

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

[92 Rate Limitations.] It shall be presumed that the premiums are not excessive in relation to the benefits if the premiums or premium rates as filed with the Commissioner do not exceed the following, or actuarially equivalent rates:

(a) For decreasing term credit life insurance, a single premium of $.55 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $.83 per $1,000.00 of outstanding unpaid insured indebtedness will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth is applicable to a plan of death benefits with or without requirements for evidence of insurability,

(1) which contains no exclusions, or no exclusions other than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage,

(aa) debtors 65 or over at the time the indebtedness is incurred, or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(b) For level amount term credit life insurance a single premium of $1.00 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of $.83 per $1,000.00 of initial insurance will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth above is applicable to a plan of death benefits, with or without requirements for evidence of insurability:

(1) which contains no exclusions, or no exclusions other than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage,

(aa) debtors 65 or over at the time the indebtedness is incurred, or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(c) For decreasing term joint credit life insurance, a single premium of $.90 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.38 per $1000.00 of initial joint credit life insurance will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth above is applicable to a plan of death benefits, with or without requirements for evidence of insurability:

(1) which contains no exclusions, or no exclusions other

than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions or only age restrictions making ineligible for the coverage,

(aa) debtors 65 or over at the time the indebtedness is incurred or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(d) For credit accident and health insurance the following single premium rates per $100.00 initial insured indebtedness in Schedule A or A-1, which are attached hereto and made a part of this Regulation.

An insurer may use a bracket rate, provided the bracket is either of a 3 month duration as set forth in Schedule A, or of a 6 month duration as set forth in Schedule A-1, and provided the middle rate or one of the middle rates of each bracket is the charge for any insurance falling within such 3 month or 6 month bracket, whichever the case may be.

Rates for policies of Credit Accident and Health Insurance on which premiums are paid other than in equal monthly installments or for such policies providing benefits payable other than as specified above shall be actuarially consistent with the rates specified above. Each rate filing made under this section shall be certified by the company's actuary or by an officer of the company making the filing

to the effect that the rates submitted do not exceed the maximum rates set forth in this Regulation and are the actuarial equivalents.

The premium rates specified are presumed not excessive in relation to benefits for policies which:

(1) contain no exclusion for pre-existing conditions except a provision excluding or denying a claim for disability resulting from pre-existing illness, disease or physical condition for which the debtor received medical advice, consultation or treatment during the six month period immediately preceding the effective date of the debtor's coverage and which would ordinarily be expected to affect materially the debtor's health during the period of coverage, provided, however, that after such coverage has been in force for six months (12 months for contracts of more than three years), this pre-existing exclusion clause shall not operate to deny coverage for any disability commencing thereafter;

(2) may except or restrict coverage for total disabilities resulting from pregnancy, intentionally self-inflicted injuries, foreign travel or residence, flight in non-scheduled aircraft, or war or military service;

(3) 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 time the insurance becomes effective or 66 at the scheduled maturity date of the transaction.

(e) If credit life or credit accident and health coverage is offered which is more restrictive than provided above, separate rate filings must be made at a level lower than that set forth, and which can reasonably be anticipated to produce a loss ratio of 50% in accordance with the basic test set forth in Section 90.

(f) An insurer may receive approval of a higher premium rate or schedule or rates to be used in connection with insurance on the debtors of a creditor or a class or classes of debtors if the insurer demonstrates, to the satisfaction of the Commissioner, that the mortality or morbidity experience which may reasonably be anticipated on such debtors of a creditor or a class or classes or debtors will develop a loss ratio in excess of 50% if the rate standards in Section 92, a, b, and c are used.

(g) Insurers doing credit life and/or credit accident and health insurance business in the State shall annually file with the Insurance Division a report of its credit life insurance experience and credit accident and health insurance experience on forms prescribed by the Commissioner.

(h) If premiums are paid monthly on outstanding balances, the monthly premium rates shall be computed by a method which is actuarially consistent with the premiums on a single premium basis.

[Ins 100 Effective Date.] This regulation shall be effective the 31st day of December, 1967, provided, however, that any premium

not consistent with those promulgated and set forth in Section 92 of this regulation may be continued as follows:

(1) Individual policies--for all which become effective prior to December 31, 1968.

(2) Group policies--for all debtors whose coverage becomes effective prior to December 31, 1968.

Rule 92 as amended and Rule 101 shall become effective on the first day of July, 1974, or 90 days after the date of their filing with the Commissioner of Administration, whichever is later, and shall be applicable to all credit insurance transactions thereafter as to debtors enrolled under a group policy and to individuals insured under either group certificates or individual policies delivered or issued for delivery in this State on and after the effective date.

[Ins 101 - Minimum Reserves for Credit Life Insurance.]

(1) In order to assure the financial soundness of companies writing credit life insurance, and to assure that sufficient funds will be made available to make the refunds as required in the event of cancellation and to guarantee promised benefits to policyholders, the minimum reserves on all credit life insurance shall be not less than 130% of reserves as computed on the Commissioner's 1958 Standard Ordinary Mortality Table with interest at 3½% per annum.

(2) If, on December 31, 1974, the reserves maintained on

such business by any company are on a lower basis than that stated in paragraph (1), the Commissioner, upon written request of such company, may approve a plan for the gradual increase on the basis of such reserves, provided that on December 31, 1979, the basis of such reserves shall in no event be less than that stated in paragraph (1).

(3) As an alternative, at the option of the company, reserves may be on the basis of unearned gross premiums, calculated on the pro rata method or by the Rule of 78, whichever is appropriate.

Revised Schedule A
Effective June 1, 1974

SCHEDULE A

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods		Retroactive Benefits Waiting Periods	
	14 Days	30 Days	14 Days	30 Days
3	$ .82	$ .35	$1.35	$ .81
4	.95	.48	1.51	.99
5	1.06	.58	1.64	1.12
6	1.16	.67	1.74	1.23
7	1.23	.74	1.83	1.32
8	1.30	.81	1.90	1.40
9	1.37	.87	1.97	1.48
10	1.42	.93	2.02	1.54
11	1.48	.97	2.08	1.59
12	1.52	1.02	2.13	1.65
13	1.57	1.06	2.18	1.69
14	1.61	1.11	2.22	1.74
15	1.65	1.14	2.26	1.77
16	1.68	1.18	2.30	1.82
17	1.72	1.21	2.33	1.85
18	1.75	1.24	2.37	1.89
19	1.78	1.28	2.40	1.92
20	1.82	1.30	2.44	1.95
21	1.85	1.34	2.47	1.99
22	1.88	1.37	2.49	2.02
23	1.91	1.39	2.53	2.04
24	1.93	1.42	2.56	2.08
25	1.96	1.46	2.58	2.11
26	1.99	1.48	2.61	2.13
27	2.02	1.51	2.64	2.16
28	2.04	1.54	2.66	2.19
29	2.07	1.57	2.70	2.22
30	2.10	1.59	2.73	2.25
31	2.12	1.62	2.75	2.28
32	2.15	1.64	2.77	2.30
33	2.18	1.66	2.80	2.32
34	2.20	1.69	2.83	2.35
35	2.23	1.72	2.85	2.38
36	2.25	1.75	2.88	2.40
37	2.28	1.77	2.91	2.43
38	2.30	1.79	2.92	2.46
39	2.33	1.82	2.95	2.48
40	2.36	1.84	2.98	2.50
41	2.38	1.87	3.01	2.53
42	2.40	1.89	3.03	2.56
43	2.43	1.92	3.05	2.57

