##### **02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION**

##### **031 BUREAU OF INSURANCE**

##### **Chapter 220: CREDIT LIFE AND HEALTH INSURANCE**

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**Section 1. Purpose**

 This rule establishes procedures and guidelines for filing credit life and health insurance rates and experience filings. The rule is intended to inform those filing credit experience and rate filings of the types of data which are required to permit the Bureau to appropriately review the filings submitted.

**Section 2. Authority**

 Pursuant to Title 24-A M.R.S.A., Section 212 and Chapter 37, the following Rule governing credit life and credit health insurance in the State of Maine is hereby adopted by the Insurance Superintendent.

**Section 3. Scope**

 This Rule applies to all insurance which is subject to Title 24-A M.R.S.A., Chapter 37, except that Sections 9, 10, and 13 do not apply to noncontributory credit insurance.

**Section 4. Definitions**

A. "Amount Financed" as used in Title 24-A M.R.S.A., Sections 2604-A(4) and 2855(1) (A), shall have the same meaning as that set forth in Title 9-A M.R.S.A., Section 1-301(5).

B. "Open-end Credit" as used in Title 24-A M.R.S.A., Sections 2855 and 2859, and in this Rule shall have the same meaning as that set forth in Title 9-A M.R.S.A., Section 1‑301(26).

C. "Closed-end credit" means any type of credit transaction other than open-end credit.

D. "Insurance charge" means an amount paid by a debtor to a creditor for credit insurance.

E. "Premium" means an amount paid by a creditor to an insurer for credit insurance.

F. “Truncated Coverage” means a credit insurance benefit with a term of insurance coverage that is shorter than the full term of the credit transaction or the remaining term at the time the insurance coverage is elected.

G. “Critical Period Disability Coverage” means credit disability insurance with a benefit equal to a specified number of monthly payments or the remaining payments on the loan, whichever is less.

H. “Noncontributory credit insurance” means credit insurance for which no insurance charge is made to the debtor and there is no differential in finance, interest, service or other similar charge made to debtors who are in like circumstances, except for their insured or noninsured status.

I. "Plan of Insurance" unless otherwise filed and approved means:

(1) credit life insurance on a flat rated basis other than revolving accounts (i.e. including joint and single life coverage, decreasing and non-decreasing insurance; outstanding balance and single premium);

(2) credit life insurance on a revolving account basis;

(3) credit life insurance on age-graded basis;

(4) credit accident and health insurance other than on revolving accounts combining outstanding balance and single premium but separately for each combination of waiting period and retroactive or non-retroactive;

(5) credit accident and health insurance on a revolving account basis separately for each combination of waiting period and retroactive or non-retroactive.

J. "Class of business" means any of the following:

(1) Credit unions;

(2) Commercial and savings banks;

(3) Finance companies;

(4) Motor vehicle dealers;

(5) Other sales finance;

(6) Production credit associations; bank agricultural loans;

(7) All others.

K. "Account" means the aggregate credit life insurance or credit accident and health insurance coverage for a single plan of insurance and for a single class of business written through a single creditor (or group of creditors if covered by a single group policy) by the insurer whether coverage is written on a group or individual policy basis.

L. “Credit disability insurance” means credit health insurance as defined by Title 24-A M.R.S.A., Section 2853, Subsection 2.

M. “Total Disability” shall be defined no more restrictively than:

(1) In the case of an insured who was gainfully employed prior to disability, “the inability to engage in any gainful occupation for which he or she is reasonably suited by training, education, and experience,” or

(2) In the case of an insured who was not gainfully employed prior to disability, “the inability to engage in activities of a gainfully employed ~~a~~ person of like age, training, education, and experience.”

N. “Evidence of individual insurability” means any statement furnished by the debtor, as a condition of insurance becoming effective, that relates specifically to the health status or to the health or medical history of the debtor. This includes the use of health questions on the application.

**Section 5. Application or Notice of Proposed Insurance**

Title 24-A M.R.S.A., Section 2857, Subsection 4 requires the copy of the application or notice of proposed insurance to be separate from the credit instrument, unless the information is prominently set forth in it. The copy of the application for, or notice of, proposed insurance shall be deemed to be prominently set forth in the credit instrument if set forth in a separate provision in type at least equal in size and prominence to the type used for the other provisions thereof, provided the name of the debtor proposed for insurance, and figures relating to the amount and term of the coverage, and the rate or amount of payment for insurance by the debtor need not be contained in a separate provision of the instrument as long as they are included elsewhere in the instrument.

**Section 6. Truncated Coverage Notice**

A. For truncated credit life insurance and/or credit disability insurance, a notice must appear in bold print on the face of the individual policy or group certificate or as an endorsement attached to the face page of the individual policy or group certificate. If the same policy or certificate form is used for both truncated and other types of coverage, a check box may be used such that the notice applies only if the box is checked.

B. Unless alternative language is approved by the Superintendent, the notice shall be worded as follows:

 (1) For truncated credit life insurance: “Notice: The term of your loan is longer than the term of this insurance. The death benefit is only payable if death occurs during the term of the insurance.”

(2) For truncated credit disability insurance: “Notice: The term of your loan is longer than the term of this insurance. Disability benefits will not be paid for any period of disability beginning or continuing after the termination date of this insurance.”

(3) For truncated credit life and disability insurance: “Notice: The term of your loan is longer than the term of this insurance. The death benefit is only payable if death occurs during the term of the insurance. Disability benefits will not be paid for any period of disability beginning or continuing after the termination date of this insurance.”

**Section 7. Amount of insurance**

A. For credit life insurance provided in connection with open-end credit, the amount of insurance permitted under Title 24-A M.R.S.A., Section 2855(1) (A) shall at no time exceed the balance upon which a finance charge may be imposed, including any (a) principal amounts which the debtor has drawn, or used to make purchases, whether or not these amounts have been charged to the debtor’s account, and (b) earned finance or insurance charges which are uncollected or past due.

B. For credit life insurance provided in connection with closed-end credit, the amount of insurance permitted under Title 24-A M.R.S.A., Section 2855(1) (A) shall at no time exceed the aggregate of remaining unpaid installments reduced by the value of the unearned finance charge calculated according to the actuarial method.

C. If the benefit under credit life or credit disability insurance will be insufficient to extinguish the amount of indebtedness at the time of death or disability (excluding any indebtedness due only to delinquency in payments by the debtor), this fact must be prominently disclosed in the group certificate or individual policy.

**Section 8. Basis of premiums**

A. If a single insurance charge is made to the debtor, whether or not the charge is financed, a single premium must be used.

B. Premiums for credit insurance provided in connection with open-end credit transactions shall be calculated on the basis of the balance upon which a finance charge may be imposed, including any principal amounts upon which no finance charge is actually imposed, plus any earned finance or insurance charges which are uncollected or delinquent.

