

## Vermont Insurance Division

### BULLETIN 51: Consent to Rate

June 16, 1980

The 1980 session of the Vermont legislature passed and Governor Snelling signed into law, House Bill 639. This law is commonly known as consent to rate. It sets up a procedure whereby a risk which is not acceptable at filed rates may be written at rates above those filed. This may apply on a risk basis or on a coverage basis. This technique may be applied on a coverage basis to those risks which are acceptable generally. For example, a businessman wants to purchase fire, EC and V & MM on his place of business. The risk is acceptable as standard business except for the vandalism. The vandalism coverage may be consent rated.

This rating technique also may be used to eliminate unacceptable exposures from policies which are otherwise acceptable at standard rates. For example, a customer wants a homeowners policy written on his home and outbuildings. The risk is acceptable except for one outbuilding. The unacceptable outbuilding may be eliminated from the policy and the policy written at standard rates. The consent to rate form may be filed by the insurer or its agent with the approval of the insurer. The agreement to allow an agent to file the consent to rate form need not be in writing. The rate or restriction in coverage becomes effective the date the consent to rate form is received by this Department. If some future date is indicated on the form, this date will be the effective date. We will not require any specific format but will require certain basic information. The consent to rate form must be signed by the insured and shall contain the following:

Name of Insured

Address

Description of Risk

Effective Date

Manual Premium

Premium Charged Under Consent to Rate

Reason for Higher Rate

Description of Exposure or Coverage Eliminated

Insured's Signature

If the consent to rate technique is used to derive a premium on a risk eligible for coverage under some risk sharing plan, such as the Vermont Automobile Insurance Plan, there must be a statement on the form to advise the insured that he is eligible for coverage under that plan. The premium rate under such a risk sharing plan shall be shown on the consent to rate form.

George M.Chaffee

COMMISSIONER OF BANKING AND INSURANCE