Revised Schedule A
Effective June 1, 1974

SCHEDULE A

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods		Retroactive Benefits Waiting Period	
	14 Days	30 Days	14 Days	30 Days
44	$2.46	$1.94	$3.08	$2.60
45	2.48	1.96	3.10	2.63
46	2.50	1.99	3.13	2.65
47	2.53	2.02	3.15	2.67
48	2.55	2.03	3.18	2.70
49	2.57	2.06	3.20	2.73
50	2.60	2.09	3.23	2.75
51	2.63	2.11	3.25	2.78
52	2.65	2.13	3.28	2.80
53	2.67	2.15	3.29	2.83
54	2.69	2.18	3.32	2.84
55	2.72	2.20	3.35	2.87
56	2.74	2.22	3.37	2.90
57	2.76	2.25	3.39	2.92
58	2.79	2.28	3.42	2.94
59	2.81	2.29	3.44	2.96
60	2.83	2.32	3.46	2.99

SCHEDULE A-1

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS
SIX-MONTH ALTERNATIVE BRACKET RATE SCHEDULE

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods		Retroactive Benefits Waiting Periods	
	14 Days	30 Days	14 Days	30 Days
3-8	$1.12	$ .62	$1.68	$1.18
9-14	1.49	.99	2.11	1.62
15-20	1.74	1.23	2.35	1.87
21-26	1.93	1.40	2.54	2.06
27-32	2.09	1.57	2.72	2.24
33-38	2.24	1.74	2.87	2.39
39-44	2.38	1.88	3.01	2.55
45-50	2.55	2.02	3.17	2.69
51-56	2.68	2.16	3.29	2.83
57-60	2.80	2.29	3.43	2.95

[Ins 116 - Credit Insurance.]

(1) Scope--this rule shall apply to the transaction of credit life insurance as defined in Minn. Stat. §62B.02, Subd.2, and to the transaction of credit accident and health insurance as defined in Minn. Stat. §62B.02, Subd. 3.

(2) Unfair Trade Practices Defined--the following acts, whether done directly or indirectly, in consideration of or in connection with a policy issued or proposed to be issued are defined to be prohibited unfair methods of competition in the transaction of insurance described in subsection (1) above:

(a) The offer to deposit or the deposit with a bank or other financial institution, money or securities of the insurer or of any affiliate of the insurer with the design or intent that the deposit offset or take the place of a deposit of money or securities which otherwise would be required of the creditor by such bank or financial institution as a compensating balance or offsetting deposit for a loan or other advancement.

(b) The deposit with a bank or other financial institution of money or securities without interest or at a lesser rate of interest than is currently being paid other depositors on similar deposits with such bank or other financial institution.

(c) Any other practice which is followed by an insurer when such practice involves use of the financial resources of the insurer, for the benefit of the credit institution, as an

inducement to purchase insurance described in subsection (1) above.

(3) Nothing herein shall prevent the insurer from making deposits in a financial institution which are not related to a credit insurance program if such deposits are not in fact related to whether the insurer is the insurer which insures the credit insurance program.

FILED
RICHARD L. BRUBACHER
Commissioner of Administration
APR 8 1974 2:40 PM
BY Leda Staudenmaier
AUTH. SIGNATURE

APPROVED AS TO FORM AND LEGALITY
April 8 19 74
WARREN SPANNAUS, ATTORNEY GENERAL
BY Michael B Miller
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
APR 8 - 1974 - 2:15 pm
Arlen I. Erdahl
Secretary of State

STATE OF MINNESOTA

COUNTY OF RAMSEY

COMMERCE DEPARTMENT

INSURANCE DIVISION

IN THE MATTER OF THE PROPOSED ADOPTION AND AMENDMENT OF RULES AND REGULATIONS OF THE STATE INSURANCE DIVISION GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE.

FINDINGS OF FACT

The above-entitled matter came on for hearing before the Insurance Commissioner of the State of Minnesota on the 11th day of February, 1974, at 9:00 A.M. in the Metro Square Building, St. Paul, Minnesota, after proper notice required by M.S. 1971, Section 15.0412 was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present wrriten and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, I find the following:

1. That credit life and credit accident and health insurance rates adopted in 1967 have not produced loss ratios of at least 50%, that these rates do not meet this basic test as established by Insurance Rule 90, and that therefore it can no longer be presumed that these rates are not excessive in relation to benefits.

2. That the rates as proposed for credit life and credit accident and health insurance may be expected to produce the required 50% loss ratio or nearly thereto, and that it is therefore presumed that these rates will not be excessive in relation to benefits.

3. That decreasing term joint credit life insurance is sold in sufficient quantity to warrant the adoption of rates that will be presumed to be not excessive in relation to benefits and that a single premium of $.90 per annum per $100.00 of initial insured indebtedness shall be presumed to be not excessive in relation to benefits and further that a premium payable monthly at the rate of $1.38 per $1000.00 of initial joint credit life insurance is

the actuarial equivalent of the foregoing rate.

4. That the calculation of reserves under the Commissioner's 1958 Standard Ordinary Mortality Table is not sufficient to provide reserves for refunds required by law where the insurance is terminated prior to the scheduled maturity date of the indebtedness and that a minimum reserve on all credit life insurance of not less than 130% of reserves as computed on the Commissioner's 1958 Standard Ordinary Mortality Table with interest at 3-1/2% per annum is sufficient to provide for such refunds as well as guarantee promised benefits to policyholders.

5. That it will require at least 90 days from the date of filing of the amendment to Rule 92 with the Commissioner of Administration for the various insurance companies writing credit insurance to complete administrative procedures necessary for compliance with the rule.

6. That annual statements and examinations of insurers reveal a practice whereby companies use their financial resources in such a way as to permit an advantage to a credit institution for the purposes of inducing the purchase of credit insurance.

Dated: 20th day of March, 1974.

STATE OF MINNESOTA
INSURANCE DIVISION

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance

STATE OF MINNESOTA

COUNTY OF RAMSEY

COMMERCE DEPARTMENT

INSURANCE DIVISION

IN THE MATTER OF THE PROPOSED ADOPTION AND AMENDMENT OF RULES AND REGULATIONS OF THE STATE INSURANCE DIVISION GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE.

STATEMENT OF COMPLIANCE WITH MANUAL OF RULE MAKING PROCEDURES

I, Special Assistant Attorney General, James M. Perrigo, do hereby declare that I have examined the proposed rules and all related documents and that, based on them and my personal familiarity with the applicable procedures, the Manual of Rule Making Procedures has been followed.

James M. Perrigo

Special Assistant Attorney General

Dated: March 20, 1974

STATE OF MINNESOTA

COUNTY OF RAMSEY

COMMERCE DEPARTMENT

INSURANCE DIVISION

IN THE MATTER OF THE PROPOSED ADOPTION AND AMENDEMENT OF RULES AND REGULATIONS OF THE STATE INSURANCE DIVISION GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE.

