

## Sixth Circuit Rules That Filed-Rate Doctrine Precludes Suit Against Insurer (Insurance Law Alert)

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Affirming a Kentucky district court decision, the Sixth Circuit ruled that the filed-rate doctrine required dismissal of a policyholder's claims against its workers' compensation insurer. *Granite State Ins. Co. v. Star Mine Servs., Inc.*, 2022 WL 776461 (6th Cir. Mar. 15, 2022).

Granite State issued workers' compensation coverage to Star Mine Services. In connection with that coverage, Granite State annually audited Star Mine's payroll records, upon which it would calculate annual premiums. In 2018, Granite State adjusted its estimated premium halfway through the year to reflect underestimations in payroll from the prior year. Star Mine refused to pay the difference and the policy was ultimately cancelled. In a final bill, Granite State sought payment for the premium difference, as well as an "audit noncompliance surcharge" (which was twice the estimated annual premium) based on Star Mine's refusal to participate in a final audit. When Star Mine again failed to remit payment, Granite State filed suit. Ruling on the parties' cross-motions for summary judgment, the district court held that the filed-rate doctrine precluded review of the audit noncompliance surcharge and the total amount of damages due.

The Sixth Circuit affirmed, ruling that the filed-rate doctrine barred review of Star Mine's challenge to the audit noncompliance charge because that charge was part of both the policy and an industry manual filed with state regulators. The court rejected Star Mine's contention that the surcharge was not a "rate," noting that the filed-rate doctrine applies broadly to all charges, tariffs and rates that are part of a contract's "terms of service." Star Mine also argued that the filed-rate doctrine did not apply because Star Mine was challenging the enforceability of the charge, not its reasonableness. Rejecting this assertion, the court explained that "distinguishing between legality and reasonableness does little to help Star Mine" because, under Kentucky precedent, the filed-rate doctrine bars challenges that attack the legality of approved rates.

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