

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

THIS FOLDER CONTAINS INSURANCE DIVISION
EXHIBITS 1 THROUGH 21 & 23 THROUGH 25
AS FOLLOWS:

Ex. #1 -- Certificate of the Secretary of State's list.

Ex. #2 -- Affidavit of Insurance Division employee that he picked up Secretary of State's list.

Ex. #3 -- Affidavit of mailing by Insurance Division employee of the Secretary of State's list and certificate of mailing to the members of the Minnesota Legislature.

Ex. #4 -- List of names of persons whose mailing was returned

Ex. #5 -- Affidavit of mailing to all persons and associations at the addresses listed on the Affidavit's attached list.

Ex. #6 -- Notice of Hearing

Ex. #7 -- Order for Hearing

Ex. #8 -- Proposed rules and amendments to existing rules governing credit life and credit accident insurance.

Ex. #9 -- A copy of the proposed rules and notice of hearing as they appeared in the August 8th State Register.

Ex. #10-- Summary of Evidence

Ex. #11-- Statement of Need

Ex. #12-- Copy of Minn. Stat. ch. 62B

Ex. #13-- Copy of existing Ins 90 through 100

Ex. #14-- Copy of Minnesota Session Laws 1977, ch. 382

Ex. #15-- Statistical chart on premium earned and losses incurred for credit life insurance in Minnesota for the calendar years 1972 through 1976.

Ex. #16-- Statistical chart on premium earned and losses incurred for credit accident & health insurance in Minnesota for the calendar years 1972 through 1976.

Ex. #17-- Credit insurance statistical review for 1972, 1973, 1974, and 1975.

Ex. #18-- A copy of the Stipulation and Order of the Ramsey County District Court in Old Republic vs. B.W. Heaton

Ex. #19-- A copy of an article by Paul Boyer entitled "Regulation of Consumer Credit Insurance by the NAIC for 1952 through 1973."

Ex. #20-- A copy of the NAIC Model Rules and Regulations for Credit Insurance

Ex. #21-- A copy of the Model Bill of the NAIC on Credit Life and Credit Accident and Health Insurance

Ex. #23-- A copy of NAIC Richmond Resolution

Ex. #24-- A copy of NAIC Las Vegas Resolution

Ex. #25-- Copy of Proposed Waiver of Hearing & Withdrawal of Approval.

PUBLIC EXHIBITS CONTAINED HEREIN:

Exhibit A -- Statement of Lowell G. Wakefield, President of the First National Bank of Waconia, Minn.

Exhibit B -- Comments by EMPIRG on credit life proposed rule changes

Exhibit C -- Letter from Clay Moore to Hearing Examiner regarding proposed changes in credit life and credit accident and health insurance rules.

ALSO ENCLOSED:

Affidavit of Service of Notice to Interested Persons,

Notice to "All Interested Parties" and

List of Interested Parties.

William R. Howard
Special Assistant
Attorney General

December 16, 1977

-Rules 90 and 92(a)-(h) by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance

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November 30, 1977

Mr. Michael B. Miller
Special Assistant Attorney General
G19K Administration Building
St. Paul, Minnesota 55155

Re: In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance
Our File No. 5950

Dear Mr. Miller:

We have represented Capitol Life Insurance Company in hearings before the Insurance Commissioner and have represented the Minnesota Consumer Finance Conference in litigation in Ramsey County relating to Minnesota Rule Insurance 90.

We have reviewed the Findings of Fact, Conclusions and Recommendations submitted by Hearing Examiner, George Beck, in the above entitled matter on October 13, 1977. Our comments follow.

Findings numbered 10 to 26 are in effect an argument for adopting the 50% loss ratio test as an absolute standard which can only be altered through a deviation process. The underlying presumption of such an argument is that the 50% loss ratio test is a valid permanent measure of proper allowances for underwriting expenses, general administrative expenses, compensation to agents, expense allowances to creditors, branch and field expenses and other acquisition costs and any and all factors and trends demonstrated to be relevant, which are the factors required by Minnesota Statute 62B.07 Subd. 2 to be considered by the Commissioner. It should be clear that had the Legislature in drafting 62B.07 considered the 50% loss ratio to be such a permanently valid measure of the mentioned factors, there would have been no need to include the factors in the statute. Rather a simple statutory standard

of the 50% loss ratio would have been sufficient. Obviously, the Legislature was unwilling to adopt the fallacy inherent in the premise of the NAIC Rule which is that there is an absolute ratio between the loss experience under a particular policy form and the amount required to write and administer that policy and yield a reasonable return. Such a premise has never been evidentially demonstrated to be valid and common sense dictates that it could not be. A number of those factors to which the Commissioner is required to give full consideration, have no relation whatsoever to the morbidity (death) rate among holders of a particular form of policy. Simply stamping the NAIC seal of approval upon a premise which has no evidentiary basis and flies in the face of common sense, does not suddenly make it sound. Nor does it do away with the need to meet the statutory requirements established by the Legislature.

What proposed Rule 90 accomplishes is to give the Commissioner flexibility in determining whether a rate is excessive. The determination of whether a rate is excessive should of course be predicated upon a balancing of the interest of the public in having reasonable rate on the one hand and the principle of a reasonable return to the company which ensures that Credit Life and Credit Health and Accident Insurance will continue to be available to the public. The Commissioner is required to give consideration to the 50% loss rule but he is also allowed to take into account the other factors, and to the extent that the 50% rule does not make reasonable allowance for those factors, to adjust rates accordingly. Such a balance obviously requires sound judgment and allows some discretion on the part of the Commissioner. Since the Commissioner is a member of the NAIC he obviously will not be operating in the dark. At the same time, experience dictates that the factors involved in rate-making change over the years and are affected by many things, including advances in medical science, occupational hazards and economic conditions. To adopt an absolute 50% rule, as the Findings suggest, in effect bars the Commissioner from applying his experience, expertise and common sense. Yet this is precisely what the legislative mandate requires him to do.

To adopt a rule which is consistent with the legislative mandate will avoid prolonged litigation and continued uncertainty. The proposed Rule 90 should be adopted.

Sincerely,

James Larkin

James P. Larkin, for
LARKIN, HOFFMAN, DALY & LINDGREN, Ltd.

pm

cc: William R. Howard, Esq.
Clay R. Moore, Esq.
John Jackson, Esq.

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ADMIN 1005 (REV. 4/77)

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL (Insurance)

Office Memorandum

TO : MICHAEL B. MILLER
Special Assistant Attorney General

DATE: Nov. 25, 1977

FROM : WILLIAM R. HOWARD
Special Assistant Attorney General

PHONE: 9412

SUBJECT: In the Matter of the Proposed Adoption of Rules 90 and 92(a)-(h) by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance

Enclosed herein you will find an original and one copy of the entire record on the rulemaking proceedings in the matter of credit life and credit accident and health insurance. The purpose of these hearings was to amend Ins 90 and Ins 92(a)-(h). Ins 90 sets the substantative standard to be applied for prima facie rate determination, and Ins 92 sets the level of rates for certain specified types of credit life and credit accident and health insurance policies.

If you have any questions regarding Rule 90 and Rule 92, do not hesitate to contact me immediately. I would very much appreciate it if you could expedite the processing of these rules since it is of the utmost importance that Ins 92 go into effect on January 1, 1978. The lead time for the credit insurance industry is several months. I have indicated to them over a period of months that all due effort would be expended to make sure that Ins 92 would go into effect on January 1, 1978.

If you are able to process these rules within ten (10) days from this date, I would greatly appreciate it. Then, I would be able to file with the State Register on December 5, 1977, for publication on December 12, 1977, of the minor rule changes noted in my transmittal memorandum to Duane R. Harves, Chief Hearing Examiner, a copy of which is attached herewith.

aso
Att.

ADMIN 1000 (REV. 4/77)

STATE OF MINNESOTA

DEPARTMENT Attorney General (Insurance) **Office Memorandum**

TO : Duane R. Harves
Chief Hearing Examiner

DATE: Nov. 18, 1977

FROM : William R. Howard WRH
Special Assistant Attorney General

PHONE: 9412

SUBJECT: In the Matter of the Proposed Adoption of Rules 90 and 92(a)-(h) by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance

Enclosed herein you will find two copies of the entire record of the credit insurance rules hearing which you have designated as INS-78-002-GB.

You should note that the Insurance Commissioner has revised certain findings of fact and conclusions. He is proposing to adopt Ins 90 and Ins 92(a)-(h). Ins 90 was not changed at all; however, Ins 92 was changed in conformance with the recommendations in the Hearing Examiner's Report dated October 14, 1977, (a copy of which is enclosed in the attached file), paragraphs 36 and 37. Ins 92(f) was modified by inserting the letter "d" at the end of the sentence. This was necessitated because a new subdivision was added to Ins 92 without correcting later subdivisions, specifically 92(f). The proposed original and change is set forth below:

> ~~(e)~~ (f) An insurer may receive approval of a higher premium rate or schedule of 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, and d are used.

The effective date section of Ins 92 was also changed to make it more clear that it was effective on January 1, 1978, as regards both group and individual policies. If you have any questions in regard to this file, do not hesitate to contact me immediately.

aso

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December 1, 1977

Mr. Michael B. Miller
Special Assistant Attorney General
619K Administration Building
St. Paul, Minnesota 55155

In Re: Proposed Adoption of Rules of Insurance Division Relating to Credit Insurance

Dear Mr. Miller:

We represent the Minnesota Consumers Finance Conference and its members who have appeared in all proceedings relating to this matter including the rule making proceedings of September, 1977.

With respect to Examiner Beck's findings submitted on October 13, we have these brief comments.

First: there is no dispute about the validity of the Commissioner's proposals as to Rule 92, the prima facie rate schedules. Every party appearing at the rule making proceedings, including legal aid, supported this part of the Commissioner's proposal.

Secondly: the debate over the proposed change to Rule 90 seems to us to be a tempest in a teapot. No matter what Rule 90 says, the statute Minn. Stat. §62B.07 Subd. 2 governs. The proposed amendment to Rule 90 merely makes it clear that the standards set forth in the statute are the governing standards.

Existing Rule 90 was worded in such a fashion that it could have been misinterpreted; i.e., it could have been read so as to mean that the 50% loss ratio test was the only criteria for rate making. Such an interpretation was

obviously in error because the statute, §62B.07 Subd. 2, commands the Commissioner to apply a much broader range of criteria. The proposed amendment to Rule 90, therefore, is a proper effort to avoid future misinterpretation, to make it clear that the statute is the governing criteria and, in addition, to advise interested parties that the 50% loss ratio test will be an important factor to be weighed along with other factors, as is required by the statute.