C. In no event shall any anticipated delinquency value be included in the amount on which the insurance premiums are calculated.

**Section 9. Prima Facie Credit Life Insurance Rates**

Credit life insurance benefits provided in connection with forms filed in accordance with Title 24-A M.R.S.A., Section 2858, and this Rule shall be deemed prima facie reasonable in relation to the premiums charged if the schedule of premium rates filed with such forms does not exceed the premium rate standard set forth below.

A. In the absence of an approved rate deviation, the prima facie single life monthly premium rate per $1,000 of outstanding balance is $.50 and the prima facie joint life monthly premium rate per $1,000 of outstanding balance is $.84.

B. Prima facie single premium rates per dollar of total note for monthly payment indebtedness which are the actuarial equivalents of the prima facie monthly rate shall be computed by the following formula:

 SPn =  (OP) (Fn)

where: SPn is the credit life single premium rate per $1.00 of total note;

 n is the number of monthly payments;

 i is the monthly finance rate;

 a 

 OP is the monthly credit life rate per $1.00 of insured amount; and

 Fn = discount factor for interest and mortality

 = 

(1) When an upward or downward deviation applies, single premium and single charge rates equivalent to the deviated rate are to be computed with the deviated rate substituted for the prima facie rate of $.50 or $.84.

(2) Prima facie single premium rates for one-payment indebtedness shall be computed by the following formula:

bSPn = (a)(OP) (bFn)

where: bSPn is the credit life single premium rate per $1.00 of a single payment in n months;

 bFn = ; and

 a and OP are as defined above.

(3) Prima facie single premium rates for monthly payment indebtedness where coverage is to be provided for a period shorter than the full term of indebtedness (truncated coverage) shall be computed by the following formula:

SPm,n = 

where: SPm,n is the credit life single premium rate per $1.00 of total note;

m is the number of months for which coverage is to be provided; and

n, a , i, OP, and Fn are as defined above.

(4) Prima facie single premium rates per dollar of amount financed for monthly payment indebtedness shall be computed as follows:

a. Rates which are the actuarial equivalent of the prima facie monthly rate shall be computed by the following formula:

SP'n =(OP) (Fn)

where SP'n is the credit life single premium rate per $1.00 of outstanding principal balance and all other terms are as defined above.

b. At the insurer’s option, the following approximation may be used for an account instead of the rates which result from the formula in (a) above:

SP'n = 

(5) Prima facie single premium rates for other variations shall be actuarially consistent with the above rates.

C. Alternative methods of converting monthly premium rates to single premium rates may be approved if it can be demonstrated that:

(1) In the aggregate, the premium for any case, as defined in Section 13, will not be greater than if the methods specified in subsection A and B above were used, and

(2) The method is not unfairly discriminatory.

D. Deviations

(1) The total deviated rate for a specified plan of benefits shall be the appropriate promulgated prima facie premium rate increased or decreased by the additional rate produced by the following formula:

Credibility Factor x (Actual/Expected Ratio - 1) x Prima Facie Claim Cost

where: The Actual/Expected Ratio is the ratio of actual incurred losses to expected losses for single life and joint life plans combined;

Expected losses are Earned Premiums at the prima facie rate multiplied by the ratio of the prima facie claim cost to the prima facie rate; and

The prima facie claim is .315 for single life and .63 for joint life.

(2) The application of this formula is illustrated by the following examples:

**CREDIT LIFE**

**UPWARD DEVIATION**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Single | Joint | Total |
| A. Earned Premium At Prima Facie Rate | 200,000 | 20,000 | 220,000 |
| B. Incurred Losses | 170,000 | 19,000 | 189,000 |
| C. Number Of Life Years Covered | 28,000 | 2,000 | 30,000 |
| D. Credibility Factor (from table) | xxx | xxx | 90% |
| E. Prima Facie Rate | .50 | .84 | xxx |
| F. Prima Facie Claim Cost | .315 | .63 | xxx |
| G. Expected Losses [A x F/E] | 126,000 | 15,000 | 141,000 |
| H. Actual /Expected Ratio (B/G) | xxx | xxx | 1.340 |
| I. Deviation [D X (H-1) x F] | .096 | .193 | xxx |
| J. Deviated Rate [E + I] | .596 | 1.033 | xxx |

**CREDIT LIFE**

**DOWNWARD DEVIATION**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Single | Joint | Total |
| A. Earned Premium At Prima Facie Rate  | 200,000 | 20,000 | 220,000 |
| B. Incurred Losses | 91,500 | 12,000 | 103,500 |
| C. Number Of Claims Incurred | 125 | 15 | 140 |
| D. Credibility Factor (from table) | xxx | xxx | 90% |
| E. Prima Facie Rate | .50 | .84 | xxx |
| F. Prima Facie Claim Cost | .315 | .63 | xxx |
| G. Expected Losses [A X F/E] | 126,000 | 15,000 | 141,000 |
| H. Actual /Expected Ratio [B/G] | xxx | xxx | .734 |
| I. Deviation [D X (H-1) X F] | -0.075 | - 1.51 | xxx |
| J. Deviated Rate [ E= I] | .425 | .689 | xxx |

(3) The credit life insurance earned premium at the prima facie level will be the product of the prima facie monthly outstanding balance rate of $.00050 for single life, or $.00084 for joint life, times the insured balance for each of the three policy years. The insured balance for each year shall be either (1) the sum of the actual monthly outstanding insured balances during the year or (2) 12 times the average monthly outstanding insured balance for the year. In either case, the outstanding insured balance must be calculated according to the definition in Section 7.

(4) The credibility factor is to be taken from the table in Section 13 and is to be based on single life and joint life plans combined.

(5) If the indicated rate exceeds the current rate by less than 10 percent, the current rate shall continue in effect. If the indicated rate is less than the current rate by less than 10 percent, the current rate may continue in effect.

(6) If the indicated rate exceeds the current rate by more than 10 percent but the current rate will have been in effect for less than three years as of the date the deviated rate would otherwise take effect, the current rate shall continue in effect. If the indicated rate is less than the current rate by more than 10 percent but the current rate will have been in effect for less than three years as of the date the deviated rate would otherwise take effect, the current rate may continue in effect.

(7) Experience for the most recent three policy years must be used. If the three-year experience cannot be determined because experience of the prior insurer cannot be obtained, the current rate for the plan shall be continued until three years of experience is developed, except:

a. If the prior insurer had scheduled a downward deviation, the new insurer must implement it; and

b. If an insurer has a large account and it has credible experience for a period of less than three years, the account’s experience may be used as the basis for a downward deviation.

(8) Deviations from the prima facie rates other than those indicated by paragraphs (1) through (7) above may be approved under the provisions of Title 24-A M.R.S.A., Section 2858. However, in the absence of an approved deviation under this provision, any downward deviation indicated by paragraphs (1) through (6) must be implemented.

