

The State of New Hampshire Insurance Department

21 South Fruit Street, Suite 14
Concord, NH 03301
(603) 271-7973 / Fax (603) 271-1406
TDD Access: Relay NH 1-800-735-2964



Roger A. Sevigny
Commissioner

Alexander K. Feldvebel
Deputy Commissioner

NHID INFORMATIONAL LETTER

DATE: December 14, 2015
TO: New Hampshire Property & Casualty Insurers
FROM: New Hampshire Insurance Department
ISSUE: Personal Lines “Legacy Business” v. “New Business” & Unfair Discrimination

It has come to the Department’s attention that some property & casualty insurers are developing or have developed rates for new customers with no plan to transition existing customers to the new rates. This results in the company charging identical risks different rates on an ongoing basis, which is illegal in New Hampshire.

New Hampshire law prohibits rates that are unfairly discriminatory. *See* RSA 412:15, I. A rate is unfairly discriminatory if, “after allowing for practical limitations, price differentials fail to reflect equitably the differences in expected losses and expenses.” *See* RSA 412:15, I (d).

A single company using two separate rating plans for identical risks (new customer gets rate x and existing customer gets rate y) fails to reflect equitably the differences in expected losses and expenses of these customers. As such, this practice unfairly discriminates between the two customers.

The Department does not require the immediate application of a new rating plan to all existing customers. To avoid disruption to existing consumers, the Department permits companies to develop a transition plan to allow existing customers to transition to the new rating plan. Property & casualty companies who are not applying the new rates to existing customers must submit a transition plan or migration plan for the purpose of moving existing customers to the new rating system.

This letter is issued to inform all Property & Casualty insurers they must review their rating programs and submit any necessary transition plans by February 1, 2016. Absent extraordinary circumstances, such plans should be no longer than three (3) years.

After February 1, 2016, the Department may take enforcement action against companies found in violation of RSA 412:15, I as a result of the failure to have in place and implement any necessary plan to transition all existing policyholders to a new rating plan.

If you have any questions, please contact Sally MacFadden at 603.271.7973, Ext. 228 or Christian Citarella at Ext. 216 or by email Sally.Macfadden@ins.nh.gov or Christian.Citarella@ins.nh.gov.