ORDER ADOPTING RULES

The above-entitled matter came on for hearing before the Insurance Commissioner of the State of Minnesota on the 11th day of February, 1974, at 9:00 A.M. in the Metro Square Building, St. Paul, Minnesota, after proper notice required by M.S. 1971, Section 15.0412 was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, and applicable statutory standards or criteria, and having confirmed the need for the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as INS RULES 92, 100, 101, 116 are adopted this 20th day of March, 1974, pursuant to authority vested in me by Minn. Stat. §§15.0412 and 62A.12.

Dated: 20th day of March, 1974.

STATE OF MINNESOTA
INSURANCE DIVISION

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance

STATE OF MINNESOTA

COUNTY OF RAMSEY

COMMERCE DEPARTMENT

INSURANCE DIVISION

IN THE MATTER OF THE PROPOSED ADOPTION AND AMENDMENT OF RULES AND REGULATIONS OF THE STATE INSURANCE DIVISION GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE

STATEMENT OF NEED

1. The need to amend Insurance Rule 92 arises because credit life and accident and health insurance rates previously adopted have, after three years experience, been found not to produce the required 50% loss ratio which makes the rates prima facie acceptable to the Commissioner as not excessive in relation to benefits provided.

The need to further amend Insurance Rule 92 to provide a prima facie acceptable rate for joint credit life insurance arises because many policies are now being sold insuring the lives of two persons. Very seldom is a policy sold insuring the lives of more than two persons.

2. The need to amend Insurance Rule 100 arises because an effective date must be provided for Rule 92 that allows insurers time to implement procedures necessary to compliance.

3. The need to adopt Insurance Rule 101 (102 in the proposed rules) arises because reserves held by companies writing credit insurance are not adequate, under ordinary calculation, to provide for refunds required by law where the insurance is terminated prior to the scheduled maturity date of the indebtedness.

4. The need to adopt Insurance Rule 116 (101 in the proposed rules) arises because examination reports of insurance companies and their annual statements reveal that it is a fairly common practice among companies writing credit insurance to use their financial resources for the benefit of the credit institution as an inducement to purchase credit insurance and because this practice is considered to be an unfair method of competition.

Dated: 20th day of March, 1974.

STATE OF MINNESOTA
INSURANCE DIVISION

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance

PROPOSED RULES AND AMENDMENTS TO EXISTING RULES GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE

It is proposed that Insurance Rule 92 and Schedules A and A-1 be amended to read:

[92 Rate Limitations.] It shall be presumed that the premiums are not excessive in relation to the benefits if the premiums or premium rates as filed with the Commissioner do not exceed the following, or actuarially equivalent rates:

(a) For decreasing term credit life insurance, a single premium of ~~$.75~~ $.55 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of ~~$1.16~~ $.83 per $1,000.00 of outstanding unpaid insured indebtedness will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth is applicable to a plan of death benefits, with or without requirements for evidence of insurability.

(1) which contains no exclusions, or no exclusions other than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage,

(aa) debtors 65 or over at the time the indebtedness is incurred, or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(b) For level amount term credit life insurance a single premium of ~~$1.40~~ $1.00 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of ~~$1.16~~ $.83 per $1,000.00 of initial insurance will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth above is applicable to a plan of death benefits, with or without requirements for evidence of insurability:

(1) which contains no exclusions, or no exclusions other than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage.

(aa) debtors 65 or over at the time the indebtedness is incurred, or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(c) For decreasing term joint credit life insurance, a single premium of $.82 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.26 per $1000.00 of initial joint credit life insurance will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth above is applicable to a plan of death benefits, with or without requirements for evidence of insurability:

(1) which contains no exclusions, or no exclusions other

than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage.

(aa) debtors 65 or over at the time the indebtedness is incurred or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

~~(c)~~ (d) For credit accident and health insurance the following single premium rates per $100.00 initial insured indebtedness in Schedule A or A-1, which are attached hereto and made a part of this Regulation.

An insurer may use a bracket rate, provided the bracket is either of a 3 month duration as set forth in Schedule A, or of a 6 month duration as set forth in Schedule A-1, and provided the middle rate or one of the middle rates of each bracket is the charge for any insurance falling within such 3 month or 6 month bracket, whichever the case may be.

Rates for policies of Credit Accident and Health Insurance on which premiums are paid other than in equal monthly installments or for such policies providing benefits payable other than as specified above shall be actuarially consistent with the rates specified above. Each rate filing made under this section shall be certified by the company's actuary or by an officer of the company making the filing

to the effect that the rates submitted do not exceed the maximum rates set forth in this Regulation and are the actuarial equivalents.

The premium rates specified are presumed not excessive in relation to benefits for policies which:

(1) contain no exclusion for pre-existing conditions except a provision excluding or denying a claim for disability resulting from pre-existing illness, disease or physical condition for which the debtor received medical advice, consultation or treatment during the six month period immediately preceding the effective date of the debtor's coverage and which would ordinarily be expected to affect materially the debtor's health during the period of coverage, provided, however, that after such coverage has been in force for six months (12 months for contracts of more than three years), this pre-existing exclusion clause shall not operate to deny coverage for any disability commencing thereafter;

(2) may except or restrict coverage for total disabilities resulting from pregnancy, intentionally self-inflicted injuries, foreign travel or residence, flight in non-scheduled aircraft, or war or military service;

(3) 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 time the insurance becomes effective or 66 at the scheduled maturity date of the transaction.

~~(d)~~ (e) If credit life or credit accident and health coverage is offered which is more restrictive than provided above, separate rate filings must be made at a level lower than that set forth, and which can reasonably be anticipated to produce a loss ratio of 50% in accordance with the basic test set forth in Section 90.

~~(e)~~ (f) An insurer may receive approval of a higher premium rate or schedule or rates to be used in connection with insurance on the debtors of a creditor or a class or classes of debtors if the insurer demonstrates, to the satisfaction of the Commissioner, that the mortality or morbidity experience which may reasonably be anticipated on such debtors of a creditor or a class or classes or debtors will develop a loss ratio in excess of 50% if the rate standards in Section 92, a, b, and c are used.

~~(f)~~ (g) Insurers doing credit life and/or credit accident and health insurance business in the State shall annually file with the Insurance Division a report of its credit life insurance experience and credit accident and health insurance experience on forms prescribed by the Commissioner.

