

Regulatory insurance intelligence: Understanding rate filing average days to approval

By [Nickolas Alvarado](#) and [Lukas Button](#)

28 February 2024

The U.S. insurance regulatory environment is complex and difficult to navigate, even for experienced professionals. Modern analytics can be applied to publicly available insurance product filing data to produce actionable regulatory insurance intelligence that demystifies the insurance regulatory world.

What is regulatory insurance intelligence?

When we say “regulatory insurance intelligence” we’re referring to information and knowledge about the regulations and processes surrounding insurance. This intelligence can be valuable for anyone involved in the admitted insurance market because it can be used to:

- Educate and inform those that are new to the regulatory process or entering a new line of business.
- Develop company strategy for new or improved insurance programs.
- Reduce time to market for new programs.
- Prioritize coverage and rate changes across states to achieve company goals.

A key metric called “rate filing average days to approval,” calculated from publicly available data, can aid filers like insurance companies, managing general agents, and others in decision-making and formulating insurance product rollout schedules. This paper discusses rate filing average days to approval for the personal auto and homeowners lines of business in several states, how it is determined, and how it can be used to maximize resources and reduce overall time to market.

What is rate filing average days to approval and why is it important?

When developing or revising insurance products it is important to recognize that the natural and man-made hazards to which people and property are exposed (i.e., wildfires, hurricanes, sinkholes) differ by state, as do the laws, regulations, and regulatory filing requirements to seek state regulatory approval. In addition, the unique political, legal, social, economic, and other issues present in each state (i.e., discrimination, claims fraud, affordability) influence what each state’s department of insurance (DOI) focuses on during its regulatory review. All these factors, including DOI staffing and resources, contribute to regulatory review times that significantly vary by state and by line of business (LOB).

Rate filing average days to approval are estimates of the average number of days that it takes for a rate filing to be approved by a state DOI once it has been submitted for review. One of the most important use cases of state approval data is to determine where and when to launch new insurance products or to facilitate multistate changes to existing products. To best utilize the rate filing average days to approval metric, a filer must first consider the goals of its product filing.

For example, if the company’s goal is to launch a new program as quickly as possible, the company can identify which states are generally the quickest to complete their reviews. Filing in these states first would allow the company more time to start collecting exposure and loss experience data once the product has gone live. This data can then be used to quickly fine-tune the product before entering more rigorously regulated states. Filing a tested and proven product in states with longer approval times can save the company time in the future because any adjustments to the new program filing are subject to the same longer state regulatory approval times.