(9) Upward deviations shall not be applied to debtors with closed-end loans whose coverage is already in force on the effective date of the deviation. Downward deviations need not be applied to debtors with closed-end loans whose coverage is already in force on the effective date of the deviation.

E. The premium rate standards set forth above are applicable to the type of credit life insurance contract customarily offered for sale. This is assumed to be the usual broad form of death benefits which contain no exceptions, limitations or exclusions, except for suicide and incontestability, and is offered to all debtors regardless of age or to all debtors not older than sixty-five at the scheduled maturity date of the transaction.

If the credit life insurance requires evidence of individual insurability, a 10% reduction in the prima facie rate is required unless deviated rates based on experience are in use. No reduction is required if the death benefit exceeds $25,000. The Bureau may consider a different reduction if the insurer can provide support for the difference.

An insurer may file other forms of credit life insurance which meet the requirements of 24-A M.R.S.A., Section 2858. Premium rate standards for these contracts must be consistent with the above standards. Premium rates for use with forms which are more restrictive than those set forth above must reflect these variations to the extent that there is a measurable difference in the cost of the coverage provided.

**Section 10. Prima Facie Credit Accident and Health Insurance Rates**

Credit accident and health insurance benefits provided in connection with forms filed in accordance with Title 24-A M.R.S.A., Section 2858, and this Rule shall be deemed prima facie reasonable in relation to the premiums charged if the schedule of premium rates filed with such forms does not exceed the premium rate standard set forth below:

A. In the absence of an approved rate deviation, the rates per $100 of initial insured indebtedness in connection with closed-end transactions, or open-end transactions for which the number and amount of payments is fixed, are:

| Term of Indebtedness\* in months | Non-Retroactive30-DayElimination Period | Retroactive30-DayWaiting Period |
| --- | --- | --- |
|  | Rate | Benchmark Loss Ratio | Rate | Benchmark Loss Ratio |
| 6 | 0.93 | 50 | 1.70 | 59 |
| 12 | 1.46 | 55 | 2.11 | 67 |
| 18 | 1.75 | 60 | 2.43 | 70 |
| 24 | 1.96 | 64 | 2.69 | 72 |
| 30 | 2.14 | 67 | 2.94 | 73 |
| 36 | 2.31 | 69 | 3.15 | 74 |
| 42 | 2.48 | 70 | 3.32 | 75 |
| 48 | 2.63 | 71 | 3.48 | 76 |
| 54 | 2.77 | 72 | 3.61 | 77 |
| 60 | 2.89 | 73 | 3.73 | 78 |
| 72 | 3.12 | 74 | 3.92 | 80 |
| 84 | 3.32 | 75 | 4.17 | 80 |
| 96 | 3.48 | 76 | 4.38 | 80 |
| 108 | 3.61 | 77 | 4.57 | 80 |
| 120 | 3.71 | 78 | 4.73 | 80 |
| 132 | 3.80 | 79 | 4.88 | 80 |
| 144 | 3.87 | 80 | 5.00 | 80 |
| 156 | 3.97 | 80 | 5.11 | 80 |
| 168 | 4.05 | 80 | 5.20 | 80 |
| 180 | 4.13 | 80 | 5.27 | 80 |

\* For truncated coverage, use the term of insurance.

For terms of indebtedness other than those shown, linear interpolation shall be used.

B. Prima facie monthly premium rates per $1,000 of outstanding indebtedness which are the actuarial equivalent of the prima facie single premium rates shall be computed by the following formula:

 OBn = SPn  Gn

where OBn is the monthly premium per $1,000 of outstanding indebtedness;

 SPn is the single premium rate per $100 of initial indebtedness;

 n is the number of monthly payments; and

Gn = 1 + .0425 n is an interest adjustment. Use of this adjustment

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 is optional.

C. Prima facie monthly premium rates per $1,000 of outstanding principal balance shall be computed as follows:

(1) For closed-end indebtedness or open-end indebtedness for which the number and amounts of payments is fixed, rates which are the actuarial equivalents of the prima facie single premium rates shall be computed by the following formula:

 OPn = SPn Gn

where OP is the monthly premium per $1,000 of outstanding principal balance;

 *i* is the monthly finance rate;

  ; and

 SPn, n and Gn are as defined in subsection B above.

(2) For revolving accounts, rates which are the actuarial equivalent of the prima facie single premium rates shall be computed by the following formula:

 OPn = 10

where OP is the monthly premium per $1,000 of outstanding principal balance;

 MB is the monthly benefit to be paid when the debtor is disabled

 PB is the outstanding principal balance;

 n is the maximum number of monthly benefit payments

 SPn is the defined in subsection B above; and

 LRn is the benchmark loss ratio.

The following are special cases of this formula:

(a) When the monthly benefit is 1/n of the outstanding balance at time of disability:

 OPn =  [(n) (SPn) - (n-1) () ()]

(b) When the monthly benefit is the amount necessary to pay off the indebtedness at time of disability in n months:

 OPn =  [(n) (SPn) - (n-1) () ()]

D. For critical period disability coverage, the prima facie single premium rates are those shown in Appendix B.

E. Alternative methods of converting single premium rates to monthly premium rates may be approved if it can be demonstrated that:

(1) In the aggregate, the premium for any case, as defined in Section 13, will not be greater than if the methods specified in subsections A through D above were used; and

 (2) The method is not unfairly discriminatory.

F. Deviations

(1) The total deviated rates for a specified plan of benefit and term of indebtedness shall be the appropriate promulgated prima facie premium rate multiplied by the deviation ratio.

a. The deviation ratio shall be the ratio of the deviated rate for the average term of indebtedness for the plan to the corresponding prima facie rate.

b. The deviated rate for the average term of indebtedness for the plan shall be the sum of the expense loading and the product of the prima facie claim cost and the adjusted plan ratio.

c. The prima facie claim cost shall be the product of the prima facie rate and the benchmark loss ratio.

d. The expense loading shall be the difference between the prima facie rate and the prima facie claim cost.

e. The adjusted plan ratio shall be computed as follows:

[(–PR - 1) x Z] + 1

where PR is the plan ratio, which is the incurred loss ratio at prima facie rates divided by the benchmark loss ratio; and Z is the credibility factor from the table in Section 13.

f. The average term of indebtedness shall be the term associated with the average prima facie premium per $100 of insured indebtedness. For example, if the average prima facie rate for the 30 day non-retroactive plan is $2.31, then the average term of indebtedness is 36 months.

g. The incurred loss ratio at prima facie rates shall be the incurred losses divided by the sum of the earned premium at prima facie rates and the imputed investment income. Imputed investment income shall be the average of the beginning and ending premium reserve multiplied by 0.06.

