**Section 2026.40 Unreasonable Rate Increases**

a) When the Director reviews a rate increase for any rate described in Section 2026.30(a)(2) or (b), the Director will determine that the rate increase is an unreasonable rate increase if the increase is an excessive rate increase, an unjustified rate increase, or an unfairly discriminatory rate increase, as required and defined by 45 CFR 154.205.

b) The rate increase is an excessive rate increase if the increase causes the premium charged for the health insurance coverage to be unreasonably high in relation to the benefits provided under the coverage (see 45 CFR 154.205(b)). In determining whether the rate increase causes the premium charged to be unreasonably high in relationship to the benefits provided, the Director will consider:

1) Whether the rate increase results in a projected medical loss ratio below the federal medical loss ratio standard in the applicable market to which the rate increase applies, after accounting for any adjustments allowable under federal law;

2) Whether one or more of the assumptions on which the rate increase is based is not supported by substantial evidence; and

3) Whether the choice of assumptions or combination of assumptions on which the rate increase is based is unreasonable.

c) The rate increase is an unjustified rate increase (as defined in 45 CFR 154.205(c)) if the health insurance issuer provides data or documentation to the Director in connection with the increase that is incomplete, inadequate or otherwise does not provide a basis upon which the reasonableness of an increase may be determined.

d) The rate increase is an unfairly discriminatory rate increase (as defined in 45 CFR 154.205(d)) if the increase results in premium differences between insureds within similar risk categories that do not reasonably correspond to differences in expected costs or otherwise are not permissible under applicable State law.

(Source: Amended at 48 Ill. Reg. 7239, effective April 30, 2024)