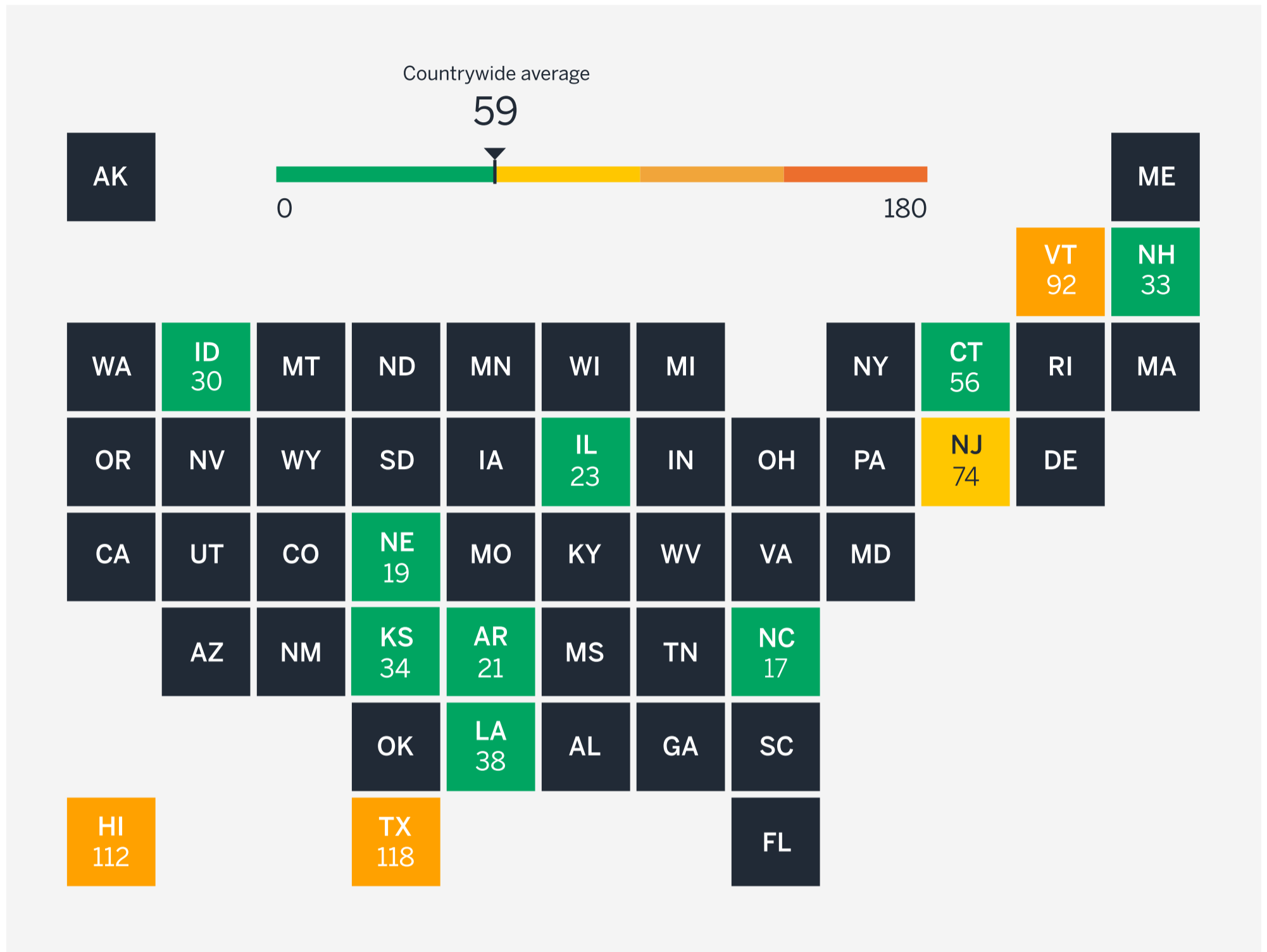
Alternatively, if the company’s goal is to launch the new program across all states at approximately the same time, it may choose to prioritize filings for states that generally have longer review times. This allows regulators in these states more time to complete their reviews, while the remaining state filings are being prepared and submitted for approval. Further, states that have longer review times are generally more rigorously regulated and require more filing support, so preparing additional support initially can lead to efficiencies when filing in future states.

It is important that filers are aware of state-specific laws, regulations, guidelines, and other rules enforced by each DOI, so that the filer can prepare a filing that meets each DOI’s expectations. This preparation facilitates an efficient regulatory filing review by the DOI, informs company go-to-market strategy, and aligns stakeholder expectations. Submitting filings that overlook state requirements may result in more DOI questions (in the form of objections) or outright disapproval of the filing, which will extend regulatory review times and challenge the company’s project timelines and goals.

Analysis results: Private passenger auto rate filings

The results of the analysis are summarized on the following heat maps. Figure 1 is a heat map of the rate filing average days to approval for private passenger auto rate filings approved from 2019 through 2023 for selected states.

Figure 1: Private passenger auto rate filing average days to approval by state



The table in Figure 2 summarizes private passenger auto rate filing average days to approval for each selected state by calendar year in which the rate filing was approved. The “Countrywide” row includes all states across the country and is used to calculate how many days each state differs from the countrywide (CW) average.