~~(g)~~ (h) If premiums are paid monthly on outstanding balances, the monthly premium rates shall be computed by a method which is actuarially consistent with the premiums on a single premium basis.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

SCHEDULE A

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES*
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods				Retroactive Benefits Waiting Periods			
	14 Days		30 Days		14 Days		30 Days	
3	~~$-.91~~	$ .82	~~$-.39~~	$ .35	~~$1.50~~	$1.35	~~$-.90~~	$ .81
4	~~--1.06~~	.95	~~--.53~~	.48	~~--1.68~~	1.51	~~-1.10~~	.99
5	~~--1.18~~	1.06	~~--.64~~	.58	~~--1.82~~	1.64	~~-1.25~~	1.12
6	~~--1.29~~	1.16	~~--.74~~	.67	~~--1.93~~	1.74	~~-1.37~~	1.23
7	~~--1.37~~	1.23	~~--.82~~	.74	~~--2.03~~	1.83	~~-1.47~~	1.32
8	~~--1.45~~	1.30	~~--.90~~	.81	~~--2.11~~	1.90	~~-1.56~~	1.40
9	~~--1.52~~	1.37	~~--.97~~	.87	~~--2.19~~	1.97	~~-1.64~~	1.48
10	~~--1.58~~	1.42	~~-1.03~~	.93	~~--2.25~~	2.02	~~-1.71~~	1.54
11	~~--1.64~~	1.48	~~-1.08~~	.97	~~--2.31~~	2.08	~~-1.77~~	1.59
12	~~--1.69~~	1.52	~~-1.13~~	1.02	~~--2.37~~	2.13	~~-1.83~~	1.65
13	~~--1.74~~	1.57	~~-1.18~~	1.06	~~--2.42~~	2.18	~~-1.88~~	1.69
14	~~--1.79~~	1.61	~~-1.23~~	1.11	~~--2.47~~	2.22	~~-1.93~~	1.74
15	~~--1.83~~	1.65	~~-1.27~~	1.14	~~--2.51~~	2.26	~~-1.97~~	1.77
16	~~--1.87~~	1.68	~~-1.31~~	1.18	~~--2.55~~	2.30	~~-2.02~~	1.82
17	~~--1.91~~	1.72	~~-1.35~~	1.21	~~--2.59~~	2.33	~~-2.06~~	1.85
18	~~--1.95~~	1.75	~~-1.38~~	1.24	~~--2.63~~	2.37	~~-2.10~~	1.89
19	~~--1.98~~	1.78	~~-1.42~~	1.28	~~--2.67~~	2.40	~~-2.13~~	1.92
20	~~--2.02~~	1.82	~~-1.45~~	1.30	~~--2.71~~	2.44	~~-2.17~~	1.95
21	~~--2.05~~	1.85	~~-1.49~~	1.34	~~--2.74~~	2.47	~~-2.21~~	1.99
22	~~--2.09~~	1.88	~~-1.52~~	1.37	~~--2.77~~	2.49	~~-2.24~~	2.02
23	~~--2.12~~	1.91	~~-1.55~~	1.39	~~--2.81~~	2.53	~~-2.27~~	2.04
24	~~--2.15~~	1.93	~~-1.58~~	1.42	~~--2.84~~	2.56	~~-2.31~~	2.08
25	~~--2.18~~	1.96	~~-1.62~~	1.46	~~--2.87~~	2.58	~~-2.34~~	2.11
26	~~--2.21~~	1.99	~~-1.65~~	1.48	~~--2.90~~	2.61	~~-2.37~~	2.13
27	~~--2.24~~	2.02	~~-1.68~~	1.51	~~--2.93~~	2.64	~~-2.40~~	2.16
28	~~--2.27~~	2.04	~~-1.71~~	1.54	~~--2.96~~	2.66	~~-2.43~~	2.19
29	~~--2.30~~	2.07	~~-1.74~~	1.57	~~--3.00~~	2.70	~~-2.47~~	2.22
30	~~--2.33~~	2.10	~~-1.77~~	1.59	~~--3.03~~	2.73	~~-2.50~~	2.25
31	~~--2.36~~	2.12	~~-1.80~~	1.62	~~--3.06~~	2.75	~~-2.53~~	2.28
32	~~--2.39~~	2.15	~~-1.82~~	1.64	~~--3.08~~	2.77	~~-2.55~~	2.30
33	~~--2.42~~	2.18	~~-1.85~~	1.66	~~--3.11~~	2.80	~~-2.58~~	2.32
34	~~--2.45~~	2.20	~~-1.88~~	1.69	~~--3.14~~	2.83	~~-2.61~~	2.35
35	~~--2.48~~	2.23	~~-1.91~~	1.72	~~--3.17~~	2.85	~~-2.64~~	2.38
36	~~--2.50~~	2.25	~~-1.94~~	1.75	~~--3.20~~	2.88	~~-2.67~~	2.40
37	~~--2.53~~	2.28	~~-1.97~~	1.77	~~--3.23~~	2.91	~~-2.70~~	2.43
38	~~--2.56~~	2.30	~~-1.99~~	1.79	~~--3.25~~	2.92	~~-2.73~~	2.46
39	~~--2.59~~	2.33	~~-2.02~~	1.82	~~--3.28~~	2.95	~~-2.76~~	2.48
40	~~--2.62~~	2.36	~~-2.05~~	1.84	~~--3.31~~	2.98	~~-2.78~~	2.50
41	~~--2.64~~	2.38	~~-2.08~~	1.87	~~--3.34~~	3.01	~~-2.81~~	2.53
42	~~--2.67~~	2.40	~~-2.10~~	1.89	~~--3.37~~	3.03	~~-2.84~~	2.56
43	~~--2.70~~	2.43	~~-2.13~~	1.92	~~--3.39~~	3.05	~~-2.86~~	2.57

SCHEDULE A

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods				Retroactive Benefits Waiting Periods			
	14 Days		30 Days		14 Days		30 Days	
44	~~$2.73~~	$2.46	~~$2.16~~	$1.94	~~$3.42~~	$3.08	~~$2.89~~	$2.60
45	~~2.75~~	2.48	~~2.18~~	1.96	~~3.45~~	3.10	~~2.92~~	2.63
46	~~2.78~~	2.50	~~2.21~~	1.99	~~3.48~~	3.13	~~2.95~~	2.65
47	~~2.81~~	2.53	~~2.24~~	2.02	~~3.50~~	3.15	~~2.97~~	2.67
48	~~2.83~~	2.55	~~2.26~~	2.03	~~3.53~~	3.18	~~3.00~~	2.70
49	~~2.86~~	2.57	~~2.29~~	2.06	~~3.56~~	3.20	~~3.03~~	2.73
50	~~2.89~~	2.60	~~2.32~~	2.09	~~3.59~~	3.23	~~3.06~~	2.75
51	~~2.92~~	2.63	~~2.34~~	2.11	~~3.61~~	3.25	~~3.09~~	2.78
52	~~2.94~~	2.65	~~2.37~~	2.13	~~3.64~~	3.28	~~3.11~~	2.80
53	~~2.97~~	2.67	~~2.39~~	2.15	~~3.66~~	3.29	~~3.14~~	2.83
54	~~2.99~~	2.69	~~2.42~~	2.18	~~3.69~~	3.32	~~3.16~~	2.84
55	~~3.02~~	2.72	~~2.45~~	2.20	~~3.72~~	3.35	~~3.19~~	2.87
56	~~3.05~~	2.74	~~2.47~~	2.22	~~3.74~~	3.37	~~3.22~~	2.90
57	~~3.07~~	2.76	~~2.50~~	2.25	~~3.77~~	3.39	~~3.24~~	2.92
58	~~3.10~~	2.79	~~2.53~~	2.28	~~3.80~~	3.42	~~3.27~~	2.94
59	~~3.12~~	2.81	~~2.55~~	2.29	~~3.82~~	3.44	~~3.29~~	2.96
60	~~3.15~~	2.83	~~2.58~~	2.32	~~3.85~~	3.46	~~3.32~~	2.99