The proposed amendment to Rule 90 was, we had thought, as noncontroversial as an amendment could be. We believe the dispute is a product of a failure to understand that the Commissioner's duties in this area are governed by the statute and that the Insurance Division rules must be in conformity with the statute.

Yours very truly,

MACKALL, CROUNSE & MOORE

By Clay R. Moore
Clay R. Moore

Attorneys for Minnesota
Consumer Finance Conference,
and the Members

CRM/mjva

cc: Mr. James P. Larkin
LARKIN, HOFFMAN, DALY & LINDGREN, LTD.

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

It is proposed that Ins Rules 90, 92 and Schedules A and A-1 be amended to read:

[90 Purpose of Regulations.] Section 62B.07, Subd. 2, of the Minnesota Insurance Code authorizes the Commissioner of Insurance to disapprove any credit life or credit accident and health insurance forms "if the premium rates charged or to be charged are excessive in relation to benefits...." After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance Commissioners, it is hereby ~~ruled that as the basic test the premium rates are not excessive in relation to benefits as provided for~~ determined that in considering the elements set forth in Section 62B.07, Subd. 2, the commissioner shall give reasonable consideration as to whether ~~if~~ an anticipated loss ratio of "claims incurred" to "premiums earned" of ~~not less than~~ 50% is developed.

[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~~ $.60 per annum per $100.00 of initial insured indebtedness. A

premium payable monthly at the rate of ~~$1.16~~ $.92 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~~ $1.11 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of ~~$1.16~~ $.92 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 $1.00 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.54 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.

~~(e)~~ (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 of 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, and d 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~~.

Rule 92 shall become effective on the first day of January, 1978, and shall be applicable to all individual credit insurance policies sold thereafter and to all debtors enrolled under group certificates or policies issued or renewed after January 1, 1978.

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~~	$1.00	~~$.39~~	$.43	~~$1.50~~	$1.65	~~$.90~~	$.99
4	~~1.06~~	1.17	~~.53~~	.58	~~1.68~~	1.85	~~1.10~~	1.21
5	~~1.18~~	1.30	~~.64~~	.70	~~1.82~~	2.00	~~1.25~~	1.38
6	~~1.29~~	1.42	~~.74~~	.81	~~1.93~~	2.12	~~1.37~~	1.51
7	~~1.37~~	1.51	~~.82~~	.90	~~2.03~~	2.23	~~1.47~~	1.62
8	~~1.45~~	1.60	~~.90~~	.99	~~2.11~~	2.32	~~1.56~~	1.72
9	~~1.52~~	1.67	~~.97~~	1.07	~~2.19~~	2.41	~~1.64~~	1.80
10	~~1.58~~	1.74	~~1.03~~	1.13	~~2.25~~	2.48	~~1.71~~	1.88
11	~~1.64~~	1.80	~~1.08~~	1.19	~~2.31~~	2.54	~~1.77~~	1.95
12	~~1.69~~	1.86	~~1.13~~	1.24	~~2.37~~	2.61	~~1.83~~	2.01
13	~~1.74~~	1.91	~~1.18~~	1.30	~~2.42~~	2.66	~~1.88~~	2.07
14	~~1.79~~	1.97	~~1.23~~	1.35	~~2.47~~	2.72	~~1.93~~	2.12
15	~~1.83~~	2.01	~~1.27~~	1.40	~~2.51~~	2.76	~~1.97~~	2.17
16	~~1.87~~	2.06	~~1.31~~	1.44	~~2.55~~	2.80	~~2.02~~	2.22
17	~~1.91~~	2.10	~~1.35~~	1.48	~~2.59~~	2.85	~~2.06~~	2.27
18	~~1.95~~	2.14	~~1.38~~	1.52	~~2.63~~	2.89	~~2.10~~	2.31
19	~~1.98~~	2.18	~~1.42~~	1.56	~~2.67~~	2.94	~~2.13~~	2.34
20	~~2.02~~	2.22	~~1.45~~	1.60	~~2.71~~	2.98	~~2.17~~	2.39
21	~~2.05~~	2.26	~~1.49~~	1.64	~~2.74~~	3.01	~~2.21~~	2.43
22	~~2.09~~	2.30	~~1.52~~	1.67	~~2.77~~	3.05	~~2.24~~	2.46
23	~~2.12~~	2.33	~~1.55~~	1.70	~~2.81~~	3.09	~~2.27~~	2.50
24	~~2.15~~	2.36	~~1.58~~	1.74	~~2.84~~	3.12	~~2.31~~	2.54
25	~~2.18~~	2.40	~~1.62~~	1.78	~~2.87~~	3.16	~~2.34~~	2.57
26	~~2.21~~	2.43	~~1.65~~	1.82	~~2.90~~	3.19	~~2.37~~	2.61
27	~~2.24~~	2.46	~~1.68~~	1.85	~~2.93~~	3.22	~~2.40~~	2.64
28	~~2.27~~	2.50	~~1.71~~	1.88	~~2.96~~	3.26	~~2.43~~	2.67
29	~~2.30~~	2.53	~~1.74~~	1.91	~~3.00~~	3.30	~~2.47~~	2.72
30	~~2.33~~	2.56	~~1.77~~	1.95	~~3.03~~	3.33	~~2.50~~	2.75
31	~~2.36~~	2.60	~~1.80~~	1.98	~~3.06~~	3.37	~~2.53~~	2.78
32	~~2.39~~	2.63	~~1.82~~	2.00	~~3.08~~	3.39	~~2.55~~	2.80
33	~~2.42~~	2.66	~~1.85~~	2.04	~~3.11~~	3.42	~~2.58~~	2.84
34	~~2.45~~	2.70	~~1.88~~	2.07	~~3.14~~	3.45	~~2.61~~	2.87
35	~~2.48~~	2.73	~~1.91~~	2.10	~~3.17~~	3.49	~~2.64~~	2.90
36	~~2.50~~	2.75	~~1.94~~	2.13	~~3.20~~	3.52	~~2.67~~	2.94
37	~~2.53~~	2.78	~~1.97~~	2.17	~~3.23~~	3.55	~~2.70~~	2.97
38	~~2.56~~	2.82	~~1.99~~	2.19	~~3.25~~	3.58	~~2.73~~	3.00
39	~~2.59~~	2.85	~~2.02~~	2.22	~~3.28~~	3.61	~~2.76~~	3.04
40	~~2.62~~	2.88	~~2.05~~	2.26	~~3.31~~	3.64	~~2.78~~	3.06

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	
41	~~$2.64~~	$2.90	~~$2.08~~	$2.29	~~$3.34~~	$3.67	~~$2.81~~	$3.09
42	~~2.67~~	2.94	~~2.10~~	2.31	~~3.37~~	3.71	~~2.84~~	3.12
43	~~2.70~~	2.97	~~2.13~~	2.34	~~3.39~~	3.73	~~2.86~~	3.15
44	~~2.73~~	3.00	~~2.16~~	2.38	~~3.42~~	3.76	~~2.89~~	3.18
45	~~2.75~~	3.02	~~2.18~~	2.40	~~3.45~~	3.80	~~2.92~~	3.21
46	~~2.78~~	3.06	~~2.21~~	2.43	~~3.48~~	3.83	~~2.95~~	3.24
47	~~2.81~~	3.09	~~2.24~~	2.46	~~3.50~~	3.85	~~2.97~~	3.27
48	~~2.83~~	3.11	~~2.26~~	2.49	~~3.53~~	3.88	~~3.00~~	3.30
49	~~2.86~~	3.15	~~2.29~~	2.52	~~3.56~~	3.92	~~3.03~~	3.33
50	~~2.89~~	3.18	~~2.32~~	2.55	~~3.59~~	3.95	~~3.06~~	3.37
51	~~2.92~~	3.21	~~2.34~~	2.57	~~3.61~~	3.97	~~3.09~~	3.40
52	~~2.94~~	3.23	~~2.37~~	2.61	~~3.64~~	4.00	~~3.11~~	3.42
53	~~2.97~~	3.27	~~2.39~~	2.63	~~3.66~~	4.03	~~3.14~~	3.45
54	~~2.99~~	3.29	~~2.42~~	2.66	~~3.69~~	4.06	~~3.16~~	3.48
55	~~3.02~~	3.32	~~2.45~~	2.70	~~3.72~~	4.09	~~3.19~~	3.51
56	~~3.05~~	3.36	~~2.47~~	2.72	~~3.74~~	4.11	~~3.22~~	3.54
57	~~3.07~~	3.38	~~2.50~~	2.75	~~3.77~~	4.15	~~3.24~~	3.56
58	~~3.10~~	3.41	~~2.53~~	2.78	~~3.80~~	4.18	~~3.27~~	3.60
59	~~3.12~~	3.43	~~2.55~~	2.80	~~3.82~~	4.20	~~3.29~~	3.62
60	~~3.15~~	3.46	~~2.58~~	2.84	~~3.85~~	4.24	~~3.32~~	3.65

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~~	$1.36	~~$.69~~	$.76	~~$1.87~~	$2.06	~~$1.31~~	$1.44
9-14	~~1.66~~	1.83	~~1.10~~	1.21	~~2.34~~	2.57	~~1.80~~	1.98
15-20	~~1.93~~	2.12	~~1.37~~	1.51	~~2.61~~	2.87	~~2.08~~	2.29
21-26	~~2.14~~	2.35	~~1.56~~	1.72	~~2.82~~	3.10	~~2.29~~	2.52
27-32	~~2.32~~	2.54	~~1.75~~	1.92	~~3.02~~	3.32	~~2.49~~	2.74
33-38	~~2.49~~	2.74	~~1.93~~	2.12	~~3.19~~	3.51	~~2.66~~	2.93
39-44	~~2.65~~	2.92	~~2.09~~	2.30	~~3.35~~	3.68	~~2.83~~	3.11
45-50	~~2.83~~	3.11	~~2.25~~	2.48	~~3.52~~	3.87	~~2.99~~	3.29
51-56	~~2.98~~	3.28	~~2.40~~	2.64	~~3.66~~	4.03	~~3.15~~	3.46
57-60	~~3.11~~	3.42	~~2.54~~	2.79	~~3.81~~	4.19	~~3.28~~	3.61

APPROVED AS TO FORM AND LEGALITY

DEC 05 1977 19

WARREN SPANNAUS, ATTORNEY GENERAL

BY /s/ Michael B. Miller

SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
DEC 5 1977
Joan Anderson Growe
Secretary of State
4:00 P.M.

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS
ROOM 300 – 1745 UNIVERSITY AVENUE
ST. PAUL, MINNESOTA 55104
(612) 296-6910

October 14, 1977

Mr. William Howard
Special Assistant
Attorney General
Insurance Division
Department of Commerce
500 Metro Square Building
Seventh and Robert Streets
Saint Paul, Minnesota 55101

In re: In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance. Docket No. INS-78-002-GB

Dear Mr. Howard:

Enclosed and served upon you by mail for filing with the Commissioner of Insurance, please find my Report in the above matter.