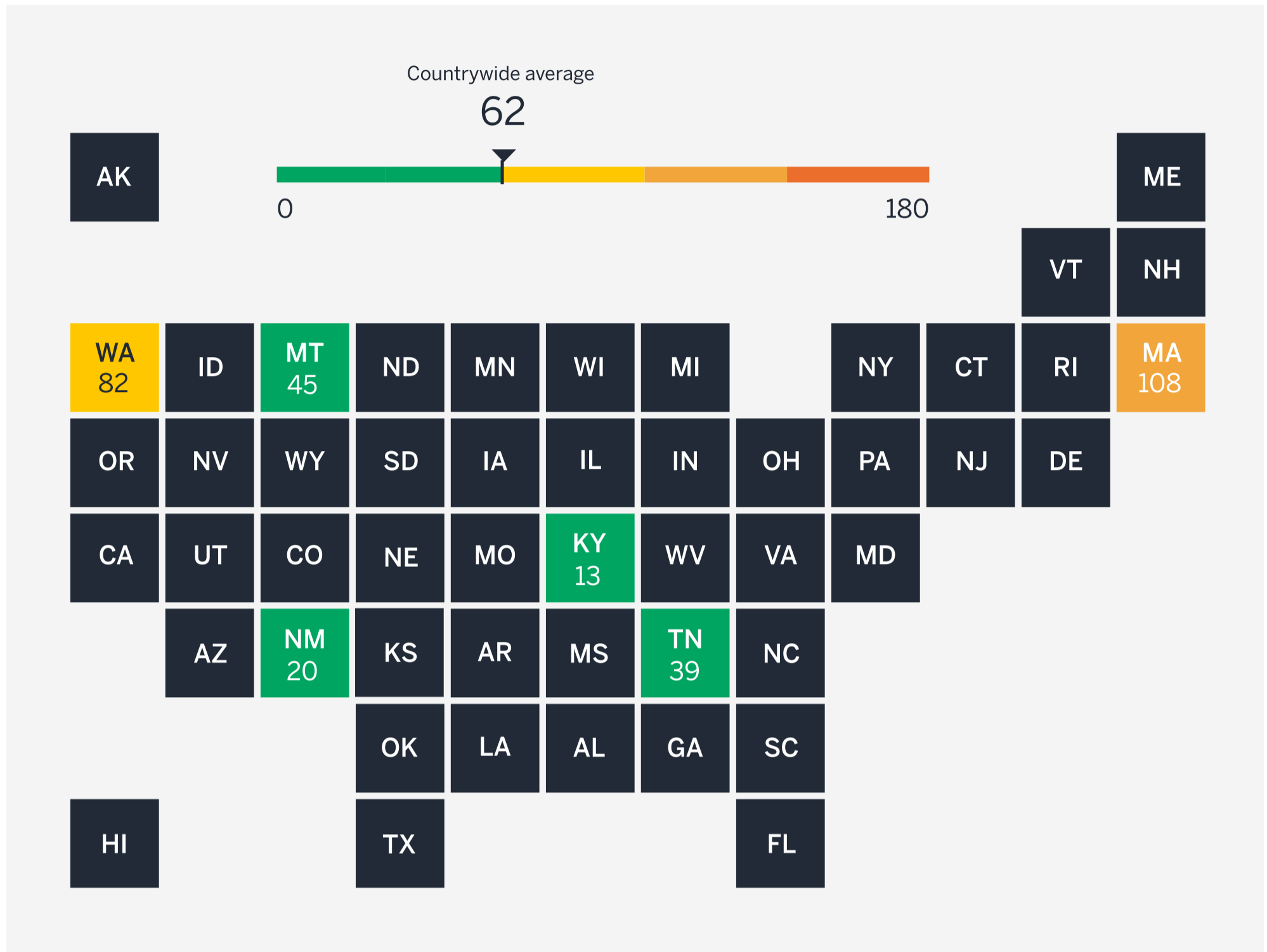
Figure 2: Private passenger auto rate filing average days to approval by approval year

State	2019	2020	2021	2022	2023	Avg	Difference from CW
Arkansas	18	13	16	26	30	21	-38
Connecticut	32	36	43	81	87	56	-3
Hawaii	133	74	104	165	128	112	53
Idaho	57	23	21	10	36	30	-29
Illinois	12	9	17	16	52	23	-36
Kansas	24	27	39	37	44	34	-25
Louisiana	43	38	33	48	29	38	-21
Nebraska	33	20	8	20	16	19	-40
New Hampshire	36	24	37	37	36	33	-26
New Jersey	48	45	47	87	124	74	15
North Carolina	17	24	23	13	13	17	-42
Texas	99	104	185	125	102	118	59
Vermont	67	71	71	115	143	92	33
Countrywide	51	49	75	57	64	59	

Analysis results: Homeowners rate filings

Figure 3 is a heat map of the rate filing average days to approval for homeowners rate filings approved from 2019 through 2023 for a different set of selected states.

Figure 3: Homeowners rate filing average days to approval by state



The table in Figure 4 summarizes homeowners rate filing average days to approval for each selected state by calendar year in which the rate filing was approved and includes the difference of approval days from the countrywide average.