SCHEDULE A-1

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS
SIX-MONTH ALTERNATIVE BRACKET RATE SCHEDULE

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods				Retroactive Benefits Waiting Periods			
	14 Days		30 Days		14 Days		30 Days	
3-8	~~$1.24~~	$1.12	~~$ .69~~	$ .62	~~$1.87~~	$1.68	~~$1.31~~	$1.18
9-14	~~1.66~~	1.49	~~1.10~~	.99	~~2.34~~	2.11	~~1.80~~	1.62
15-20	~~1.93~~	1.74	~~1.37~~	1.23	~~2.61~~	2.35	~~2.08~~	1.87
21-26	~~2.14~~	1.93	~~1.56~~	1.40	~~2.82~~	2.54	~~2.29~~	2.06
27-32	~~2.32~~	2.09	~~1.75~~	1.57	~~3.02~~	2.72	~~2.49~~	2.24
33-38	~~2.49~~	2.24	~~1.93~~	1.74	~~3.19~~	2.87	~~2.66~~	2.39
39-44	~~2.65~~	2.38	~~2.09~~	1.88	~~3.35~~	3.01	~~2.83~~	2.55
45-50	~~2.83~~	2.55	~~2.25~~	2.02	~~3.52~~	3.17	~~2.99~~	2.69
51-56	~~2.98~~	2.68	~~2.40~~	2.16	~~3.66~~	3.29	~~3.15~~	2.83
57-60	~~3.11~~	2.80	~~2.54~~	2.29	~~3.81~~	3.43	~~3.28~~	2.95

It is proposed that Insurance Rule 100 be amended to read:

[Ins 100 Effective Date.] This regulation shall be effective the 31st day of December, 1967, provided, however, that any premium not consistent with those promulgated and set forth in Section 92 of this regulation may be continued as follows:

(1) Individual policies--for all which become effective prior to December 31, 1968.

(2) Group policies--for all debtors whose coverage becomes effective prior to December 31, 1968.

Rule 92 as amended and Rules 101 and 102 shall become effective on the first day of June, 1974, and shall be applicable to all credit insurance transactions thereafter as to debtors enrolled under a group policy and to individuals insured under either group certificates or individual policies delivered or issued for delivery in this State on and after June 1 1974.

Changes or additions indicated by underline, deletions by ~~strikeout~~,

It is proposed that Minnesota Insurance Rules 101 and 102 be adopted as follows:

[Ins 101 - Unfair Trade Practices.]

(1) Scope--this rule shall apply to the transaction of credit life insurance as defined in Minn. Stat. §62B.02, Subd. 2, and to the transaction of credit accident and health insurance as defined in Minn. Stat. §62B.02, Subd. 3.

(2) Unfair Trade Practices Defined--the following acts, whether done directly or indirectly, in consideration of or in connection with a policy issued or proposed to be issued are defined to be prohibited unfair trade practices in the transaction of insurance described in subsection (1) above:

(a) The offer to deposit or the deposit with a bank or other financial institution, money or securities of the insurer or of any affiliate of the insurer with the design or intent that the deposit offset or take the place of a deposit of money or securities which otherwise would be required of the creditor by such bank or financial institution as a compensating balance or offsetting deposit for a loan or other advancement.

(b) The deposit with a bank or other financial institution of money or securities without interest or at a lesser rate of interest than is currently being paid other depositors on similar deposits with such bank or other financial institution.

(c) Any other practice which is followed by an insurer when such practice involves use of the financial resources of the

insurer, for the benefit of the credit institution, as an inducement to purchase insurance described in subsection (1) above.

(3) Nothing herein shall prevent the insurer from making deposits in a financial institution which are not related to a credit insurance program if such deposits are not in fact related to whether the insurer is the insurer which insures the credit insurance program.

[Ins 102 - Minimum Reserves for Credit Life Insurance.]

(1) In order to assure the financial soundness of companies writing credit life insurance, and to assure that sufficient funds will be made available to make the refunds as required in the event of cancellation and to guarantee promised benefits to policyholders, the minimum reserves on all credit life insurance shall be not less than 130% of reserves as computed on the Commissioner's 1958 Standard Ordinary Mortality Table with interest at 3½% per annum.

(2) If, on December 31, 1974, the reserves maintained on such business by any company are on a lower basis than that stated in paragraph (1), the Commissioner, upon written request of such company, may approve a plan for the gradual increase on the basis of such reserves, provided that on December 31, 1979, the basis of such reserves shall in no event be less than that stated in paragraph (1).

(3) As an alternative, at the option of the company, reserves may be on the basis of unearned gross premiums, calculated on the pro rata method or by the Rule of 78, whichever is appropriate.

State's Ex. 2 P.P.

STATE OF MINNESOTA

COUNTY OF RAMSEY

COMMERCE DEPARTMENT

INSURANCE DIVISION

IN THE MATTER OF THE PROPOSED ADOPTION AND AMENDMENT OF RULES AND REGULATIONS OF THE STATE INSURANCE DIVISION GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE.

NOTICE OF HEARING

Notice is hereby given that a public hearing in the above-entitled matter will be held pursuant to Minn. Stat. §15.0412, Subd. 4, in the Metro Square Building, 5th floor 7th and Robert Streets, St. Paul, Minnesota, on Monday, February 11, 1974, at 9 o'clock A.M., or as soon thereafter as the same may be heard.

All interested parties and groups shall have an opportunity to be heard concerning the adoptions and amendments as above-captioned by submitting either oral or written data, statements, or arguments. Statements or briefs may be submitted without appearing at the hearing.

Testimony or other evidence to be submitted for consideration should be pertinent to the matter at hand and may be presented either orally or in writing at the public hearing or by mailing a statement to the Commissioner of Insurance, address as above. If the person submitting a statement cannot be present to read his statement at the time of the hearing, the statement will be entered into the record. For those wishing to submit written statements or exhibits it is requested that at least three (3) copies of such statement or exhibit be furnished at the hearing. The record shall remain open for receipt of briefs or other written material relative to the proposed rules and amendments for twenty (20) days subsequent to the hearing.

A copy of the proposed rules and amendments, as well as a copy of the procedural rules for the hearing, is attached herewith and made a part hereof. Additional copies of the proposed rules and amendments may be obtained by writing the Commissioner of Insurance, 5th floor, Metro Square Building, 7th and Robert Streets, St. Paul, Minnesota 55101. Copies will also be available at the door on the day of the hearing.

Dated: 2nd day of January, 1974.

STATE OF MINNESOTA
INSURANCE DIVISION

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance

Attachment

MINNESOTA INSURANCE DIVISION

PROCEDURAL RULES FOR HEARING

The purpose of the hearing is to allow interested parties to express their views and present facts bearing upon the proposed regulations. So as to provide for an orderly presentation of evidence, the following rules will be in effect during the hearing specified in the attached Notice of Hearing:

1. Any one wishing to be heard should indicate by signing the speaking sheet, listing his name, address, and the group which he represents. The speaking sheet will be available at the main entrance to the hearing room. It is requested that each group select one speaker only to present their views.