The application of this formula is illustrated by the following examples:

**CREDIT ACCIDENT AND HEALTH**

## **UPWARD DEVIATION**

# **Plan: 30 Day Non-Retroactive**

A. Earned Premium at Prima Facie Rates 190,000

B. Incurred Losses 180,000

C. Imputed Investment Income 10,000

D. Incurred Loss Ratio at Prima Facie Rate [B / (A+C)] 90%

E. Number of Claims Incurred 150

F. Credibility Factor (from table) 90%

G. Average Term of Indebtedness ( in months) 30

H. Prima Facie Rate 2.13

I. Benchmark Loss Ratio 66%

J. Prima Facie Claim Cost [H x I] 1.41

K. Expense Loading [H-J] .72

L. Plan Ratio [D/I] 1.36

M. Adjusted Plan Ratio [(L-1) x F+1] 1.32

N. Deviated Rate for Average Term [(M x J) +K] 2.58

O. Deviation Ratio for All Terms [N / H] 121%

**CREDIT ACCIDENT AND HEALTH**

**DOWNWARD DEVIATION**

**Plan: 30 Day Retroactive**

A. Earned Premium at Prima Facie Rate 190,000

B. Incurred Losses 100,000

C. Imputed Investment Income 10,000

D. Incurred Loss Ratio at Prima Facie Rate [B / (A + C)] 50%

E. Number of Life Years Covered 3,000

F. Credibility Factor (from table) 90%

G. Average Term of Indebtedness (in months) 48

H. Prima Facie Rate 3.60

I. Benchmark Loss Ratio 74%

J. Prima Facie Claim Cost [H x I] 2.66

K. Expense Loading [H - J] .94

L. Plan Ratio [D / I] .68

M. Adjusted Plan Ratio [(L - 1) x F + 1] .71

N. Deviated Rate for Average Term [(M x J) + K] 2.83

O. Deviation Ratio for All terms [N / H] 78%

(2) The credibility factor is to be taken from the table in Section 13.

(3) If the indicated rate exceeds the current rate by less than 10 percent, the current rate shall continue in effect. If the indicated rate is less than the current rate by less than 10 percent, the current rate may continue in effect.

(4) If the indicated rate exceeds the current rate by more than 10 percent but the current rate will have been in effect for less than three years as of the date the deviated rate would otherwise take effect, the current rate shall continue in effect. If the indicated rate is less than the current rate by more than 10 percent but the current rate will have been in effect for less than three years as of the date the deviated rate would otherwise take effect, the current rate may continue in effect.

(5) Experience for the most recent three policy years must be used in determining the plan ratio. If the three-year experience cannot be determined because experience of the prior insurer cannot be obtained, the current rates shall be continued until three years of experience is developed, except:

a. If the prior insurer had scheduled a downward deviation, the new insurer must implement it; and

b. If an insurer has a large account and it has credible experience for a period less than three years, its experience may be used as the basis for a downward deviation.

(6) If a change of plan of benefits occurs, the rate deviation from prima facie for the new plan of benefits must be computed using the plan ratio developed from the prior plan.

(7) Deviations from the prima facie rates other than those indicated by paragraphs (1) through (5) above may be approved under the provisions of Title 24-A M.R.S.A., Section 2858. However, in the absence of an approved special deviation under this provision, any downward deviation indicated by paragraphs (1) through (5) must be implemented.

(8) Upward deviations shall not be applied to debtors with closed-end loans whose coverage is already in force on the effective date of the deviation. Downward deviations need not be applied to debtors with closed-end loans whose coverage is already in force on the effective date of the deviation.

G. Premium rates for indebtedness repayable in installments other than as indicated above must be consistent with the above rates.

H. The premium rates specified are considered reasonable for policies which:

1. Contain no provision excluding or denying a claim for disability resulting from pre-existing conditions except for those conditions for which the insured debtor received medical diagnosis or treatment within six (6) months preceding the effective date of the debtor’s coverage and which caused loss within six (6) months following the effective date of the coverage;
2. May except or restrict coverage for total disability resulting from pregnancy, or intentionally self-inflicted injuries;
3. Do not condition eligibility for coverage on an employment requirement more restrictive than one requiring that the debtor be employed full-time on the effective date of coverage. Full-time means a regular work week of not less than 30 hours; and
4. Provide or offer coverage to all debtors regardless of age or to all debtors not older than a specified age limit, which shall not be less than age 65 at the inception of the indebtedness or 66 at the scheduled maturity date of the transaction.

An insurer may file other forms of credit health insurance which meet the requirements of 24-A M.R.S.A., Section 2858, provided no such insurance shall be issued with a waiting period, retroactive or non-retroactive, of less than 30 days. Premium rate standards for these contracts must be consistent with the above standards. If the credit health insurance requires evidence of individual insurability, a 10% reduction in the prima facie rate is required unless deviated rates based on experience are in use. No reduction is required if the monthly benefit exceeds $1,000. The Bureau may consider a different reduction if the insurer can provide support for the difference. Premium rates for use with forms which are more restrictive than those set forth above must reflect these variations to the extent that there is a measurable difference in the cost of the coverage provided.

**Section 11. Refund**

1. If credit life insurance on a debtor terminates prior to expiration of the period for which a charge for such insurance has been made to the debtor, by reason of early discharge of indebtedness by cash or refinancing, or by payment of a lump sum disability insurance claim, or otherwise, except by payment of a death claim under the credit life insurance policy, a refund of such charge for insurance shall be made to the debtor, or credited to his account.
2. If credit accident and health insurance on a debtor terminates prior to expiration of the period for which a charge for such insurance has been made to the debtor, for any reason whatsoever except for payment of a lump sum disability insurance benefit, a refund of such charge for insurance shall be made to the debtor, or to his beneficiary or estate, as appropriate.
3. In any refinancing or consolidation of an indebtedness, no policy provision covering the new indebtedness shall operate to deny benefits which would have been payable had the refinancing or consolidation not taken place.
4. The following formulae for computing refunds of credit insurance premiums are hereby declared acceptable to the Superintendent for the kinds of coverage specified. Other refund formulae which any insurer desires to use must be filed with and approved by the Superintendent prior to use.

(1) Monthly premium credit accident and health and monthly premium credit life refunds shall be either the full monthly premium or nothing, according to subsection F.

(2) Single premium credit life and credit accident and health refunds shall be calculated on the “Rule of Anticipation” method.

(3) For purposes of this rule, the “Rule of Anticipation” provides a refund equal to the premium cost of scheduled benefits subsequent to the date of cancellation or termination, computed at the schedule of premium rates in effect on the date of issue of the coverage.

E. The requirements of the credit insurance law that refund formulae be filed with the Superintendent shall be considered fulfilled if the refund formulae are set forth in the individual policy or group certificate filed with the Superintendent.

F. The refund calculations should utilize the 15 day rule. No charge for consumer credit insurance is to be made for the first fifteen (15) days of a one-month billing period and a full monthly premium may be charged for sixteen (16) days or more of the one-month billing period in which the cancellation occurred. For example, if a payment is made April 1, refunds calculated between April 1 and April 15 would refund to the consumer the premium for the entire month of April. If the appropriate day for calculation is April 16 through April 30, refunds would be calculated beginning from May 1 forward.