Also enclosed please find original Exhibits 15 and 16; the other Exhibits and the original transcript have already been returned to you for inclusion in the official record.

Sincerely,

GEORGE A. BECK
Hearing Examiner

GAB:sw
Enclosures

AN EQUAL OPPORTUNITY EMPLOYER

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS

FOR THE DEPARTMENT OF COMMERCE - INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance.	)))))	FINDINGS OF FACT, CONCLUSIONS AND RECOMMENDATION

The above-entitled matter came on for hearing before George A. Beck, duly appointed as Hearing Examiner in this matter on September 13, 1977, in the Hearing Room of the Minnesota Department of Commerce, Fifth Floor, Metro Square Building, Seventh and Robert Streets in the City of Saint Paul, County of Ramsey, State of Minnesota.

This proceeding is a rules hearing held pursuant to Minn. Stat. Ch. 15 to determine whether proposed rule amendments should be adopted. Copies of this Report are available for review from the Insurance Division of the Minnesota Department of Commerce, and from the Office of Hearing Examiners.

Members of the Agency panel included: Jay P. Koleski, Assistant Commissioner of Insurance and William Howard, Special Assistant Attorney General assigned to the Insurance Division of the Department of Commerce.

Witnesses at the hearing included: Clay Moore, Esq., Minnesota Consumer Finance Conference; John Jackson, Esq., Minnesota Bankers Association; Sig Brantingson, Stuyvesant Life Insurance Company; Michael Burns, Esq., Minneapolis Legal Aid Society; James Beckstrom, Esq., North Central Life Insurance Company; AnnDrea Benson, Esq., Legal Assistance of Ramsey County; and Rod Bucher, Old Republic Life Insurance Company. Two written comments were received subsequent to the hearing concerning the proposed rule amendments, one from the Minnesota Public Interest Research Group and the other from Clay Moore, on behalf of the Minnesota Consumer Finance Conference.

Based upon all the testimony, exhibits and written comments, the Hearing Examiner makes the following:

FINDINGS OF FACT

1. On July 22, 1977, the Insurance Division filed the following documents with the Hearing Examiner:

a. A copy of the proposed rules;
b. A proposed Order for Hearing;
c. A proposed Notice of Hearing; and
d. A Statement of the estimated length and number of people attending the hearing.

2. On August 8, 1977, a Notice of Hearing and a copy of the proposed rules were published at 2 State Register 182 (Ex. 9).

3. On August 5, 1977, the Insurance Division mailed the Notice of Hearing (Ex. 6) to all persons and associations who had registered their name with the Secretary of State for the purpose of receiving such Notice.

4. The Insurance Division also mailed the Notice of Hearing to all insurance companies who write credit insurance in the State of Minnesota, to all members of the Minnesota Consumer Finance Conference, to all members of the Legislature, and to a miscellaneous list of persons known to be interested in the activities of the Insurance Division (Ex. 5).

5. On July 29, 1977, the Insurance Division filed the Order for Hearing (Ex. 7) and the Notice of Hearing (Exs 6 & 8) as mailed.

6. On August 5, 1977, the Insurance Division filed the Statement of Need (Ex. 11); the Statement of Evidence, including the names of witnesses to be called (Ex. 10); and the names of Insurance Division personnel who would represent the agency at the hearing (Ex. 10). The documents were available for inspection at the Office of Hearing Examiners from the date of filing to the date of hearing. An Affidavit of Receipt of the Secretary of State's list (Ex. 2), the Affidavit of Mailing (Ex. 3), and the Secretary of State's Certificate (Ex. 1) and list (Ex. 3) were filed with the Hearing Examiner on the date of hearing. The Hearing Examiner received no requests to inspect any of the aforementioned documents prior to the hearing.

7. The record remained open through September 20, 1977, for the receipt of written comments and statements.

8. The proposed rule amendments generally provide for a revision of the prima facie acceptable rates for credit life and credit accident and health insurance, and for a change in the language of the rule governing the method of determining the reasonableness of the rates.

9. The Insurance Division has cited as authority for its proposed rule amendments its general rulemaking authority contained in Minn. Stat. § 62B.12, which reads, in part as follows: "The commissioner may, after notice and hearing, issue rules and regulations he deems appropriate for the supervision of sections 62B.01 to 62B.14." (Ex. 11; Tr. 25) For authority to revise the premium rates, the Division relies upon Minn. Stat. § 62B.07, subd. 1 and 2 of which read as follows:

> Subdivision 1. All policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto shall be filed with the commissioner.
>
> Subdivision 2. The commissioner shall within 30 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an

executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

(Ex. 12; Tr. 25)

PROPOSED MINN. RULE INS 90

10. The proposed amendment to Minn. Rule Ins 90 removes language which states that the 50% minimum loss ratio benchmark is the "basic test" for determining whether credit insurance premium rates are excessive in relation to benefits, and substitutes language which requires the Commissioner of Insurance to merely "give reasonable consideration" as to whether a loss ratio of 50% is developed. The Insurance Division testified that this change was needed in order to conform the rule with the requirements of Minn. Stat. § 62B.07, which requires the Commissioner to consider certain expenses, trends, and factors (Tr. 52, 65-67).

11. Some history of credit insurance rate regulation is necessary in order to comprehend the impact of this rule amendment. The National Association of Insurance Commissioners (NAIC) is an organization first organized in 1871, and composed of all the Insurance Commissioners of the 50 states and territories and possessions of the United States (Tr. 18). The purpose of the NAIC is to promote uniformity in departmental rulings under the insurance laws of the states, to disseminate information of value to insurance supervisory officials in the performance of their duties, to establish ways and means of fully protecting the interests of insurance policyholders and to preserve to the states the regulation of the business of insurance (Tr. 18-19).

12. The NAIC first considered the regulation of credit insurance rates in 1952 (Ex. 19; p. 3). Credit life insurance is insurance on the life of a debtor in connection with a specific loan or other credit transaction and credit accident and health insurance is insurance on a debtor which provides indemnity for payments coming due on a specific loan or other credit transaction if the debtor is disabled as defined in the policy (Tr. 22-23).

The beneficiary is normally the creditor or lender (Tr. 38).

13. It was alleged in NAIC proceedings that rate regulation was necessary due to overcharging, which was the result of the fact that credit insurance is not sold in a normal competitive atmosphere. Credit insurance is sold in a "captive market" since the purchaser must contemporaneously arrange his insurance coverage at the time the credit transaction is concluded (for example, arranging a loan for the purchase of an automobile or an appliance) and he, therefore, is unlikely to shop elsewhere for insurance coverage. There is also a "reverse competition" factor at work because the lender or credit supplier has no incentive to seek insurance with low rates since his profit or commission is normally the difference between the premiums paid by the borrower and the claims paid out by the insurance company. In short, it is to the lender's advantage to sell the insurance with the highest rates (Ex. 19, pp. 4-5; Ex. B, p. 3; Tr. 40).

14. Spurred by awakening federal interest in credit insurance regulation (Tr. 41; Ex. 19, pp. 5-6), the NAIC in 1958, adopted a Model Bill (which was amended in 1960) dealing with rates (Tr. 40). Section 7B of the Model Bill reads as follows:

> The Commissioner shall within thirty (30) days after the filing of any such policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the benefits provided therein are not reasonable in relation to the premium charge, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the Insurance Code or of any rule or regulation promulgated thereunder.

Among the proposed amendments to Section 7b rejected by an NAIC committee in 1960 were the following:

> 1. Substitute "premium rates charged or to be charged are excessive in relation to benefits" for existing "benefits provided therein are not reasonable in relation to the premium charge."
>
> 2. "In determining whether to disapprove any such forms the Commissioner shall give due consideration to past and prospective loss experience within and outside this state, to underwriting practice and judgment to the extent appropriate, and to all other relevant factors within and outside this state."
>
> (Ex. 19, p. 10)

15. Approximately 45 state legislatures had adopted the Model Bill (some with modifications) by 1973. Minnesota substantially adopted it (Minn. Stat. §§ 62B.01 - 62B.14) in 1967, but substituted the phrase "premium rates charged or to be charged are excessive in relation to benefits" and added certain language regarding expenses, factors and trends to the end of Section 7B of the Model Bill (Minn. Stat. § 62B.07, subd. 2) (Ex. 19, p. 9; Tr. 24, 31, and 45).

16. In 1957, based upon a study of consumer credit rates and loss ratios, the NAIC first adopted the loss ratio approach to determining whether benefits are reasonable in relation to the premium charge (Ex. 19, p. 9). A loss ratio is the ratio of earned premiums to incurred claims, or more simply, the ratio of the amount of money the consumer pays in premiums compared to what he receives back in the form of claims. Using a 50% minimum loss ratio benchmark to obtain reasonable rates means that any rate which develops a loss ratio below 50% (so that the consumer receives back less than half of the premium in benefits) is thought to be unreasonable or excessive (Ex. 19, p. 9; Tr. 26).

17. In 1966, the NAIC passed the Richmond Resolution, which recommended the following to the Commissioners of the various states:

1. Enactment of the NAIC Model Bill to Provide for the Regulation of Credit Life and Credit Accident and Health Insurance in all states where it has not been enacted.

2. The implementation of Section 7B of the Model Bill by the adoption of the 50% minimum loss ratio benchmark and its enforcement.

3. As a simplified method of achieving and enforcing the 50% minimum loss ratio benchmark, concurrently and dependently, both,

   (a) the promulgation by the Commissioner of each state, after notice and hearing, of prima facie acceptable rates applicable to specified plans of benefits, terms of coverage and conditions under which the coverage is made available, which all insurers will be permitted to charge until such rates are changed, and

   (b) the adoption of a reasonable and simple procedure under which a deviation from such

prima facie acceptable rates may be obtained, including a reasonable system for review of such deviations. Such procedure shall take into consideration an insurer's own experience or its expected experience on a case, or a class of business, or assumptions based on the comparable experience of other insurers in supporting expected experience.

4. As a means of achieving control of the operation of the prima facie acceptable rates and the deviation procedure, the use of information now available in the Credit Life and Accident and Health Exhibit of each company and other relevant information. Insurers which produce loss ratios of less than 50% should be required to explain the reasons therefore.

5. The periodic review of credit insurance statistics becoming available in future NAIC studies and other relevant studies or statistics and of the information developed under 4 above. Based upon such reviews, the Commissioner, after notice and hearing, should adjust as necessary.

   (a) the level of prima facie acceptable rates and/or the plans of benefits, terms of coverage and conditions under which the coverage is made available to which such prima facie acceptable rates are applicable.