2. The first time the witness makes a statement he should spell his name and identify the group he is representing. Prior to making any subsequent statements, he should state his name and the group which he represents. He may be sworn upon his request but it is not required. If he elects not to be sworn, that may be considered in determining the weight to be given to his testimony.

3. By giving testimony, a witness, including one who may also be a member of the panel, subjects himself to questioning by the panel. However, he is subject to cross-examination by non-members of the panel only if he affirmatively consents to being so examined. A refusal to be cross-examined may be considered in determining the weight to be given to his testimony.

4. All parties interested in introducing any written matter may do so by having it marked as an exhibit and then introduced for the record. Unsworn written matter may be received, but the fact that it is unsworn may be considered in determining the weight to be given it.

PROPOSED RULES AND AMENDMENTS TO EXISTING RULES GOVERNING CREDIT LIFE, AND CREDIT ACCIDENT AND HEALTH INSURANCE

It is proposed that Insurance Rule 92 and Schedules A and A-1 be amended to read:

[92 Rate Limitations.] It shall be presumed that the premiums are not excessive in relation to the benefits if the premiums or premium rates as filed with the Commissioner do not exceed the following, or actuarially equivalent rates:

(a) For decreasing term credit life insurance, a single premium of ~~$.75~~ $.55 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of ~~$1.16~~ $.83 per $1,000.00 of outstanding unpaid insured indebtedness will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth is applicable to a plan of death benefits, with or without requirements for evidence of insurability.

(1) which contains no exclusions, or no exclusions other than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage,

(aa) debtors 65 or over at the time the indebtedness is incurred, or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(b) For level amount term credit life insurance a single premium of ~~$1.40~~ $1.00 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of ~~$1.16~~ $.83 per $1,000.00 of initial insurance will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth above is applicable to a plan of death benefits, with or without requirements for evidence of insurability:

(1) which contains no exclusions, or no exclusions other than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage.

(aa) debtors 65 or over at the time the indebtedness is incurred, or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

(c) For decreasing term joint credit life insurance, a single premium of $.82 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.26 per $1000.00 of initial joint credit life insurance will be deemed the actuarial equivalent of the foregoing rate. The premium rate standard set forth above is applicable to a plan of death benefits, with or without requirements for evidence of insurability:

(1) which contains no exclusions, or no exclusions other

than for suicide, flight in non-scheduled aircraft, war or military service, and

(2) which contains no age restrictions, or only age restrictions making ineligible for the coverage.

(aa) debtors 65 or over at the time the indebtedness is incurred or

(bb) debtors who will have attained age 66 or over on the maturity date of the indebtedness.

~~(c)~~ (d) For credit accident and health insurance the following single premium rates per $100.00 initial insured indebtedness in Schedule A or A-1, which are attached hereto and made a part of this Regulation.

An insurer may use a bracket rate, provided the bracket is either of a 3 month duration as set forth in Schedule A, or of a 6 month duration as set forth in Schedule A-1, and provided the middle rate or one of the middle rates of each bracket is the charge for any insurance falling within such 3 month or 6 month bracket, whichever the case may be.

Rates for policies of Credit Accident and Health Insurance on which premiums are paid other than in equal monthly installments or for such policies providing benefits payable other than as specified above shall be actuarially consistent with the rates specified above. Each rate filing made under this section shall be certified by the company's actuary or by an officer of the company making the filing

to the effect that the rates submitted do not exceed the maximum rates set forth in this Regulation and are the actuarial equivalents.

The premium rates specified are presumed not excessive in relation to benefits for policies which:

(1) contain no exclusion for pre-existing conditions except a provision excluding or denying a claim for disability resulting from pre-existing illness, disease or physical condition for which the debtor received medical advice, consultation or treatment during the six month period immediately preceding the effective date of the debtor's coverage and which would ordinarily be expected to affect materially the debtor's health during the period of coverage, provided, however, that after such coverage has been in force for six months (12 months for contracts of more than three years), this pre-existing exclusion clause shall not operate to deny coverage for any disability commencing thereafter;

(2) may except or restrict coverage for total disabilities resulting from pregnancy, intentionally self-inflicted injuries, foreign travel or residence, flight in non-scheduled aircraft, or war or military service;

(3) 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 time the insurance becomes effective or 66 at the scheduled maturity date of the transaction.

~~(d)~~ (e) If credit life or credit accident and health coverage is offered which is more restrictive than provided above, separate rate filings must be made at a level lower than that set forth, and which can reasonably be anticipated to produce a loss ratio of 50% in accordance with the basic test set forth in Section 90.

~~(e)~~ (f) An insurer may receive approval of a higher premium rate or schedule or rates to be used in connection with insurance on the debtors of a creditor or a class or classes of debtors if the insurer demonstrates, to the satisfaction of the Commissioner, that the mortality or morbidity experience which may reasonably be anticipated on such debtors of a creditor or a class or classes or debtors will develop a loss ratio in excess of 50% if the rate standards in Section 92, a, b, and c are used.

~~(f)~~ (g) Insurers doing credit life and/or credit accident and health insurance business in the State shall annually file with the Insurance Division a report of its credit life insurance experience and credit accident and health insurance experience on forms prescribed by the Commissioner.

~~(g)~~ (h) If premiums are paid monthly on outstanding balances, the monthly premium rates shall be computed by a method which is actuarially consistent with the premiums on a single premium basis.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

