were to be established.

The commissioner will follow general procedures established for the hearing process.

DATED this 15th day of February, 1994.

INSURANCE COMMISSIONER

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