G. No refund of less than $5 need be made.

H. If a debtor has paid a premium for or an identifiable charge has been made for credit insurance, and such insurance is declined by the insurer or exceeds the maximum amount, duration, age or otherwise is not intended to become effective and the insurer has received all required information, the insurer or creditor shall promptly arrange for a refund to the debtor of any premium paid or identifiable charge made to him for such insurance. If any such refund is not made within 60 days, then it must be made (with interest at a minimum annual rate of 6 percent) during the lifetime and good health of the debtor. Otherwise, the insurance as issued will be deemed effective as of the date of obligation.

**Section 12. Beneficiary**

The primary beneficiary shall be the creditor as his interest may appear. After the creditor’s interest is satisfied, other benefits or refunds, if any, will be paid to the secondary beneficiary named by the insured debtor or if no named secondary beneficiary survives the insured, such other benefits or refunds, if any, shall be paid to the estate of the insured.

**Section 13. Reporting**

A. Each insurer doing a credit life and/or credit accident and health insurance business in the State of Maine shall file annually, prior to June 1, reports of its credit life insurance and credit accident and health insurance experience in this State on forms prescribed by the Superintendent and attached to this Rule as Appendix A. The experience reports shall be filed in an electronic format prescribed by the Superintendent. The reporting method is file and use. Experience filings will be reviewed for compliance with the requirements of this Rule. Any deficiencies will be brought to the attention of the carrier. If the rates have already been implemented, corrective action may be required. If the carrier desires to receive confirmation prior to implementation the carrier should provide to the Bureau the cover letter in duplicate requesting the confirmation. Every effort will be made to process filings within 60 days of the June 1 deadline.

B. Each insurer may report experience and determine rate deviations either by combining experience for all policyholders in this state or, if sufficiently credible as defined below, by splitting experience into two or more cases.

(1) "Case" means either a "Single Account Case" or a "Multiple Account Case" or a "Pooled Account Case" as follows:

a. "Single Account Case" means a case consisting of only one account as defined in Section 4. The account must meet the credibility standards of Paragraph (2) below.

b. "Multiple Account Case" means two or more accounts of the same insurer, having similar underwriting characteristics, which are combined by the insurer for premium rating purposes and which, when combined, meet the credibility standards of Paragraph (2) below.

c. "Pooled Account Case" means a combination of all the insurer’s accounts of the same plan of insurance, excluding all cases defined in (a) and (b) above. A pooled account case must meet the credibility standards of Paragraph (2) below.

Experience reports for multiple account cases and pooled account cases must include a list of the accounts included in the case.

Once a case is established, it cannot be changed unless such change is according to the case determination guidelines of the insurer and is approved by the Superintendent. However, if a case ceases to meet the credibility standards of Paragraph (2) below, it must be combined with another case.

Experience reported for a Multiple Account Case or a Pooled Account Case must exclude experience on any accounts that terminated during the three-year experience period.

(2) A case meets minimum credibility standards if the credibility factor from the table below is at least equal to the minimum credibility factor elected by the insurer. An insurer may make this election by notice to the Superintendent, in writing. The minimum credibility factor elected may not be less than 50 percent. Once elected, the minimum credibility factor will remain in effect for the insurer until a different factor has been filed by the insurer and approved by the Superintendent. If an insurer makes no written election, its minimum credibility factor will be 100 percent.

(3) The credibility factor may be based on either the Number of Claims incurred or on the Number of Life Years for the case during the experience period. The insurer shall notify the Superintendent in writing which method it will use to measure the credibility of all its cases in this State and may not change its method without prior approval. If Claim Count or Life Year data is not available, reasonable methods of approximation approved by the Superintendent may be used until such data is developed.

**CREDIBILITY TABLE**

|  |  |  |
| --- | --- | --- |
|  Number of Life Years | Incurred | Credibility |
|  Credit Life | Credit Accident & Health | Claim Count | Factor |
| 1 - | 1,799 | 1 - | 208 | 1 - | 8 | .00 |
| 1,800 - | 2,399 | 209 - | 278 | 9 - | 11 | .25 |
| 2,400 - | 2,999 | 279 - | 348 | 12 - | 14 | .30 |
| 3,000 - | 3,599 | 349 - | 418 | 15 - | 17 | .35 |
| 3,600 - | 4,599 | 419 - | 534 | 18 - | 22 | .40 |
| 4,600 - | 5,599 | 535 - | 651 | 23 - | 27 | .45 |
| 5,600 - | 6,599 | 651 - | 766 | 28 - | 32 | .50 |
| 6,600 - | 7,599 | 767 - | 883 | 33 - | 37 | .55 |
| 7,600 - | 9,599 | 884 - | 1,115 | 38 - | 47 | .60 |
| 9,600 - | 11,599 | 1,116 - | 1,348 | 48 - | 57 | .65 |
| 11,600 - | 14,599 | 1,349 - | 1,697 | 58 - | 72 | .70 |
| 14,600 - | 17,599 | 1,698 - | 2,046 | 73 - | 87 | .75 |
| 17,600 - | 20,599 | 2,047 - | 2,394 | 88 - | 102 | .80 |
| 20,600 - | 25,599 | 2,395 - | 2,976 | 103 - | 127 | .85 |
| 25,600 - | 30,599 | 2,977 - | 3,557 | 128 - | 152 | .90 |
| 30,600 - | 39,999 | 3,558 - | 4,650 | 153 - | 199 | .95 |
| 40,000 + |  | 4,651 + |  | 200 + |  |  1.00  |

(4) If a creditor changes insurers, the case rate in effect for that account on the date of the change will continue to be in effect for the account with the succeeding insurer until such time as revised rates are filed in accordance with Sections 8(D) and 10(F), except that if the prior insurer had scheduled a downward deviation, the new insurer must implement it.

**Section 14. Conformity With Regulation**

All credit rates submitted to the Bureau shall be certified as to conformity with this regulation by company actuary or responsible company official. The accompanying data submitted to the Bureau shall also be certified as to accuracy to the best of the submitting official’s knowledge.

**Section 15. Expense Allowances and Commissions**

A. Fees paid to a lender for handling or processing credit life or credit health insurance may not exceed 10% of prima facie premiums as defined by this rule.

B. In addition to fees allowed by subsection A, a commission not exceeding 5% of prima facie premiums may be paid to a creditor who is a licensed credit insurance agent.

For purposes of this section and 24-A M.R.S.A. § 2860-A, “lender” means creditor.

**Section 16. Effective Date**

This rule as last amended was effective October 1, 1987. Amendments adopted in 2006 shall take effect on October 1, 2006.

