Government of the District of Columbia
Department of Insurance and Securities Regulation

Lawrence H. Mirel
Commissioner

BULLETIN # 001 - IB – 6/22/01(Rev 8/20/01)

TO: All Admitted Companies

FROM: Lawrence H. Mirel, Commissioner

RE: Insurance Economic Development Amendment Act of 2000 (D.C. Law 13-299), as amended by the Insurance Trade and Economic Development Amendment Act of 2000 (D.C. Law 13-265)

DATE: August 29, 2001

This bulletin is to advise all companies insuring "exempt commercial risks" of the applicable exemptions, notice, and annual filing requirements pursuant to the above-captioned statute. For the purposes of this Act, the term "exempt commercial risk" means a person or entity that meets at least **one** of the following criteria:

(A) Retains or employs a certified or qualified risk manager to negotiate insurance coverage;
(B) Posses a net worth in excess of $2 million;
(C) Generates annual revenues in excess of $2 million;
(D) Has at least 10 employees;
(E) Pays annual aggregate country-wide standard insurance premiums in excess of $10,000;
(F) Has total insured property value of at least $2 million; or
(G) Is a nonprofit organization or public body generating annual budgeted expenditures of at least $5 million.

An insurer shall not be required to file with, or to receive approval from, the Commissioner, for rates and policy forms used in the insurance of exempt commercial risks.

The filing and review exemption shall not apply to workers' compensation and employer's liability policies and rates.

810 First Street, NE, #701•Washington, DC•20002•Tel: (202) 442-7766•Fax: (202) 535-1196•
margaret.schruender@dc.gov

Every application form for insurance for an exempt commercial risk, and every policy, on its front and declaration page issued to an exempt commercial risk, shall contain in 10-point type the following notice:

"NOTICE

This policy is issued to an exempt commercial risk. The rate and policy form are not subject to the filing, review, and approval requirements of the Commissioner of the District of Columbia Department of Insurance and Securities Regulation."

At the time of entering into the policy agreement and annually on the policy renewal thereafter, the insurer issuing the coverage shall provide information as set forth in the Statement of Exempt Commercial Risk (Attachment A) certified in writing by the policyholder. This certification shall be filed with, and retained by, the insurance company issuing coverage to the policyholder.

Each insurer issuing coverage to an exempt commercial risk shall execute and file with the Commissioner annually on or before the 1st day of March an affidavit covering the exempt commercial risk policies for the preceding year ending December 31 setting forth:

(1) The description and location of the insured property or risk;
(2) The name of the insured, and whether the organization is for profit or nonprofit; and
(3) The amount insured in the policy."

If you have any questions regarding this bulletin, please do not hesitate to call the Office of the Director of Insurance on (202) 442-7766.

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Attachment A (Rev 8/20/01)

IMPORTANT NOTICE:
CERTIFICATION OF EXEMPT COMMERCIAL RISK

Section 13(c)(2) of the Insurance Economic Development Act of 2000 (D.C. Law 13-299), as amended by the Insurance Trade and Economic Development Amendment Act of 2000 (D.C. Law Section 13-265) provides that insurers at the time of entering into the policy agreement and annually thereafter obtain a written certification from the policyholder for any policy issued under this section.

In order for a policy to be exempt from filing, one of the following criteria must be met: The applicant/insured –

(1) Retains or employs a certified or qualified risk manager to negotiate insurance coverage;

(2) Possesses a net worth in excess of $2 million;

(3) Generates annual revenues in excess of $2 million;

(4) Has at least 10 employees;

(5) Pays annual aggregate country-wide standard insurance premiums in excess of $10,000;

(6) Has total insured property value of at least $2 million; or

(7) Is a nonprofit organization or public body generating annual budgeted expenditures of at least $5 million.

You have a right to obtain regulatory review of a proposed rate or policy form used in the insurance of exempt commercial risks under this act. To obtain regulatory review, you must, within 20 days of the receipt of this notice,_request that the insurer file the rate and/or policy form with the Commissioner of the District of Columbia Department of Insurance and Securities Regulation. Should you elect to exercise your right to obtain a regulatory review, please sign the second line below and return this notice to:

(Insurer should insert name of insurer and contact person here)

If you waive your right to a regulatory review, the policy form and rate will not be subject to review by the Commissioner, and the Commissioner will not have authority to investigate or adjust said policy forms or rates if you allege to be aggrieved thereby.

I _____, applicant or policyholder certify that I:
(Applicant's/policyholder's printed name Policy #)

(A) Employ a certified or qualified risk manager or placed the business through a licensed insurance producer or otherwise meet the criteria of an exempt commercial risk;

(B) Am aware that the policy being purchased is not subject to initial regulatory review or approval of rates and forms; and

(C) Agree to the use of the exempt rates and forms by my insurer.

I understand the terms and conditions as stated above and hereby request review of the forms and rates proposed for this policy agreement by the Commissioner:

_____ _____

Applicant's Signature and Printed Name Date

By signing below, I hereby waive my right to a regulatory review of the forms and rates proposed for this policy contract.

_____ _____

Applicant's Signature and Printed Name Date