Figure 4: Homeowners rate filing average days to approval by approval year

State	2019	2020	2021	2022	2023	Avg	Difference from CW
Kentucky	12	15	10	14	13	13	-49
Massachusetts	98	113	87	147	95	108	46
Montana	74	55	44	41	19	45	-17
New Mexico	30	33	21	12	9	20	-42
Tennessee	35	24	26	54	49	39	-23
Washington	109	110	61	67	97	82	20
Countrywide	52	60	72	62	65	62	

The averages for each approval year may be used to understand whether a state is trending toward shorter or longer review times. Additionally, each state's difference from countrywide may be used to indicate whether a state generally takes more time than average, illustrated by a positive value, or less time than average, illustrated by a negative value.

Methodology

Electronic copies of historical Private Passenger Auto¹ and Homeowners² regulatory filings approved from 2019 through 2023 were downloaded on January 4, 2024, for each state and jurisdiction. Each filing contained information about the filing, including the filing number, filing submission date, filing approval date, line of business, type of insurance, filing company, filing status, and the filing type.

The filing type depends on whether the filing contains the following information:

- Rate: Proposed program rates, including changes to those that impact policyholder rates.
- Rule: Proposed rules about how the policy risk is classified and the premium is calculated.
- Form: Proposed policy contract forms.

Some states require new or changes to insurance program rates, rules, and forms to be submitted altogether in a single filing, whereas other states allow the rates, rules, and forms to be submitted via separate filings for each. Accordingly, the filing type field may be a combination of several filing types (e.g., rate/rule/form, rule/form). In addition, some states include other types of information to be filed under state-specific filing types (e.g., California “new program” filing type). The content of the filing type filed was used to identify whether the filing included a rate component or not. Filings that included a rate component were categorized as a “rate filing” for the purposes of this analysis. For example, if the filing type was “new program,” “rate/rule,” or “rate/rule/form,” then it was categorized as a rate filing.

The content of each filing’s approval date and filing status fields were used to determine whether the filing was an approved filing.³ For each approved filing, the number of days from the filing submission date to the filing approval date was calculated as days to approval and the approval year is the calendar year for the approval date.

The line of business, state, and additional information about the filing were recorded in a manner that the filings could be grouped and sorted into cohorts. The average of the days to approval for all rate filings in each cohort was then calculated as the rate filing average days to approval.

Conclusion

The data presented in Figures 1 through 4 can be used to estimate timelines and inform a program filing schedule for product changes or expansion into new states or lines of business. For example, if the filer’s goal is to implement a rate change across several states at the same time, before having access to the information in Figure 2, an insurer could unknowingly start to submit filings in faster-to-review state such as Arkansas, Illinois, and Nebraska. The rate change filings in these states would be quickly approved over the next two months, while the submission of filings in longer-to-review states would just be starting. This could result in the longer-to-review states, such as Hawaii, Texas, and Vermont, taking an additional three to four months after the first batch of states, totaling five to six months to get all the states in Figure 2 approved.

Instead, the filer could review the data in Figure 2 and determine that rolling out the rate change across all the states listed may be completed two months quicker by filing in the longer-to-review states first. The remaining states can then be filed while the first set of states are reviewing. This would result in every state in Figure 2 getting approved within three to four months from the first filing submission. Further, the longer-to-review states are generally the larger premium volume states, such as Texas, so this approach may also move toward the company’s profitability targets quicker. It is important to realize this strategy may not work best for all companies, so considering a company’s goals is crucial when selecting the order of states to file in.

While it is possible that review periods take longer than the historical averages, having information to optimize the order of filing submissions can be used by filers to gain efficiencies, reduce time to market, respond to market demands and evolving risk, and provide a competitive advantage. The information about filing review times can also be used to inform company stakeholders so that they can align schedules and expectations for a successful implementation that supports company growth, profitability, budgeting, resource allocation, and other initiatives.

¹ Private passenger auto filings included the following types of insurance: personal auto combinations, private passenger auto, motorcycle, recreational vehicle (RV), and other auto.

² Homeowners filings included the following types of insurance: homeowners sub-TOI combinations, condominium, mobile homeowners, owner-occupied, tenant, and other homeowners.

³ Each DOI has its own way of indicating that filings are approved for use. The following are examples of disposition statuses that are considered approved for the purposes of this analysis: acknowledged, approved, file and use, filed, recorded effective as submitted, reviewed, etc.

About the Author(s)

Nickolas Alvarado

Orange County | Tel: 1 714 676 0816

Lukas Button

Orange County | Tel: 1 714 868 7378

For 75 years, we have combined technical expertise with business acumen to create elegant solutions for our clients.

Today, we are helping organizations take on some of the world's most critical and complex issues, including retirement funding and healthcare financing, risk management and regulatory compliance, data analytics and business transformation.