   (b) the procedure under which deviations from such prima facie rates may be obtained,

so that loss ratios consistent with the 50% minimum loss ratio benchmark will be maintained.

IT IS URGED, in view of the extreme importance of this matter, that the foregoing recommendations be promptly implemented.

WHEREAS the Commissioners have available the credit life insurance statistics from the NAIC 1964 Study and other relevant studies or statistics it is urged that they be utilized as a basis for determining prima facie acceptable rates for credit life insurance.

WHEREAS the NAIC 1964 Study did not produce credible morbidity statistics for credit accident and health business.

IT IS URGED for credit accident and health insurance that:

(i) The NAIC Subcommittee to Study Mortality and Morbidity Experience of Credit Life and Credit Accident and Health Insurance continue its current efforts to obtain such statistics at the earliest possible date.

(ii) As an interim measure, pending the availability of such statistics, that the Commissioner of each state promulgate prima facie acceptable rates at levels consistent with the 50% minimum loss ratio benchmark, taking into consideration such relevant statistics as are available."

(Ex. 19, p. 12; Ex. 23; Tr. 43-44)

18. In 1968, the NAIC passed the Las Vegas resolution which interpreted the 50% minimum loss ratio benchmark language of the Richmond resolution as follows:

> NOW THEREFORE the National Association of Insurance Commissioners hereby takes the following action:
>
> 1. Reaffirms the Richmond Resolution and urges its prompt implementation by each and every state as the proper and appropriate means of protecting the public against abuses in the conduct of the credit insurance business.
>
> 2. Confirms that the promulgation by an individual state of a prima facie acceptable rate or system of rates which produces a loss ratio greater than 50% in the aggregate is not prohibited by the Richmond Resolution or by the NAIC Resolution adopted at the December, 1959 meeting (ref: 1960 Proc. Vol. 1 p. 176), reading as follows:
>
> "The Committee in Executive Session recommends to all insurance supervisors that a rate for Credit Life or Credit Accident and Health producing a loss ratio of under 50% should be considered to be excessive."

(Ex. 19, pp. 14-15; Ex. 24; Tr. 44)

19. Effective December 31, 1967, the Commissioner of Insurance promulgated Minn. Rule Ins 90 - 100 regulating credit life and credit accident and health insurance. Certain of the rate provisions were not effective until December 31, 1968. As recommended by the NAIC's Richmond resolution, Minn. Rule Ins 90 adopted the 50% minimum loss ratio benchmark in the following language:

> After extensive research and review of such transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance Commissioners, it is hereby ruled that as the basic test the premium rates are not excessive in relation to benefits as provided for in Section 62B.07, Subd. 2, if an anticipated loss ratio of "claims incurred" to "premiums earned" of not less than 50% is developed.

Testimony on behalf of the Insurance Division by one of the draftsmen of the original rules stated that the "expenses, trends, and other factors" listed in the statute were very carefully explored when Minn. Rule Ins 90 was adopted in 1967 (Tr. 46-47, 52).

20. Minn. Rule 92 as originally adopted incorporated the

Richmond resolution's suggestion that prima facie acceptable rates be set which would permit an insurer to file a policy form containing the prima facie rate or a lower rate which would then be accepted by the Insurance Division without detailed rate approval, since it is presumed that the prima facie rate produces a fair return to the consumer (Ex. 13; Tr. 28, 30). The Richmond resolution's suggestion for a procedure under which an upward deviation from the prima facie acceptable rate could be obtained by the insurer, based upon its experience with a class of business where writing the business at the prima facie rate would develop a loss ratio in excess of 50%, was incorporated into Minn. Rule Ins 92(e) (Tr. 29-30, 74-75; Ex. 13, p. 24). Minn. Rule Ins 97 adopted the NAIC's recommendation that the prima facie rate and the deviation procedure be periodically reviewed and adjusted as necessary (Ex. 13, p. 25; Tr. 47, 58).

21. In June of 1969, the Richmond Resolution was amended to require that upward deviations not be granted on business written at prima facie rates if its loss ratio is less than 60% (Ex. 19, p. 16). Minnesota has not adopted this suggestion by statute or rule.

22. As of late 1973, 45 states had adopted the NAIC Model Bill or its substantial equivalent. Most of these states have also adopted prima facie rates and the 50% loss ratio benchmark (Ex. 19, p. 19). According to one count, 26 states had adopted the 50% loss ratio in one form or another as of 1972 (Ex. B, p. 3). In late 1973, none of the prima facie rates were as high as $1.00 per $100 per annum; all but three were at 75¢ or less, and three were as low as 44¢.

23. The amendment to Minn. Rule Ins 90 was supported by the Minnesota Consumer Finance Conference (MCFC), a trade association of industrial loan and thrift and small loan licensees doing business in Minnesota. Any change in credit insurance rates affects lenders insofar as their commission income for sale of the insurance is lowered (Tr. 71-72). The MCFC suggests that:

The existing Rule 90 is phrased in such a manner that it would appear that the only test for determining whether rates are excessive in relation to benefits is the 50% loss ratio test. The rule has conflicted with the statute, § 62B.07, subd. 2, in the sense that § 62B.07, subd. 2, commands the Commissioner to apply a much broader test. The statute grants to the Commissioner the power and duty to determine whether rates are excessive in relation to benefits (which existing Rule 90 recognizes) but goes on to provide that, in making this determination, a variety of expense factors must be considered in addition to "all other factors and trends deemed to be relevant."

We have recognized that a loss ratio test is one of the "factors" which may be deemed relevant. However, § 62B.07, subd. 2, clearly indicates that a loss ratio test cannot legally be made the sole test -- as existing Rule 90 mistakenly attempts to do.

A loss ratio test, by its very definition, weighs only two factors -- premiums earned and claims incurred. These are important factors but under Minnesota law cannot be determinative.

Existing Rule 90 is wide open to legal challenges as being a misstatement of, and contrary to, § 62B.07, subd. 2. Obviously, an administrative rule cannot take precedence over the enabling statute. Existing Rule 90 has tended to mislead certain persons into believing that credit insurance rate determinations are to be based solely on the 50% loss ratio test.

The proposed amendment to Rule 90 is designed simply to make it clear that the Commissioner shall take his cue from § 62B,07, subd. 2 while, at the same time, recognizing the validity of the loss ratio criteria as one of the factors that can be considered. We believe that amendment will clear up legal and practical difficulties that have arisen in the past with respect to Rule 90.

(Ex. C; Tr. 75)

The Minnesota Bankers Association (Tr. 76-77) and North Central Life Insurance Company, the largest writer of credit insurance in Minnesota (Tr. 82-83) also spoke in support of this amendment.

24. The only opposition to the amendment was filed by the Minnesota Public Interest Research Group (MPIRG), a research and advocacy organization supported by voluntary contributions of college and university students throughout Minnesota. MPIRG commented that:

The proposed amendment to Insurance Rule 90 represents a very serious setback for consumers of credit life insurance. In 1973, when it was discovered that loss ratios for credit life insurance were so low, the Insurance Commissioner took quick action (and MPIRG secured a court order requiring sale of the insurance is lowered (Tr. 77-77). MPIRG suggests that:

such action) on the strength of this regulation which provides a clear standard to apply. The proposed change would leave no clear standard and make rate regulation difficult and cumbersome.

The proposed change represents a retreat from the standards of credit insurance regulation recommended by the National Association of Insurance Commissioners in 1966. The primary advantage of the 50% standard is its simplicity. In the area of credit insurance the Commissioner and his staff must judge the accounting practices of institutions over whom they have no control - lenders - in order to arrive at a rule which they can apply to the institutions they regulate - insurers. This job is difficult if not impossible to do without a figure to use as a benchmark.

The opportunities for abuse in the credit insurance system have been documented too many times to be discussed in detail here. However, most of them stem from the fact that credit insurance is offered to the consumer by the same institution which is lending him the money and requiring (in some cases) that he procure credit life insurance. Since the insurance transaction is only a (seemingly) minor matter incidental to the loan itself the consumer is not disposed to shop around or quarrel. Since the lender commonly keeps a percentage of the premium as a commission, it is to his advantage to sell the insurance with the highest rates.

While the 50% rule may not be perfect as a regulatory tool, the proposed amendment will leave the commissioner with no specific regulatory standard at all except the requirement that he "consider" the loss ratio. This will not furnish a basis on which to lower rates and raise loss ratios to 50% in the future unless a real breakthrough occurs which enables the commissioner to disallow bookkeeping entries of lending institutions. Otherwise, how will the commissioner justify imposition of a 50% ratio when he is now permitting a 40% ratio? The more likely prospect is that once the 50% rule is lost from the regulation, it will take action by the legislature to get it back.

There can be only one valid reason for the proposed change in Insurance Rule 90, namely, that the current regulation is legally incompatible with the governing statute, M.S. § 62B.07. Unless the Hearing Examiner is convinced that the current regulation exceeds the commissioner's authority, he should not recommend that Insurance Rule 90 be changed. It is difficult to believe that the mere presumption that rates are <u>not</u> excessive if the anticipated loss ratio is 50% or greater, supported by the research of both the NAIC and the Minnesota Insurance Division, exceeds the commissioner's statutory authority. Twenty-six states had adopted the 50% loss ratio in one form or another as of 1972.* It is difficult to believe that M.S. § 62B.07 forbids the commissioner to use the 50% in view of all the evidence supporting it.

---

*Table 9.1 <u>Consumer Credit Life and Disability Insurance</u>, College of Business Administration, Ohio University (1973).

25. The question to be answered in this proceeding is whether the proposed rule amendment to Minn. Rule Ins 90 has been shown to be needed and reasonable by an affirmative presentation of facts in the record. Does the record support the conclusion that the 50% minimum loss ratio benchmark contained in the existing rule cannot be the sole test for determining whether rates are excessive in relation to benefits in light of the "expenses, factors and trends" language mentioned in the statute?