SCHEDULE A

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES*
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods				Retroactive Benefits Waiting Periods			
	14 Days		30 Days		14 Days		30 Days	
3	~~$-.91~~	$ .82	~~$-.39~~	$ .35	~~$1.50~~	$1.35	~~$-.90~~	$ .81
4	~~--1.06~~	.95	~~--.53~~	.48	~~--1.68~~	1.51	~~-1.10~~	.99
5	~~--1.18~~	1.06	~~--.64~~	.58	~~--1.82~~	1.64	~~-1.25~~	1.12
6	~~--1.29~~	1.16	~~--.74~~	.67	~~--1.93~~	1.74	~~-1.37~~	1.23
7	~~--1.37~~	1.23	~~--.82~~	.74	~~--2.03~~	1.83	~~-1.47~~	1.32
8	~~--1.45~~	1.30	~~--.90~~	.81	~~--2.11~~	1.90	~~-1.56~~	1.40
9	~~--1.52~~	1.37	~~--.97~~	.87	~~--2.19~~	1.97	~~-1.64~~	1.48
10	~~--1.58~~	1.42	~~-1.03~~	.93	~~--2.25~~	2.02	~~-1.71~~	1.54
11	~~--1.64~~	1.48	~~-1.08~~	.97	~~--2.31~~	2.08	~~-1.77~~	1.59
12	~~--1.69~~	1.52	~~-1.13~~	1.02	~~--2.37~~	2.13	~~-1.83~~	1.65
13	~~--1.74~~	1.57	~~-1.18~~	1.06	~~--2.42~~	2.18	~~-1.88~~	1.69
14	~~--1.79~~	1.61	~~-1.23~~	1.11	~~--2.47~~	2.22	~~-1.93~~	1.74
15	~~--1.83~~	1.65	~~-1.27~~	1.14	~~--2.51~~	2.26	~~-1.97~~	1.77
16	~~--1.87~~	1.68	~~-1.31~~	1.18	~~--2.55~~	2.30	~~-2.02~~	1.82
17	~~--1.91~~	1.72	~~-1.35~~	1.21	~~--2.59~~	2.33	~~-2.06~~	1.85
18	~~--1.95~~	1.75	~~-1.38~~	1.24	~~--2.63~~	2.37	~~-2.10~~	1.89
19	~~--1.98~~	1.78	~~-1.42~~	1.28	~~--2.67~~	2.40	~~-2.13~~	1.92
20	~~--2.02~~	1.82	~~-1.45~~	1.30	~~--2.71~~	2.44	~~-2.17~~	1.95
21	~~--2.05~~	1.85	~~-1.49~~	1.34	~~--2.74~~	2.47	~~-2.21~~	1.99
22	~~--2.09~~	1.88	~~-1.52~~	1.37	~~--2.77~~	2.49	~~-2.24~~	2.02
23	~~--2.12~~	1.91	~~-1.55~~	1.39	~~--2.81~~	2.53	~~-2.27~~	2.04
24	~~--2.15~~	1.93	~~-1.58~~	1.42	~~--2.84~~	2.56	~~-2.31~~	2.08
25	~~--2.18~~	1.96	~~-1.62~~	1.46	~~--2.87~~	2.58	~~-2.34~~	2.11
26	~~--2.21~~	1.99	~~-1.65~~	1.48	~~--2.90~~	2.61	~~-2.37~~	2.13
27	~~--2.24~~	2.02	~~-1.68~~	1.51	~~--2.93~~	2.64	~~-2.40~~	2.16
28	~~--2.27~~	2.04	~~-1.71~~	1.54	~~--2.96~~	2.66	~~-2.43~~	2.19
29	~~--2.30~~	2.07	~~-1.74~~	1.57	~~--3.00~~	2.70	~~-2.47~~	2.22
30	~~--2.33~~	2.10	~~-1.77~~	1.59	~~--3.03~~	2.73	~~-2.50~~	2.25
31	~~--2.36~~	2.12	~~-1.80~~	1.62	~~--3.06~~	2.75	~~-2.53~~	2.28
32	~~--2.39~~	2.15	~~-1.82~~	1.64	~~--3.08~~	2.77	~~-2.55~~	2.30
33	~~--2.42~~	2.18	~~-1.85~~	1.66	~~--3.11~~	2.80	~~-2.58~~	2.32
34	~~--2.45~~	2.20	~~-1.88~~	1.69	~~--3.14~~	2.83	~~-2.61~~	2.35
35	~~--2.48~~	2.23	~~-1.91~~	1.72	~~--3.17~~	2.85	~~-2.64~~	2.38
36	~~--2.50~~	2.25	~~-1.94~~	1.75	~~--3.20~~	2.88	~~-2.67~~	2.40
37	~~--2.53~~	2.28	~~-1.97~~	1.77	~~--3.23~~	2.91	~~-2.70~~	2.43
38	~~--2.56~~	2.30	~~-1.99~~	1.79	~~--3.25~~	2.92	~~-2.73~~	2.46
39	~~--2.59~~	2.33	~~-2.02~~	1.82	~~--3.28~~	2.95	~~-2.76~~	2.48
40	~~--2.62~~	2.36	~~-2.05~~	1.84	~~--3.31~~	2.98	~~-2.78~~	2.50
41	~~--2.64~~	2.38	~~-2.08~~	1.87	~~--3.34~~	3.01	~~-2.81~~	2.53
42	~~--2.67~~	2.40	~~-2.10~~	1.89	~~--3.37~~	3.03	~~-2.84~~	2.56
43	~~--2.70~~	2.43	~~-2.13~~	1.92	~~--3.39~~	3.05	~~-2.86~~	2.57

SCHEDULE A

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods				Retroactive Benefits Waiting Periods			
	14 Days		30 Days		14 Days		30 Days	
44	~~$2.73~~	$2.46	~~$2.16~~	$1.94	~~$3.42~~	$3.08	~~$2.89~~	$2.60
45	~~2.75~~	2.48	~~2.18~~	1.96	~~3.45~~	3.10	~~2.92~~	2.63
46	~~2.78~~	2.50	~~2.21~~	1.99	~~3.48~~	3.13	~~2.95~~	2.65
47	~~2.81~~	2.53	~~2.24~~	2.02	~~3.50~~	3.15	~~2.97~~	2.67
48	~~2.83~~	2.55	~~2.26~~	2.03	~~3.53~~	3.18	~~3.00~~	2.70
49	~~2.86~~	2.57	~~2.29~~	2.06	~~3.56~~	3.20	~~3.03~~	2.73
50	~~2.89~~	2.60	~~2.32~~	2.09	~~3.59~~	3.23	~~3.06~~	2.75
51	~~2.92~~	2.63	~~2.34~~	2.11	~~3.61~~	3.25	~~3.09~~	2.78
52	~~2.94~~	2.65	~~2.37~~	2.13	~~3.64~~	3.28	~~3.11~~	2.80
53	~~2.97~~	2.67	~~2.39~~	2.15	~~3.66~~	3.29	~~3.14~~	2.83
54	~~2.99~~	2.69	~~2.42~~	2.18	~~3.69~~	3.32	~~3.16~~	2.84
55	~~3.02~~	2.72	~~2.45~~	2.20	~~3.72~~	3.35	~~3.19~~	2.87
56	~~3.05~~	2.74	~~2.47~~	2.22	~~3.74~~	3.37	~~3.22~~	2.90
57	~~3.07~~	2.76	~~2.50~~	2.25	~~3.77~~	3.39	~~3.24~~	2.92
58	~~3.10~~	2.79	~~2.53~~	2.28	~~3.80~~	3.42	~~3.27~~	2.94
59	~~3.12~~	2.81	~~2.55~~	2.29	~~3.82~~	3.44	~~3.29~~	2.96
60	~~3.15~~	2.83	~~2.58~~	2.32	~~3.85~~	3.46	~~3.32~~	2.99

SCHEDULE A-1

CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES
SINGLE PREMIUM RATES PER $100 OF INITIAL INDEBTEDNESS
SIX-MONTH ALTERNATIVE BRACKET RATE SCHEDULE

Number of Equal Monthly Installments	Non-Retroactive Benefits Elimination Periods				Retroactive Benefits Waiting Periods			
	14 Days		30 Days		14 Days		30 Days	
3-8	~~$1.24~~	$1.12	~~$ .69~~	$ .62	~~$1.87~~	$1.68	~~$1.31~~	$1.18
9-14	~~1.66~~	1.49	~~1.10~~	.99	~~2.34~~	2.11	~~1.80~~	1.62
15-20	~~1.93~~	1.74	~~1.37~~	1.23	~~2.61~~	2.35	~~2.08~~	1.87
21-26	~~2.14~~	1.93	~~1.56~~	1.40	~~2.82~~	2.54	~~2.29~~	2.06
27-32	~~2.32~~	2.09	~~1.75~~	1.57	~~3.02~~	2.72	~~2.49~~	2.24
33-38	~~2.49~~	2.24	~~1.93~~	1.74	~~3.19~~	2.87	~~2.66~~	2.39
39-44	~~2.65~~	2.38	~~2.09~~	1.88	~~3.35~~	3.01	~~2.83~~	2.55
45-50	~~2.83~~	2.55	~~2.25~~	2.02	~~3.52~~	3.17	~~2.99~~	2.69
51-56	~~2.98~~	2.68	~~2.40~~	2.16	~~3.66~~	3.29	~~3.15~~	2.83
57-60	~~3.11~~	2.80	~~2.54~~	2.29	~~3.81~~	3.43	~~3.28~~	2.95

It is proposed that Insurance Rule 100 be amended to read:

[Ins 100 Effective Date.] This regulation shall be effective the 31st day of December, 1967, provided, however, that any premium not consistent with those promulgated and set forth in Section 92 of this regulation may be continued as follows:

(1) Individual policies--for all which become effective prior to December 31, 1968.