**APPENDIX A**

Forms L1, L2, L3, and L4 must be completed for each case involving credit life insurance. Forms D1, D2, D3 and D4 must be completed for each case involving credit disability insurance. Copies of all forms are attached. Experience reports shall be submitted in electronic format. Electronic versions of the forms are available on the Bureau of insurance web site at <http://www.maine.gov/pfr/insurance/legal/rules/index.html> . All reports must be submitted on or before June 1 each year.

CREDIT LIFE INSURANCE SUMMARY REPORT – STATE OF MAINE

FORM L1

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE YEAR ENDING

Classes of Business (Check all that apply):

[ ] (a) credit unions [ ] (e) other sales finance

[ ] (b) commercial & savings banks [ ] (f) production credit associations; bank

[ ] (c) finance companies agricultural loans

[ ] (d) motor vehicle dealers [ ] (g) all others

Mode of Premium Payment:

[ ] Outstanding Balance(Monthly Premium) [ ] Revolving Account

[ ] Single Premium [ ] Fixed Monthly Premium

Plan of Benefits (Check one or both): [ ] Decreasing [ ] Non-Decreasing

MONTHLY PREMIUM PER $1,000

 \_\_Single Life Joint Life\_\_\_\_

Present Case Rate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Calculated Case Rate (from

Form L2, Line J) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Case Rate to be Used \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Effective Date of Last Rate Revision\* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Effective Date of New Rates or Renewal

 Date of Present Rates \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The information above and on Forms L2, L3 and L4 attached is true to the best of my knowledge and belief.

Signature (not required if filed electronically) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Type or Print)

Position Telephone \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Email \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\* Enter the date the rates were initially implemented if there have not been any rate revisions.

CREDIT LIFE INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM L2

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE

MAINE EXPERIENCE LAST THREE YEARS

 SINGLE JOINT TOTAL

(from Form L3)

A. Earned Premium at Prima Facie Rate

B. Incurred Losses

C.\* 1. Number of Life Years Covered

2. Number of Claims Incurred

(Use TOTAL factor for

D. Credibility Factor (from table) both SINGLE and JOINT)

E. Prima Facie Rate .50 .84 XXX

F. Prima Facie Claim Cost .315 .63 XXX

G. Expected Losses [A x F/E]

 (Use TOTAL ratio for

H. Actual/Expected Ratio [B/G] both SINGLE and JOINT)

I. Deviation [D x (H - 1) x F] XXX

J. Deviated Rate [E + I] XXX

\* Complete either C.1. or C.2., as elected in writing pursuant to Section 13 of Rule Chapter 220.

CREDIT LIFE INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM L3

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE

MAINE EXPERIENCE LAST THREE YEARS

Year Ending:

 (from Form L4)

SINGLE LIFE

A. Earned Premium at

 Prima Facie Rate

B. Incurred Losses

C.\* 1. Number of Life

Years Covered

2. Number of Claims

Incurred

JOINT LIFE

A. Earned Premium at

 Prima Facie Rate

B. Incurred Losses

C.\* 1. Number of Life

 Years Covered

 2. Number of Claims

 Incurred

\* Complete either C.1. or C.2., as elected in writing pursuant to Section 13 of Rule Chapter 220.

CREDIT LIFE INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM L4

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE YEAR ENDING

1. Actual Earned Premiums Single Joint

 a. Gross premium written (before deduction for

Dividends and Experience Rating Credits)

 b. Refunds on Termination

 c. Net [a - b]

 d. Premium reserve, beginning of period

 e. Premium reserve, end of period

 f. Actual Earned Premiums [c+d-e]

2. Prima Facie Earned Premiums

 a. Insured Balance [See Section 9.D (3) of Rule]

 b. Earned Premium at prima facie rate

 [Single: (a x .00050); Joint: (a x .00084)]

3. Incurred Claims

 a. Claims paid

 b. Unreported claims, beginning of period

 c. Unreported claims, end of period

 d. Claim reserve, beginning of period

 e. Claim reserve, end of period

 f. Incurred claims (a – b + c – d + e)

4. Loss Ratio

 a. Actual loss ratio (3f / 1f)

 b. Loss ratio at prima facie rate (3f / 2b)

5. State basis for incurred but unreported claims:

CREDIT DISABILITY INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM D1

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE YEAR ENDING

Classes of Business (Check all that apply):

[ ] (a) credit unions [ ] (e) other sales finance

[ ] (b) commercial & savings banks [ ] (f) production credit associations; bank

[ ] (c) finance companies agricultural loans

[ ] (d) motor vehicle dealers [ ] (g) all others

Mode of Premium Payment:

[ ] Single Premium [ ] Revolving Account

[ ] Outstanding Balance (Monthly Premium) [ ] Fixed Monthly Premium

DEVIATION RATIO

Present Deviation Ratio for Case \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Calculated Deviation Ratio (from Form D2, Line O) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Deviation Ratio to be Used \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Effective Date of Last Rate Revision\* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Effective Date of New Rates or Renewal Date of

Present Rates \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The information above and on Forms D2, D3 and D4 attached is true to the best of my knowledge and belief.

Signature (not required if filed electronically)

 Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Type or Print)

Position Telephone\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Email \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\* Enter the date the rates were initially implemented if there have not been any rate revisions.

 CREDIT DISABILITY INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM D2

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE

MAINE EXPERIENCE LAST THREE YEARS

 RETRO NON-RETRO

 Combined

Year Ending: Total Total Total

 (from (from

 Form D3) Form D3)

A. Earned Premium

 at Prima Facie

 Rate

B. Incurred

 Losses

C. Imputed

 Investment

 Income

D. Incurred Loss

 Ratio at Prima

 Facie [B/(A+C)]

E.\* 1. Number of

 Life Years

 Covered

 2. Number of

 Claims

 Incurred

DEVIATION

F. Credibility Factor (from table) XXX XXX

G Average Term of Indebtedness XXX

H. Prima Facie Rate XXX

I. Benchmark Loss Ratio XXX

J. Prima Facie Claim Cost [HxI] XXX

K Expense Loading [H–J] XXX

L. Plan Ratio [D/I] XXX

M. Adjusted Plan Ratio [ {(L – 1) X F } + 1 XXX

N. [(MxJ)+K] XXX

O. [N/H] XXX

P. [OxA] + =

Q. Calculated Deviation Ratio [ P / A ] XXX XXX

\* Complete either E.1. or E.2., as elected in writing pursuant to Section 13 of Rule Chapter 220.CREDIT DISABILITY INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM D3

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE YEAR ENDING

1. Actual Earned Premiums RETRO NON-RETRO

 a. Gross premium written (before deduction for

 dividends and experience rating credits)

 b. Refunds on termination

 c. Net [a - b]

 d. Premium reserve, beginning of period

 e. Premium reserve, end of period

 f. Actual earned premiums [c +d - e]