26. The record supports the opposite conclusion. While at first blush, the addition of the "expenses, factors and trends" language to the Model Bill by the Minnesota Legislature might indicate some change in the law, a more careful analysis reveals the following:

a. The addition of the language by the legislature is equally, and perhaps more probably, susceptible to the interpretation that the legislature simply meant what it said, namely that the Commissioner cannot ignore the insurer's expenses since it is in the public interest to maintain solvent credit insurance companies. The 50% minimum loss ratio test does not ignore insurer expenses, however.

b. The NAIC history makes it plain that the 50% minimum loss ratio benchmark was, as recommended by the NAIC, intended to operate as the sole test for determining the reasonableness of benefits in relation to premium charge, that is, the test included consideration of insurer expenses in the 50% or less of the premium which is not returned to the consumer. The Division testified that the loss ratio is the most important tool in determining the propriety of a rate in that it indicates whether or not the consumer is getting a fair return on his premium and "secondly, if the insurance company has sufficient money remaining to meet their expenses and provide a -- for a fair profit." (Tr. 51)

*Table 9.1 c. The record indicates, as does the language of the College of existing rule itself, that the Insurance Division specifically

considered the "expense" language and concluded that the 50% loss ratio test took those factors into account. Minn. Rule Ins 90 reads in part: "After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study by the National Association of Insurance Commissioners...." (Emphasis added.) (Tr. 52) The rule was apparently not challenged until the Insurance Division first attempted a rate reduction.

d. If, as is claimed by the MCFC, all of the expenses mentioned in the statute ("underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, ...") are to be considered in addition to the 50% loss ratio test, what items are left to be taken into account by the 50% loss ratio test itself? It cannot be seriously argued that the 50% or less of the premium retained is solely for the insurer's profit.

e. The proposed amendment is unreasonable in the sense that it replaces a clear and measurable standard for rate regulation with one that will be difficult to administer and will create uncertainty as to how an equitable rate is to be ascertained or established. Under the proposed rule, the Commissioner is merely required to "consider" whether a loss ratio of 50% is developed. (The minimum nature of the 50% loss ratio is also lost in the proposed rule by deletion of the words "not less than.") The problem is illustrated by considering the credit life prima facie rate proposed for adoption in this rule hearing. The rate proposed (60¢ per $100) would have developed a loss ratio of 37.46% had it been in effect in 1976 (Ex. 15). This is considerably below a 50% loss ratio; however, it is conceptually difficult to understand how the approximately 12.5% difference relates in some way to the "expenses" mentioned in the statute.

A serious problem is also created in that consumers will be unable to effectively judge whether they are being overcharged for credit insurance and unable to request specific action based upon intelligible standards to correct the problem (Ex. B, p. 2). This is not a reasonable way to adjust the credit insurance rate regulation system in regard to consumers.

f. It must be kept in mind that an insurance company is at all times entitled to apply for a deviation from the prima facie acceptable rate where its losses or projected losses exceed 50%. No insurance company is without recourse should it need to raise its rates as long as it has the statistics to support the increase in its premium charge. The record indicates that the Insurance Division is receptive to such applications (Tr. 74, 86).

g. The record is devoid of probative evidence which would establish the fact that any insurer's expenses have increased since the adoption of the original rule so as to justify a liberalization of the rate formula. No evidence was adduced which would establish that the 50% minimum loss ratio test does not itself adjust for inflationary factors.

In summary, the burden of showing a need for and the reasonableness of this proposed amendment has not been shown by a presentation of affirmative facts. The legal conclusion that the language of existing Minn. Rule Ins 90 is in direct conflict with Minn. Stat. § 62B.07, subd. 2 appears to be unsound and there is no factual presentation which would support the proposed amendment. The adoption of an uncertain and vague formula for judging rates to replace a definite standard is an unreasonable way of accomplishing the desired result.

PROPOSED MINN. RULE INS 92(a), (b) AND (c)

27. The Insurance Division proposes to amend these rule subsections to lower the prima facie acceptable rate for decreasing term credit life insurance from 75¢ per annum per $100 of debt to 60¢. Rate decreases are also proposed for level term and joint decreasing term; however, these figures are merely the

actuarial equivalent of the proposed 60¢ rate (Tr. 36-37). The Division bases this reduction on the accumulated historical data submitted by the insurance companies which is attached hereto and marked as Exhibit 15. (The "adjusted loss ratio" column indicates what the loss ratio would have been had the proposed 60¢ rate been in effect previously.)

28. Division testimony indicated that the 20% reduction in the rate was based upon the 15.6% decrease in actual loss ratio from 1972 to 1976, together with a consideration of the evident downward trend in loss ratio as people live longer (Tr. 55-56, 66). The new subsection, proposed Minn. Rule Ins 92(c), dealing with joint decreasing term is necessary since the existing rule does not provide for credit insurance for two persons. The rate is set at 1.67 times the rate for a single person. This multiplier is used by a majority of states (Tr. 59-60).

29. A comparison of Minnesota credit life loss ratios to the national average shows that Minnesota is below the national average:

ALL REPORTING U.S. CREDIT LIFE COMPANIES
LOSSES AS A PERCENTAGE OF NET PREMIUMS

	Group Companies	Individual Companies	Total Companies
1972	49.5%	28.6%	46.7%
1973	47.8%	27.9%	44.5%
1974	48.7%	31.8%	46.3%

There is less evidence of a declining loss ratio trend nationally (Ex. 17).

30. The decrease in the prima facie rate was "reluctantly" supported by the MCFC on the grounds that the uncertainty regarding rates must end and on the grounds that the application of other factors than the 50% loss ratio test produces a more reasonable rate (Tr. 72-73). The Minnesota Bankers Association (MBA) supported the decrease and noted that while the reduction would decrease a lender's commission income, (from $1.02 per month per decreasing term credit life policy to $1.76 per month for one lender) credit insurance would continue to be a viable product in Minnesota under the proposed rule amendment (Tr. 77-78; Ex. A).

Stuyvesant Life Insurance Company endorsed the reduction and stated that "the proposed rate is more equitable for the debtor and still allows an adequate amount for the payment of claims and a fair profit for all concerned." (Tr. 79) The Minneapolis Legal Aid Society and Legal Assistance of Ramsey County supported the reduction while requesting a further reduction in the future (Tr. 81, 83). North Central Life Insurance Company said the new rates would be adequate to protect both the company and its insureds (Tr. 83). Old Republic Life Insurance Company also supported this proposed rule (Tr. 86). MPIRG commended the reduction, but argued that a further reduction was justified under the 50% minimum loss ratio benchmark test (Ex. B, pp. 2, 4).

31. The record demonstrates a need for reduction of the prima facie rate for credit life insurance. However, if the 50% minimum loss ratio is accepted as the proper test, the proposed 60¢ rate cannot be said to be based upon the accumulated statistics. As Exhibit 15 demonstrates, had the 60¢ rate been in effect in 1976, a loss ratio of 37.46% would have been developed. Had the 60¢ rate been in effect from 1973 through 1976, a loss ratio of 41.58% would have been developed, and Minnesota citizens would have paid $12,617,535 less than they actually did under the existing 75¢ rate (Tr. 53). It should be noted that the Division presented no evidence that the insurer's "expenses" somehow justified the less than 50% loss ratios which would have resulted had a 60¢ rate been in effect in 1976, or 1973 through 1976.

32. If a 50¢ prima facie rate for declining term credit life had been in effect, the resulting loss ratio would have been 42.62% for 1976, and 47.31% for 1973 through 1976, assuming that the business written below prima facie rates was written below 50¢ per $100. Minnesota insureds would have paid $21,027,122 less in premiums than they actually did. If a 45¢ prima facie rate had been in effect, the loss ratio would have been 45.76% for 1976, and 50.81% for 1973 through 1976, assuming again that all the business written below prima facie rates was written below 45¢ per $100. Had a 45¢ rate been in effect from

1973 through 1976, Minnesota insureds would have paid approximately $25,235,070 less in premiums. The record then demonstrates that past experience would justify a 45¢ prima facie rate for declining term credit life insurance based upon Minn. Rule Ins 90 as it currently exists without amendment. While a 45¢ rate might be more reasonable, especially in light of the apparent annual trend toward lower loss ratios, the proposed 60¢ rate has clearly been shown to be needed and reasonable, especially when compared to the existing 75¢ rate.

PROPOSED MINN. RULE INS 92(d)

33. The Insurance Division proposes to amend this rule subsection to raise the prima facie acceptable rate for credit accident and health insurance approximately 10% as set out in a detailed schedule set out in the proposed rule. The Division bases this increase on the accumulated historical data which is attached hereto and marked as Exhibit 16. The Division testified that the 10% increase was based upon the approximately 20% increase in loss ratios from 1972 through 1976, together with the Division's belief that the accident and health trend will not continue upward (Tr. 54, 56-57).

34. A comparison of Minnesota credit accident and health loss ratios to national figures shows that there is a similar national trend of increasing loss ratios, but that Minnesota's loss ratios are less than the national average:

ALL REPORTING U.S. ACCIDENT AND HEALTH COMPANIES
LOSSES AS A PERCENTAGE OF EARNED PREMIUMS

	Group Companies	Individual Companies	Total Companies
1972	56.6%	39.1%	53.5%
1973	60.2%	42.4%	57.0%
1974	66.8%	50.7%	64.3%

(Ex. 17)

35. The rate change was supported by the MCFC (Tr. 73-74), the MBA (Tr. 77), North Central Life Insurance Company (Tr. 83), and Old Republic Life Insurance Company (Tr. 86). MPIRG and the Minneapolis Legal Aid Society also supported the increase since the loss ratios developed under the new rate will be very close

to 50% and therefore, would comply with the 50% minimum loss ratio test (Tr. 82; Ex. 19, p. 4). The Stuyvesant Life Insurance Company stated that the increase was inadequate and should be about 26% based upon its experience (Tr. 79). This rule amendment is needed and reasonable and supported by the record.

PROPOSED MINN. RULE INS 92(f)

36. The Stuyvesant Life Insurance Company pointed out at the hearing that proposed Minn. Rule Ins 92(f) should be amended to include the letter "d" in its last line in order to make the section consistent with previous amendments (Tr. 80). The Insurance Division was agreeable to this addition (T. 85). The insertion of the letter is needed and reasonable and would not constitute a substantial change.

PROPOSED FINAL PARAGRAPH OF MINN. RULE INS 92

37. The Insurance Division proposes to add a final paragraph to the rule which provides an effective date for the proposed rate changes. The addition is needed to make certain how and when the new rates will take effect as to both group and individual insureds, and to provide time for insurance companies to comply with the rule (Tr. 63, 68). The amendment is needed and reasonable.

38. All of the foregoing Findings of Fact which should properly be termed Conclusions are hereby adopted as such.

Based upon the foregoing Findings of Fact, the Hearing Examiner makes the following:

CONCLUSIONS

1. That the Insurance Division gave proper notice of the promulgation of the proposed rule amendments.

2. That the Insurance Division has statutory authority to take the action proposed, to wit: the promulgation of the proposed rule amendments.

3. That the Insurance Division fulfilled all relevant, substantive and procedural requirements of law or rule except that the Affidavit of Receipt of the Secretary of State's list

and the Affidavit of Mailing were not timely filed pursuant to Minn. Rule HE 103, but that no person was prejudiced thereby.

4. That the Insurance Division has not demonstrated nor does the record support by an affirmative presentation of facts the need for or the reasonableness of the proposed amendment of Minn. Rule Ins 90.

5. That the Insurance Division has demonstrated the need for and reasonableness of the proposed amendments of Minn. Rule Ins 92 with an affirmative presentation of facts.