(2) Group policies--for all debtors whose coverage becomes effective prior to December 31, 1968.

Rule 92 as amended and Rules 101 and 102 shall become effective on the first day of June, 1974, and shall be applicable to all credit insurance transactions thereafter as to debtors enrolled under a group policy and to individuals insured under either group certificates or individual policies delivered or issued for delivery in this State on and after June 1 1974.

Changes or additions indicated by underline, deletions by ~~strikeout~~,

It is proposed that Minnesota Insurance Rules 101 and 102 be adopted as follows:

[Ins 101 - Unfair Trade Practices.]

(1) Scope--this rule shall apply to the transaction of credit life insurance as defined in Minn. Stat. §62B.02, Subd. 2, and to the transaction of credit accident and health insurance as defined in Minn. Stat. §62B.02, Subd. 3.

(2) Unfair Trade Practices Defined--the following acts, whether done directly or indirectly, in consideration of or in connection with a policy issued or proposed to be issued are defined to be prohibited unfair trade practices in the transaction of insurance described in subsection (1) above:

(a) The offer to deposit or the deposit with a bank or other financial institution, money or securities of the insurer or of any affiliate of the insurer with the design or intent that the deposit offset or take the place of a deposit of money or securities which otherwise would be required of the creditor by such bank or financial institution as a compensating balance or offsetting deposit for a loan or other advancement.

(b) The deposit with a bank or other financial institution of money or securities without interest or at a lesser rate of interest than is currently being paid other depositors on similar deposits with such bank or other financial institution.

(c) Any other practice which is followed by an insurer when such practice involves use of the financial resources of the

insurer, for the benefit of the credit institution, as an inducement to purchase insurance described in subsection (1) above.

(3) Nothing herein shall prevent the insurer from making deposits in a financial institution which are not related to a credit insurance program if such deposits are not in fact related to whether the insurer is the insurer which insures the credit insurance program.

[Ins 102 - Minimum Reserves for Credit Life Insurance.]

(1) In order to assure the financial soundness of companies writing credit life insurance, and to assure that sufficient funds will be made available to make the refunds as required in the event of cancellation and to guarantee promised benefits to policyholders, the minimum reserves on all credit life insurance shall be not less than 130% of reserves as computed on the Commissioner's 1958 Standard Ordinary Mortality Table with interest at 3½% per annum.

(2) If, on December 31, 1974, the reserves maintained on such business by any company are on a lower basis than that stated in paragraph (1), the Commissioner, upon written request of such company, may approve a plan for the gradual increase on the basis of such reserves, provided that on December 31, 1979, the basis of such reserves shall in no event be less than that stated in paragraph (1).

(3) As an alternative, at the option of the company, reserves may be on the basis of unearned gross premiums, calculated on the pro rata method or by the Rule of 78, whichever is appropriate.

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

ST. PAUL, MINNESOTA 55155

MEMORANDUM January 2, 1974

Proposed Revisions to Regulation
Credit Life and Credit Accident and Health Insurance

The following is a summary of the proposed revisions to Minnesota State Regulations Chapter Six (Ins 90 thru Ins 100). The revisions consist of the addition of a new provision strengthening minimum reserves on all credit life insurance, the addition of a new provision defining as unfair certain practices involving so-called compensating balances and deposits and a downward adjustment of the rate limitations for both credit life insurance and credit accident and health insurance. The two new provisions, as proposed, appear to be self-explanatory and require no comment as to their intent and purpose.

Rates and Statistical Data

The Regulation provides that the maximum rates, as promulgated, were not to be considered as the final solution to the rate problem and that a continuing study of the matter would be continued by the Insurance Division. The "Purpose of Regulations" provision (Ins 90) ruled that as the basic test premium rates "are not excessive in relation to benefits" if an anticipated loss ratio of not less than 50% is developed.

I. Credit Life Insurance

The proposed revision to the rate limitations provision states that it shall be presumed that premiums are not excessive in relation to benefits if the premiums as filed do not exceed (a) for decreasing term credit life insurance, a single premium of $.55 per annum per $100.00 of initial indebtedness and (b) for level amount term credit life insurance a single premium of $1.00 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of $.83 per $1,000.00 of outstanding unpaid insured indebtedness will be deemed the actuarial equivalent. The following reflects the credit life insurance experience in the State of Minnesota for the years as indicated. All figures were compiled from financial data extracted from the Statutory Annual Statements as filed with the Insurance Division.

Credit Life Insurance
Minnesota Business Only

Year	Premiums Earned	Losses Incurred	Mortality Rate	Actual Ratio	Adjusted Ratio (A)
1970	$17,146,029	$6,268,494	28.82	36.56	52.41
1971	17,388,148	7,060,012	29.49	40.60	53.62
1972	17,872,313	6,892,856	26.55	38.57	48.28
Total	$52,406,490	$20,221,362	28.23	38.59	51.32

Note A. The adjusted ratio is that ratio computed by applying a 55 cent rate per $100 of decreasing credit life insurance to the mean amount of insurance in force to produce an adjusted premiums earned figure and then dividing such figure into the losses incurred.

II. Joint Credit Life Insurance

A new provision specifically reciting the maximum rate limitation has been added whereby it shall be presumed that premiums are not excessive in relation to benefits if the premiums as filed do not exceed for joint decreasing term credit life insurance a single premium of $.82 per annum per $100.00 of initial indebtedness. This is the actuarial equivalent of $.55 per annum per $100.00 of initial indebtedness for decreasing term credit life insurance.

III. Credit Accident and Health Insurance

The proposed revision to the rate limitations provision substitutes a new Schedule A and Schedule A-1. The premiums in both revised Schedules are exactly 10% less than the premiums initially promulgated.

The following reflects the credit accident and health insurance experience in the State of Minnesota for the years as indicated. All figures were compiled from financial data extracted from the Statutory Annual Statements as filed with the Insurance Division.

Credit Accident and Health Insurance
Minnesota Business Only

Year	Premiums Earned	Losses Incurred	Actual Ratio	Adjusted Ratio (B)
1970	$6,344,739	$2,660,780	41.94	46.60
1971	6,869,254	3,028,718	44.09	48.99
1972	7,509,370	3,341,011	44.49	49.43
Total	$20,723,363	$9,030,509	43.58	48.42

Note B. The adjusted ratio is that ratio computed by dividing the losses incurred by 90% of the actual premiums earned.

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