2. Prima Facie Earned Premiums (from D4)

3. Imputed Investment Income [(1d + 1e) x .03]

4. Incurred claims

 a. Claims paid

 b. Unreported claims, beginning of period

 c. Unreported claims, end of period

 d. Claim reserve, beginning of period

 e. Claim reserve, end of period

 f. Incurred claims (a - b + c - d + e)

5. Loss Ratio

 a. Actual loss ratio (4f / 1f)

 b. Loss ratio at prima facie rate (4f / line 2)

CREDIT DISABILITY INSURANCE EXPERIENCE REPORT – STATE OF MAINE

FORM D4

COMPANY NAIC # \_\_\_\_\_\_\_\_\_\_\_\_

CASE YEAR ENDING

|  |  |  |
| --- | --- | --- |
|  | **RETRO** | **NON-RETRO** |
|  | Actual EarnedPremiums \_Col 1 | DeviationRatio \_Col. 2 | Prima FacieEarned PremiumCol. 1 / Col . 2 \_Col. 3 | Actual EarnedPremiums \_Col 1 | DeviationRatio \_Col. 2 | Prima FacieEarned PremiumCol. 1 / Col . 2 \_Col. 3 |
| A. Earned premiums at prima facie rate | \_\_\_\_\_\_\_\_\_\_\_\_\_ | 1.000 | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 1.000 | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| B. Earned premiums at other than prima facie rates: |  |  |  |  |  |  |
|  | 1. \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 1. \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | 2. \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | 2. \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | 3. \_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | 3. \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ |
|  | 4. \_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | 4. \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ |
|  | 5. \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | 5. \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ |
|  | 6. \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | 6. \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_ |
| Totals | \_\_\_\_\_\_\_\_\_\_\_To agree withForm D3, Line 1f | xxx | \_\_\_\_\_\_\_\_\_\_\_\_\_\_To Form D3,Line 2 | \_\_\_\_\_\_\_\_\_\_\_\_To agree withForm D3, Line 1f | xxx | \_\_\_\_\_\_\_\_\_\_\_\_\_\_To Form D3,Line 2 |

APPENDIX B

Prima Facie Credit A&H Rates For Critical period Disability Coverage

(30 Day Waiting Period)

|  |  |  |
| --- | --- | --- |
|  |  6 Mo. Maximum Benefit Period  |  12 Mo. Maximum Benefit Period  |
|  |  Non-Retroactive­\_ |  Retroactive  |  Non-Retroactive­\_ |  Retroactive  |
| Term\* | Rate | L.R.+ | Rate | L..R.+ | Rate | L.R.+ | Rate | L.R.+ |
| 6 | 0.93 | 50 | 1.70 | 59 | 0.93 | 50 | 1.70 | 59 |
| 12 | 1.27 | 53 | 1.98 | 64 | 1.46 | 55 | 2.11 | 67 |
| 18 | 1.36 | 54 | 2.06 | 65 | 1.69 | 58 | 2.36 | 69 |
| 24 | 1.41 | 54 | 2.08 | 66 | 1.77 | 60 | 2.46 | 70 |
| 30 | 1.41 | 55 | 2.09 | 66 | 1.82 | 61 | 2.53 | 70 |
| 36 | 1.42 | 55 | 2.10 | 66 | 1.86 | 61 | 2.56 | 70 |
| 42 | 1.42 | 55 | 2.09 | 66 | 1.88 | 61 | 2.58 | 70 |
| 48 | 1.42 | 55 | 2.08 | 66 | 1.86 | 62 | 2.58 | 70 |
| 54 | 1.42 | 55 | 2.07 | 66 | 1.86 | 62 | 2.58 | 70 |
| 60 | 1.41 | 55 | 2.06 | 66 | 1.86 | 62 | 2.57 | 70 |
| 72 | 1.42 | 54 | 2.06 | 65 | 1.88 | 61 | 2.55 | 70 |
| 84 | 1.39 | 54 | 2.02 | 65 | 1.86 | 61 | 2.51 | 70 |
| 96 | 1.37 | 54 | 2.02 | 64 | 1.83 | 61 | 2.47 | 70 |
| 108 | 1.35 | 54 | 1.98 | 64 | 1.81 | 61 | 2.43 | 70 |
| 120 | 1.32 | 54 | 1.97 | 63 | 1.81 | 60 | 2.43 | 69 |
| 132 | 1.32 | 53 | 1.94 | 63 | 1.78 | 60 | 2.39 | 69 |
| 144 | 1.30 | 53 | 1.93 | 62 | 1.75 | 60 | 2.34 | 69 |
| 156 | 1.27 | 53 | 1.89 | 62 | 1.75 | 59 | 2.30 | 69 |
| 168 | 1.25 | 53 | 1.86 | 62 | 1.71 | 59 | 2.29 | 68 |
| 180 | 1.23 | 53 | 1.85 | 61 | 1.71 | 58 | 2.25 | 68 |

|  |  |  |
| --- | --- | --- |
|  |  18 Mo. Maximum Benefit Period  |  24 Mo. Maximum Benefit Period  |
|  |  Non-Retroactive­\_ |  Retroactive  |  Non-Retroactive­\_  |  Retroactive  |
| Term\* | Rate |  L.R.+ | Rate |  L..R.+ | Rate |  L.R.+ | Rate |  L.R.+ |
| 6 | 0.93 | 50 | 1.70 | 59 | 0.93 | 50 | 1.70 | 59 |
| 12 | 1.46 | 55 | 2.11 | 67 | 1.46 | 55 | 2.11 | 67 |
| 18 | 1.75 | 60 | 2.43 | 70 | 1.75 | 60 | 2.43 | 70 |
| 24 | 1.92 | 63 | 2.66 | 71 | 1.96 | 64 | 2.69 | 72 |
| 30 | 2.03 | 64 | 2.76 | 72 | 2.12 | 66 | 2.89 | 73 |
| 36 | 2.08 | 65 | 2.81 | 73 | 2.23 | 67 | 3.03 | 73 |
| 42 | 2.10 | 66 | 2.85 | 73 | 2.28 | 68 | 3.08 | 74 |
| 48 | 2.13 | 66 | 2.88 | 73 | 2.30 | 69 | 3.13 | 74 |
| 54 | 2.12 | 67 | 2.89 | 73 | 2.34 | 69 | 3.17 | 74 |
| 60 | 2.13 | 67 | 2.90 | 73 | 2.37 | 69 | 3.19 | 74 |
| 72 | 2.13 | 67 | 2.89 | 73 | 2.39 | 69 | 3.20 | 74 |
| 84 | 2.12 | 67 | 2.86 | 73 | 2.39 | 69 | 3.18 | 74 |
| 96 | 2.13 | 66 | 2.83 | 73 | 2.37 | 69 | 3.16 | 74 |
| 108 | 2.10 | 66 | 2.83 | 72 | 2.35 | 69 | 3.12 | 74 |
| 120 | 2.07 | 66 | 2.78 | 72 | 2.33 | 69 | 3.08 | 74 |
| 132 | 2.07 | 65 | 2.74 | 72 | 2.33 | 68 | 3.04 | 74 |
| 144 | 2.04 | 65 | 2.70 | 72 | 2.30 | 68 | 3.03 | 73 |
| 156 | 2.01 | 65 | 2.69 | 71 | 2.26 | 68 | 2.98 | 73 |
| 168 | 2.00 | 64 | 2.64 | 71 | 2.23 | 68 | 2.94 | 73 |
| 180 | 1.97 | 64 | 2.60 | 71 | 2.23 | 67 | 2.89 | 73 |