6. That should the Commissioner of Insurance attempt to adopt a prima facie rate for credit life insurance other than 60¢ per $100, it would constitute a substantial change from the rule amendments as proposed, and would therefore have to be accomplished in a subsequent rule hearing procedure after new notice.

Based upon the foregoing Conclusions, the Hearing Examiner makes the following:

RECOMMENDATION

1. It is recommended that the proposed amendment of Minn. Rule INS 90 not be adopted.

2. It is recommended that the proposed amendments of Minn. Rule Ins 92 be adopted, together with the correction of Minn. Rule Ins 92(f) suggested at the hearing.

3. It is recommended that the Commissioner of Insurance initiate a subsequent rule hearing proceeding in order to adopt a prima facie acceptable rate for credit life insurance which is in compliance with the 50% minimum loss ratio test set out in existing Minn. Rule Ins 90.

Dated: October 14, 1977.

George A. Beck

GEORGE A. BECK
Hearing Examiner

N O T I C E

Pursuant to Minn. Stat. § 15.0412, subd. 4 (as amended by Minn. Laws 1977, Chapter 443), this Report will be available to all persons upon request for at least five working days before the agency takes any final action on the rule.

The Commissioner of Insurance shall, if he proposes to adopt the rule amendments as proposed or amended, submit the complete hearing record, including his Findings and Order, to the Chief Hearing Examiner no earlier than five working days subsequent to the receipt of this Report. This submission shall also clearly indicate any changes made to the rule amendments as originally proposed, preferably in the format that will be submitted to the State Register for publication. The Chief Hearing Examiner shall complete his review and submit his report to the Commissioner of Insurance within ten calendar days. Thereafter, the Commissioner shall be responsible for filing the rule amendments with the Attorney General. The Commissioner must give notice to all persons who request to be informed that the hearing record has been submitted to the Attorney General.

Exhibit ____

EXHIBIT NO. 15

DATE 9-13-77

NANCY J. DUEHN

CREDIT LIFE INSURANCE
CALENDAR YEARS 1972 THROUGH 1976
MINNESOTA BUSINESS ONLY

	Year	Mean In Force (000's Omitted)	Premiums Earned	Losses Incurred	Actual Loss Ratio	Mortality Cost	*Adjusted Loss Ratio
Total Minnesota Business							
	1972	$ 1,406,040	$17,272,138	$ 6,485,375	37.55%	24.98¢	Not Available
	1973	1,632,116	18,887,867	7,214,797	38.20%	23.94	45.23%
	1974	1,762,564	20,144,819	7,596,096	37.71%	23.34	44.54%
	1975	1,819,197	20,530,677	6,933,604	33.77%	20.64	39.85%
	1976	1,910,406	22,529,195	7,143,478	31.71%	20.25	37.46%
5 Years Combined		$ 8,530,323	$99,364,696	$35,373,350	35.60%	22.46¢	Not Available
1972, 1973, 1974 Combined		$ 4,800,720	$56,304,824	$21,296,268	37.82%	24.03¢	Not Available
1973, 1974, 1975 Combined		$ 5,213,877	$59,563,363	$21,744,497	36.51%	22.59¢	43.14%
1974, 1975, 1976 Combined		$ 5,492,167	$63,204,691	$21,673,178	34.29%	21.38¢	40.49%
Business Written at Prima Facie Rates							
	**1973	$ 1,094,855	$14,691,245	$ 4,677,503	31.84%	23.14¢	39.80%
	1974	1,109,491	15,446,402	4,941,438	31.99%	24.12	39.99%
	1975	1,141,473	15,649,034	4,431,217	28.32%	21.03	35.40%
	1976	1,224,911	17,300,993	4,569,303	26.41%	20.21	33.01%
4 Years Combined		$ 4,570,730	$63,087,674	$18,619,461	29.51%	22.07¢	36.89%
1973, 1974, 1975 Combined		$ 3,345,819	$45,786,681	$14,050,158	30.69%	22.75¢	38.36%
1974, 1975, 1976 Combined		$ 3,475,875	$48,396,429	$13,941,958	28.81%	21.73¢	36.01%
Business Written Below Prima Facie Rates							
	1973	$ 537,261	$ 4,196,622	$ 2,537,294	60.46%	25.58¢	N/A
	1974	653,073	4,698,417	2,654,658	56.50%	22.01	N/A
	1975	677,724	4,881,643	2,502,387	51.26%	20.00	N/A
	1976	685,495	5,228,202	2,574,175	49.24%	20.34	N/A
4 Years Combined		$ 2,553,553	$19,004,884	$10,268,514	54.03%	21.78¢	N/A

**Includes total writings of Gamble Alden Life Insurance Company and Foremost Life Insurance Company.

(Continued on Page 2)

CREDIT LIFE INSURANCE
CALENDAR YEARS 1972 THROUGH 1976
MINNESOTA BUSINESS ONLY

Year	Mean In Force (000's Omitted)	Premiums Earned	Losses Incurred	Actual Loss Ratio	Mortality Cost	*Adjusted Loss Ratio
1973, 1974, 1975 Combined	$ 1,868,058	$13,776,682	$ 7,694,339	55.85%	22.31¢	N/A
1974, 1975, 1976 Combined	2,016,292	$14,808,262	$ 7,731,220	52.21%	20.77¢	N/A

*The Adjusted Loss Ratio is computed by dividing the losses incurred by 80% of the premiums earned written at prima facie rates.

NOTE: In calendar year 1976, 85 insurance companies wrote credit life insurance in Minnesota. The ten largest volume writers wrote 61.59% of the total premiums earned.

Mortality Cost is the premium required to be charged for each $100 of decreasing term credit life insurance for a one year period to pay only the actual amount of death claims occurring during that year.

Exhibit ____

Sen Jud EXHIBIT NO. 16

DATE 9-13-77

NANCY J. DUEHN

CREDIT ACCIDENT AND HEALTH INSURANCE
CALENDAR YEARS 1972 THROUGH 1976
MINNESOTA BUSINESS ONLY

Year	Premiums Earned	Losses Incurred	Actual Loss Ratio	*Adjusted Loss Ratio
1972	$ 8,109,545	$ 3,748,492	46.22%	42.02%
1973	9,493,009	4,629,202	48.76%	44.33%
1974	12,092,520	6,025,623	49.83%	45.30%
1975	11,831,500	6,565,393	55.49%	50.45%
1976	13,775,934	7,736,022	56.16%	51.05%
	$55,302,508	$28,704,732	51.90%	47.19%
Years Combined				
1972, 1973, 1974 Combined	$29,695,074	$14,403,317	48.50%	44.09%
1973, 1974, 1975 Combined	$33,417,029	$17,220,218	51.53%	46.85%
1974, 1975, 1976 Combined	$37,699,954	$20,327,038	53.92%	49.02%

The Adjusted Loss Ratio is computed by dividing the Losses Incurred by 110% of the Premiums Earned.

NOTE: In calendar year 1976, 72 insurance companies wrote credit accident and health insurance in Minnesota. The 10 largest volume writers wrote 64.88% of the total premiums earned.

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

INS-78-002-GB

GEORGE A. BECK, being first duly sworn, hereby deposes and says:

That at the City of Saint Paul, county and state aforementioned, on the 13th day of October, 1977, he served the attached Findings of Fact, Conclusions and Recommendations, by depositing in the United States Mail at said City of Saint Paul, a true and correct copy thereof, properly enveloped, with firstclass postage prepaid, and addressed to:

Mr. William Howard
Special Assistant Attorney General
Insurance Division
Department of Commerce
500 Metro Square Building
Seventh and Robert Streets
Saint Paul, Minnesota 55101

George A. Beck

Subscribed and sworn to before me this 13th day of October, 1977.

Sandra A. Haven

SANDRA A. HAVEN
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
My Comm. Expires July 29, 1983

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules 90 and 92(a)-(h) by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance

FINDINGS OF FACT AND CONCLUSIONS

The above-entitled matter came on for hearing on September 9, 1977, in Saint Paul, Minnesota, before George A. Beck, Hearing Examiner assigned by the Chief Hearing Examiner.

Appearing for the Insurance Division were J. P. Koleski, Assistant Commissioner of Insurance and William R. Howard, Special Assistant Attorney General assigned to the Insurance Division of the Department of Commerce. Other appearances were by Clay Moore, Esq., Minnesota Consumer Finance Conference; John Jackson, Esq., Minnesota Bankers Association; Sig Brantingson, Stuyvesant Life Insurance Company; Michael Burns, Esq., Minneapolis Legal Aid Society; James Beckstrom, Esq., North Central Life Insurance Company; AnnDrea Benson, Esq., Legal Assistance of Ramsey County; and Rod Bucher, Old Republic Life Insurance Company. Two written comments were received subsequent to the hearing concerning the proposed rule amendments, one from the Minnesota Public Interest Research Group and the other from Clay Moore, on behalf of the Minnesota Consumer Finance Conference.

Hearing Examiner Beck prepared the Report of the Hearing Examiner (hereinafter "Report"), dated October 14, 1977, pursuant to Minn. Stat. §15.052, subd. 3 and Minn. Rules H.E. 106.

Based upon the proceedings and records herein, the Commissioner makes the following:

FINDINGS OF FACT

1. He adopts Findings 1 through 9 of the Report, which Findings relate to procedural requirements, statutory authority and the need for rules governing credit life and credit accident and health insurance.

2. He declines to adopt Findings 10 through 26 of the Report and finds in lieu thereof the following:

The proposed amendment to Minn. Rule Ins 90 does not declare nor attempt to establish any different approach to the matter of credit insurance rates than that which is already mandated by law.

The reasons for the proposed amendment to Rule Ins 90 are as follows:

(a) Minn. Stat. §62B.07, subd. 2, vests in the Commissioner of Insurance the power to determine whether credit insurance rates are "excessive in relation to benefits". In the exercise of this power, the statute mandates that the Commissioner shall "give full consideration to and make reasonable allowances for" a variety of expense factors and "any and all other factors and trends demonstrated to be relevant." (Tr. 52, 65-67; Tr. 75 & 76).

(b) Existing Rule Ins 90, while it makes reference to Minn. Stat. §62B.07, subd. 2, does not clearly incorporate the principle that, in making his determination as to whether rates are "excessive in relation to benefits", the Commissioner shall consider the various elements referred to above and required by the statute. (Tr. 52, 65-67; Tr. 75 & 76).

(c) Existing Rule Ins 90 refers to the 50% loss ratio benchmark which is one of the relevant factors that may be considered in determining the proper level of insurance rates. However, the 50% loss ratio benchmark measures to only two factors: "Claims incurred" and "premiums

earned" which, while important, cannot govern to the exclusion of other relevant factors. By definition, the loss ratio benchmark gives no statistical weight to the various expense categories set forth in the statute, nor does the loss ratio benchmark, if used as the exclusive test, permit the Commissioner to consider other factors or trends which may be shown to bear upon the subject matter. Minn. Stat. §62B.07, subd. 2, incorporates the principle that rate determinations must necessarily depend upon the consideration and weighing of a number of factors. In order to resolve any misconception about the factors to be used in determining credit insurance rates, the proposed amendment merely makes it clear what is already the law, to-wit: that the factors which the Commissioner shall consider are those indicated in the statute and that, in addition, a 50% loss ratio benchmark will continue to be one of those factors. (Tr. 52, 65-67; Tr. 75 & 76).

The proposed amendment to Rule Ins 90 would ordinarily be unnecessary because, regardless of what interpretation is given to existing Rule Ins 90, it is the statute that governs; however, existing Rule Ins 90 may be misleading to those unfamiliar with Minnesota insurance law insofar as it suggests that the 50% loss ratio benchmark is the only factor that will be considered. The proposed amendment removes this potentially misleading impression while at the same time advising those affected that the 50% loss ratio benchmark will continue to be one of the factors to which the Commissioner shall give weight. (Tr. 52, 65-67; Tr. 75 & 76).

3. He adopts Findings 27 through 30 of the Report and declines to adopt Findings 31 and 32, and in lieu thereof finds the following:

The record demonstrates that a reduction in the prima facie rate for credit life insurance is justified. (Tr. 48-60; Ex. 15 & 16). The existing rate of 75 cents was lawful and reasonable when it was adopted and has remained presumptively reasonable since that time, apart from the showing made in this record. (Tr. 48-60; Ex. 15 & 16). The Commissioner has fully considered all of the factors encompassed by Minn.Stat. §62B.07, subd. 2, and has found that only one factor, to-wit: the loss ratio, has experienced any material change. In the time period of 1972 to 1976, credit life insurance loss ratios have experienced a decline of about 16.6%. However, despite a thorough review and consideration of the data available to the Commissioner, the Commissioner has been unable to find that there are any other factors, such as expenses, or any trends which would suggest a greater decline in credit life insurance prima facie rates other than that suggested by the decline in loss ratios. (Tr. 48-60; Ex. 15 & 16). The Commissioner takes notice of the fact that the credit insurance industry is no more immune from inflationary pressures than any other industry. (Public Ex. "A"). Ordinarily, a decline in loss ratios of 16.6% with no provable decline in expenses or changes in other factors, would justify only a 16.6% decline in credit life insurance rates. (Tr. 48-60; Ex. 15 & 16). However, it appears that credit life insurance loss ratios generally may be expected to decline gradually in the near future. (Tr. 48-60; Ex. 15 & 16). Therefore, a greater reduction of credit life insurance prima facie rates is justified. (Tr. 48-60; Ex. 15 & 16). The proposed

reduction to 60 cents is a 20% reduction which, in the Commissioner's judgment, is justified by both the 16.6% decline in loss ratios and the further gradual decline expected in the near future. (Tr. 48-60; Ex. 15 & 16).

The Commissioner is mindful that a more drastic reduction in the prima facie credit life insurance rates beyond that justified by the evidence would produce a situation in which more insurance companies would file deviation applications seeking special increases in rate levels. (Tr. 48-60; Ex. 15 & 16). In many cases. the Commissioner may be compelled to grant their applications. Not only would this tend to increase the administrative burden on the Insurance Division, but it would tend, also , to create discriminatory market conditions to the ultimate detriment of the general public.

4. He adopts Findings 33 through 35.

5. He adopts Finding 36 of the Report which relates to the nonsubstantial modifications of the proposed rules submitted by the Insurance Division at the hearing.

6. He adopts Finding 37 of the Report and amends the language in Ins 92 specifying the effective date of the rules by adding the following language:

> Rule 92 shall become effective on the first day of January, 1978, and shall be applicable to all individual credit insurance policies sold thereafter and to all debtors enrolled under group certificates or policies issued or renewed after January 1, 1978.

7. All of the foregoing Findings of Fact which should properly be terms Conclusions are hereby adopted as such.

CONCLUSIONS

1. He adopts Conclusions 1, 2, 3, 5, and 6 but declines to adopt Conclusions 4, and in lieu thereof, finds the following:

The Insurance Division has demonstrated the need for and reasonableness of the proposed amendments of Minn. Rule Ins 90 by an affirmative presentation of facts and law in the record.

Dated: November 22, 1977.

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

MEMORANDUM

The Hearing Examiner's Recommendation No. 3 is not addressed to any of the rule amendments proposed by the Commissioner in this proceeding, and, therefore, requires no comment. However, the Commissioner acknowledges that he has continuing jurisdiction in the area of credit insurance rates and will take any action in the future which he, in his judgment, determines is warranted by the then prevailing facts and circumstances.

STATEMENT OF COMPLIANCE WITH
MANUAL OF RULEMAKING PROCEDURES

I, Special Assistant Attorney General William R. Howard, 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 rulemaking procedures has been followed.

WILLIAM R. HOWARD
Special Assistant
Attorney General

Dated this 18 day of November, 1977.

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the matter of the Proposed Adoption
of Rules of Insurance Division
Governing Automobile Accident Reparations
Arbitration and the Rules governing
Credit Life and Credit Accident and Health Insurance.

I hereby certify that the attached 502 general labels + 6 sheets constitute the complete list of persons, associations, and other interested groups who as of 11:30 o'clock A.M., this Third day of August, 1977, have requested pursuant to M.S. 1977, Sec. 15.0412, that their names be placed on file with the Secretary of State for the purpose of receiving notice of public hearing on proposed rules on the subject captioned above.

Secretary of State
Joan Anderson Growe

By Randall W. Sayles

Insurance Div. EXHIBIT NO. 1

DATE 9-13-77

NANCY J. DUEHN

AFFIDAVIT

Ray Ellsworth, being duly sworn on oath deposes and says:

1) That he is an employee of the Insurance Division of the State of Minnesota.

2) That on the Third day of August, he went to the Secretary of State's office for the State of Minnesota and requested a current list of all representatives of associations or other interested groups or persons who had registered their names with the Secretary of State for the purpose of obtaining notices of public hearings relating to the promulgation of rules pursuant to M.S. 15.0412.

3) That on the Third day of August, in response to the above request, the Secretary of State provided him with such a list, a copy of which is attached hereto and incorporated by reference.

Further affiant sayeth not.

Ray Ellsworth

Subscribed and sworn to before me
this Third day of August 1977

VIRGIL V. PETERSON
NOTARY PUBLIC-MINNESOTA
HENNEPIN COUNTY
My Comm. Expires Sept. 12, 1983

Notary Public,
Hennepin County, Minnesota
My Commission expires Sept 12, 1983

Ins. Div. EXHIBIT NO. 2

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA

COUNTY OF RAMSEY

CERTIFICATE

In the matter of the Proposed Adoption of
Rules of the State Insurance Division
Governing Credit Life and Credit Accident
and Health Insurance.

Mary L. Houde, Executive I, being first duly sworn, deposes and says:

That on the fifth day of August, 1977, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Hearing by depositing in the United States mail, or in the case of State employees, in the inter office mail, at said City of St. Paul, a true and correct copy thereof, properly enveloped, with postage prepaid, to all persons and associations at the addresses listed on the attached Certificate of the Secretary of State as well as to all persons listed on the attached sheet as presently being members of the Minnesota Legislature.

Mary L. Houde

Subscribed and sworn to before
me this 9th day of
August, 1977.

WILLIAM J. ELLIOTT
Notary Public, Hennepin Co., Minn.
My Commission Expires
May 29, 1981

William J. Elliott

Ins. Div. EXHIBIT NO. 3

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to 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 (1976), in the hearing room of the Department of Commerce, Fifth Floor, Metro Square Building, 7th and Robert Streets, Saint Paul, Minnesota 55101, commencing at 9 a.m. on September 13, 1977, and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have the opportunity to participate concerning the adoption of the proposed rules captioned above. Statements may be made orally and written material may be submitted. In addition, whether or not an appearance is made at the hearing, witness statements or material may be submitted by mail to George A. Beck, Hearing Examiner, Room 300, 1745 University Avenue, Saint Paul, Minnesota 55104, Telephone: (612) 296-6910, either before the hearing or within 5 days after the close of the hearing.

Please note that all persons have the right to be notified of the date on which the Hearing Examiner's report will be available after which date the agency may not take any final action on the rules for a period of 5 working days. All persons have the right to be informed that the hearing record has been submitted to the Attorney General by the Insurance Division. If you desire to be so notified, you may do so by so indicating at the hearing or by written request sent to the Hearing Examiner prior to the close of the record.

All such statements will be entered into and become a part of the record. Testimony and other evidence to be submitted for consideration should be pertinent to the matter at hand. For those wishing to submit written statements or exhibits, it is requested that at least 3 copies be furnished. In addition, it is suggested to save time and to avoid duplication, those persons, organizations, or associations having a common viewpoint or interest in these proceedings join together where possible and present a single statement in behalf of such interests.

If adopted, these rule changes would affect the maximum rates charged for credit life and credit accident and health insurance sold in the State of Minnesota after the effective date of the rules. Credit insurance is insurance which a person may purchase in connection with a loan or other credit transactions to pay the existing outstanding balance on a loan or other credit transaction, if one dies or one becomes temporarily or permanently disabled. The Minnesota Insurance Commissioner has been given regulatory authority over the rates to be charged for credit life and credit accident and health insurance. This notice is to inform the public that the Commissioner is proposing to change the maximum, allowable credit insurance rates that may be charged in Minnesota. The proposed rate revisions affect credit insurance purchases in connection with loans or other credit transactions whose duration is less than 5 years and which do not involve the purchase of real property. If the proposed rules are adopted, maximum premium rates charged on credit life insurance would decrease by 20% over the existing rates and maximum premium rates charged on credit accident and health insurance would increase by 10% over existing rates. Credit life and credit accident and health insurance rates are being adjusted to take into account factors and trends found

to be relevant by the Insurance Commissioner for proper rate structure to exist. Accident and health insurance rates are proposed to be increased by 10%, because the claim costs have significantly increased. Credit life insurance rates are proposed to be decreased by 20%, because claim costs and other costs have decreased since the last rate revision.

The rates charged will better reflect the cost of insurance and also provide a useful product at a reasonable rate. Credit insurance rates directly affect the costs of many credit transactions since such insurance is purchased in connection with many consumer credit transactions. For instance, if you pruchase a car or borrow money for furniture, you may purchase credit life or credit accident and health insurance. These rules directly affect the maximum amount you may be charged by an insurance company for this insurance.