\* Term of Indebtedness in Months

+ Benchmark Loss Ratio

Prima Facie Credit A&H Rates for Critical Period Disability Coverage

(30 Day Waiting Period)

|  |  |  |
| --- | --- | --- |
|  |  30 Mo. Maximum Benefit Period  |  36 Mo. Maximum Benefit Period  |
|  |  Non-Retroactive­\_ |  Retroactive  |  Non-Retroactive­\_  |  Retroactive  |
| Term\* | Rate | L.R.+ | Rate | L..R.+ | Rate | L.R.+ | Rate | L.R.+ |
| 6 | 0.93 | 50 | 1.70 | 59 | 0.93 | 50 | 1.70 | 59 |
| 12 | 1.46 | 55 | 2.11 | 67 | 1.46 | 55 | 2.11 | 67 |
| 18 | 1.75 | 60 | 2.43 | 70 | 1.75 | 60 | 2.43 | 70 |
| 24 | 1.96 | 64 | 2.69 | 72 | 1.96 | 64 | 2.69 | 72 |
| 30 | 2.14 | 67 | 2.94 | 73 | 2.14 | 67 | 2.94 | 73 |
| 36 | 2.29 | 68 | 3.11 | 74 | 2.31 | 69 | 3.15 | 74 |
| 42 | 2.40 | 69 | 3.20 | 75 | 2.45 | 70 | 3.29 | 75 |
| 48 | 2.46 | 70 | 3.29 | 75 | 2.58 | 70 | 3.43 | 75 |
| 54 | 2.52 | 70 | 3.35 | 75 | 2.63 | 71 | 3.47 | 76 |
| 60 | 2.56 | 70 | 3.39 | 75 | 2.66 | 72 | 3.53 | 76 |
| 72 | 2.57 | 71 | 3.43 | 75 | 2.73 | 72 | 3.56 | 77 |
| 84 | 2.59 | 71 | 3.44 | 75 | 2.77 | 72 | 3.58 | 77 |
| 96 | 2.58 | 71 | 3.42 | 75 | 2.78 | 72 | 3.58 | 77 |
| 108 | 2.57 | 71 | 3.39 | 75 | 2.77 | 72 | 3.56 | 77 |
| 120 | 2.58 | 70 | 3.36 | 75 | 2.75 | 72 | 3.58 | 76 |
| 132 | 2.55 | 70 | 3..31 | 75 | 2.73 | 72 | 3.54 | 76 |
| 144 | 2.52 | 70 | 3.27 | 75 | 2.70 | 72 | 3.50 | 76 |
| 156 | 2.49 | 70 | 3.22 | 75 | 2.67 | 72 | 3.45 | 76 |
| 168 | 2.45 | 70 | 3.21 | 74 | 2.67 | 71 | 3.40 | 76 |
| 180 | 2.42 | 70 | 3.17 | 74 | 2.63 | 71 | 3.40 | 75 |

|  |  |  |
| --- | --- | --- |
|  |  48 Mo. Maximum Benefit Period  |  60 Mo. Maximum Benefit Period  |
|  |  Non-Retroactive­\_ |  Retroactive  |  Non-Retroactive­\_  |  Retroactive  |
| Term\* | Rate | L.R.+ | Rate | L..R.+ | Rate | L.R.+ | Rate | L.R.+ |
| 6 | 0.93 | 50 | 1.70 | 59 | 0.93 | 50 | 1.70 | 59 |
| 12 | 1.46 | 55 | 2.11 | 67 | 1.46 | 55 | 2.11 | 67 |
| 18 | 1.75 | 60 | 2.43 | 70 | 1.75 | 60 | 2.43 | 70 |
| 24 | 1.96 | 64 | 2.69 | 72 | 1.96 | 64 | 2.69 | 72 |
| 30 | 2.14 | 67 | 2.94 | 73 | 2.14 | 67 | 2.94 | 73 |
| 36 | 2.31 | 69 | 3.15 | 74 | 2.31 | 69 | 3.15 | 74 |
| 42 | 2.48 | 70 | 3.32 | 75 | 2.48 | 70 | 3.32 | 75 |
| 48 | 2.63 | 71 | 3.48 | 76 | 2.63 | 71 | 3.48 | 76 |
| 54 | 2.75 | 72 | 3.59 | 77 | 2.77 | 72 | 3.61 | 77 |
| 60 | 2.82 | 73 | 3.71 | 77 | 2.89 | 73 | 3.73 | 78 |
| 72 | 2.97 | 73 | 3.81 | 78 | 3.08 | 74 | 3.87 | 80 |
| 84 | 3.01 | 74 | 3.84 | 79 | 3.22 | 74 | 4.01 | 80 |
| 96 | 3.05 | 74 | 3.87 | 79 | 3.25 | 75 | 4.09 | 80 |
| 108 | 3.07 | 74 | 3.88 | 79 | 3.30 | 75 | 4.13 | 80 |
| 120 | 3.07 | 74 | 3.87 | 79 | 3.32 | 75 | 4.14 | 80 |
| 132 | 3.05 | 74 | 3.84 | 79 | 3.32 | 75 | 4.13 | 80 |
| 144 | 3.03 | 74 | 3.81 | 79 | 3.31 | 75 | 4.11 | 80 |
| 156 | 3.00 | 74 | 3.82 | 78 | 3.29 | 75 | 4.07 | 80 |
| 168 | 3.01 | 73 | 3.77 | 78 | 3.26 | 75 | 4.03 | 80 |
| 180 | 2.98 | 73 | 3.73 | 78 | 3.23 | 75 | 3.99 | 80 |

\* Term of Indebtedness in Months

+ Benchmark Loss Ratio

EFFECTIVE DATE:

 January 1, 1979 (Filed 7-20-78)

AMENDED:

 October 1, 1987

EFFECTIVE DATE (ELECTRONIC CONVERSION):

 January 14, 1997

NON-SUBSTANTIVE CORRECTIONS:

 April 2, 1998

AMENDED:

 October 1, 2006 – filing 2006-254

MINOR CORRECTION:

 April 7, 2017 – hyperlink on page 20 corrected

APAO ACCESSIBILITY CHECK: July 25, 2025