Copies of the proposed rules are now available, and at least one free copy may be obtained by writing the Minnesota Insurance Division, Fifth Floor, Metro Square Building, Saint Paul, Minnesota 55101. Additional copies will be available at the door on the date of the hearing. A Statement of Need explaining the Insurance Division's position relative to the necessity for the proposed rule changes and a statement of the evidence outlining the testimony and evidence which will be introduced by the Insurance Division in support of the proposed rules will be filed with the Hearing Examiners' office at least 25 days prior to the hearing and will be available there for public inspection. Statutory authority of the Insurance Division to promulgate and adopt these rules is contained in Minn. Stat. § 62B.12. Standards to be used by the Insurance Division for determining the rates proposed are contained in Minn. Stat. § 62B.07.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the Ethical Practices Board within 5 days after he commences lobbying. Lobbying includes attempting to influence rulemaking by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than $250 per year or 5 hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155, Telephone: (612) 296-5615.

Dated: July 29, 1977.

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

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

It is proposed that Ins Rules 90, 92 and Schedules A and A-1 be amended to read:

[90 Purpose of Regulations.] Section 62B.07, Subd. 2, of the Minnesota Insurance Code authorizes the Commissioner of Insurance to disapprove any credit life or credit accident and health insurance forms "if the premium rates charged or to be charged are excessive in relation to benefits...." After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance Commissioners, it is hereby ~~ruled-that-as-the-basic-test-the-premium-rates-are-not excessive-in-relation-to-benefits-as-provided-for~~ determined that in considering the elements set forth in Section 62B.07, Subd. 2, the commissioner shall give reasonable consideration as to whether ~~if~~ an anticipated loss ratio of "claims incurred" to "premiums earned" of ~~not-less-than~~ 50% is developed.

[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~~ $.60 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of ~~$1.16~~ $.92 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~~ $1.11 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of ~~$1.16~~ $.92 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 $1.00 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.54 per $1,000.00 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 of 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.

Rule 92 shall become effective on the first day of January, 1978, 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 January 1, 1978.

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~~	$1.00	~~$.39~~	$.43	~~$1.50~~	$1.65	~~$.90~~	$.99
4	~~1.06~~	1.17	~~.53~~	.58	~~1.68~~	1.85	~~1.10~~	1.21
5	~~1.18~~	1.30	~~.64~~	.70	~~1.82~~	2.00	~~1.25~~	1.38
6	~~1.29~~	1.42	~~.74~~	.81	~~1.93~~	2.12	~~1.37~~	1.51
7	~~1.37~~	1.51	~~.82~~	.90	~~2.03~~	2.23	~~1.47~~	1.62
8	~~1.45~~	1.60	~~.90~~	.99	~~2.11~~	2.32	~~1.56~~	1.72
9	~~1.52~~	1.67	~~.97~~	1.07	~~2.19~~	2.41	~~1.64~~	1.80
10	~~1.58~~	1.74	~~1.03~~	1.13	~~2.25~~	2.48	~~1.71~~	1.88
11	~~1.64~~	1.80	~~1.08~~	1.19	~~2.31~~	2.54	~~1.77~~	1.95
12	~~1.69~~	1.86	~~1.13~~	1.24	~~2.37~~	2.61	~~1.83~~	2.01
13	~~1.74~~	1.91	~~1.18~~	1.30	~~2.42~~	2.66	~~1.88~~	2.07
14	~~1.79~~	1.97	~~1.23~~	1.35	~~2.47~~	2.72	~~1.93~~	2.12
15	~~1.83~~	2.01	~~1.27~~	1.40	~~2.51~~	2.76	~~1.97~~	2.17
16	~~1.87~~	2.06	~~1.31~~	1.44	~~2.55~~	2.80	~~2.02~~	2.22
17	~~1.91~~	2.10	~~1.35~~	1.48	~~2.59~~	2.85	~~2.06~~	2.27
18	~~1.95~~	2.14	~~1.38~~	1.52	~~2.63~~	2.89	~~2.10~~	2.31
19	~~1.98~~	2.18	~~1.42~~	1.56	~~2.67~~	2.94	~~2.13~~	2.34
20	~~2.02~~	2.22	~~1.45~~	1.60	~~2.71~~	2.98	~~2.17~~	2.39
21	~~2.05~~	2.26	~~1.49~~	1.64	~~2.74~~	3.01	~~2.21~~	2.43
22	~~2.09~~	2.30	~~1.52~~	1.67	~~2.77~~	3.05	~~2.24~~	2.46
23	~~2.12~~	2.33	~~1.55~~	1.70	~~2.81~~	3.09	~~2.27~~	2.50
24	~~2.15~~	2.36	~~1.58~~	1.74	~~2.84~~	3.12	~~2.31~~	2.54
25	~~2.18~~	2.40	~~1.62~~	1.78	~~2.87~~	3.16	~~2.34~~	2.57
26	~~2.21~~	2.43	~~1.65~~	1.82	~~2.90~~	3.19	~~2.37~~	2.61
27	~~2.24~~	2.46	~~1.68~~	1.85	~~2.93~~	3.22	~~2.40~~	2.64
28	~~2.27~~	2.50	~~1.71~~	1.88	~~2.96~~	3.26	~~2.43~~	2.67
29	~~2.30~~	2.53	~~1.74~~	1.91	~~3.00~~	3.30	~~2.47~~	2.72
30	~~2.33~~	2.56	~~1.77~~	1.95	~~3.03~~	3.33	~~2.50~~	2.75
31	~~2.36~~	2.60	~~1.80~~	1.98	~~3.06~~	3.37	~~2.53~~	2.78
32	~~2.39~~	2.63	~~1.82~~	2.00	~~3.08~~	3.39	~~2.55~~	2.80
33	~~2.42~~	2.66	~~1.85~~	2.04	~~3.11~~	3.42	~~2.58~~	2.84
34	~~2.45~~	2.70	~~1.88~~	2.07	~~3.14~~	3.45	~~2.61~~	2.87
35	~~2.48~~	2.73	~~1.91~~	2.10	~~3.17~~	3.49	~~2.64~~	2.90
36	~~2.50~~	2.75	~~1.94~~	2.13	~~3.20~~	3.52	~~2.67~~	2.94
37	~~2.53~~	2.78	~~1.97~~	2.17	~~3.23~~	3.55	~~2.70~~	2.97
38	~~2.56~~	2.82	~~1.99~~	2.19	~~3.25~~	3.58	~~2.73~~	3.00
39	~~2.59~~	2.85	~~2.02~~	2.22	~~3.28~~	3.61	~~2.76~~	3.04
40	~~2.62~~	2.88	~~2.05~~	2.26	~~3.31~~	3.64	~~2.78~~	3.06

SCHEDULE A (Continued)

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	
41	~~$2.64~~	$2.90	~~$2.08~~	$2.29	~~$3.34~~	$3.67	~~$2.81~~	$3.09
42	~~2.67~~	2.94	~~2.10~~	2.31	~~3.37~~	3.71	~~2.84~~	3.12
43	~~2.70~~	2.97	~~2.13~~	2.34	~~3.39~~	3.73	~~2.86~~	3.15
44	~~2.73~~	3.00	~~2.16~~	2.38	~~3.42~~	3.76	~~2.89~~	3.18
45	~~2.75~~	3.02	~~2.18~~	2.40	~~3.45~~	3.80	~~2.92~~	3.21
46	~~2.78~~	3.06	~~2.21~~	2.43	~~3.48~~	3.83	~~2.95~~	3.24
47	~~2.81~~	3.09	~~2.24~~	2.46	~~3.50~~	3.85	~~2.97~~	3.27
48	~~2.83~~	3.11	~~2.26~~	2.49	~~3.53~~	3.88	~~3.00~~	3.30
49	~~2.86~~	3.15	~~2.29~~	2.52	~~3.56~~	3.92	~~3.03~~	3.33
50	~~2.89~~	3.18	~~2.32~~	2.55	~~3.59~~	3.95	~~3.06~~	3.37
51	~~2.92~~	3.21	~~2.34~~	2.57	~~3.61~~	3.97	~~3.09~~	3.40
52	~~2.94~~	3.23	~~2.37~~	2.61	~~3.64~~	4.00	~~3.11~~	3.42
53	~~2.97~~	3.27	~~2.39~~	2.63	~~3.66~~	4.03	~~3.14~~	3.45
54	~~2.99~~	3.29	~~2.42~~	2.66	~~3.69~~	4.06	~~3.16~~	3.48
55	~~3.02~~	3.32	~~2.45~~	2.70	~~3.72~~	4.09	~~3.19~~	3.51
56	~~3.05~~	3.36	~~2.47~~	2.72	~~3.74~~	4.11	~~3.22~~	3.54
57	~~3.07~~	3.38	~~2.50~~	2.75	~~3.77~~	4.15	~~3.24~~	3.56
58	~~3.10~~	3.41	~~2.53~~	2.78	~~3.80~~	4.18	~~3.27~~	3.60
59	~~3.12~~	3.43	~~2.55~~	2.80	~~3.82~~	4.20	~~3.29~~	3.62
60	~~3.15~~	3.46	~~2.58~~	2.84	~~3.85~~	4.24	~~3.32~~	3.65

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~~	$1.36	~~$.69~~	$.76	~~$1.87~~	$2.06	~~$1.31~~	$1.44
9-14	~~1.66~~	1.83	~~1.10~~	1.21	~~2.34~~	2.57	~~1.80~~	1.98
15-20	~~1.93~~	2.12	~~1.37~~	1.51	~~2.61~~	2.87	~~2.08~~	2.29
21-26	~~2.14~~	2.35	~~1.56~~	1.72	~~2.82~~	3.10	~~2.29~~	2.52
27-32	~~2.32~~	2.54	~~1.75~~	1.92	~~3.02~~	3.32	~~2.49~~	2.74
33-38	~~2.49~~	2.74	~~1.93~~	2.12	~~3.19~~	3.51	~~2.66~~	2.93
39-44	~~2.65~~	2.92	~~2.09~~	2.30	~~3.35~~	3.68	~~2.83~~	3.11
45-50	~~2.83~~	3.11	~~2.25~~	2.48	~~3.52~~	3.87	~~2.99~~	3.29
51-56	~~2.98~~	3.28	~~2.40~~	2.64	~~3.66~~	4.03	~~3.15~~	3.46
57-60	~~3.11~~	3.42	~~2.54~~	2.79	~~3.81~~	4.19	~~3.28~~	3.61

MINNESOTA HOUSE OF REPRESENTATIVES
MEMBERSHIP NUMERICALLY BY DISTRICT

			*Room	Telephone
1A	Braun, Art M.	DFL	162	296-4258
1B	Corbid, John	DFL	384	296-4329
2A	Kelly, William N.	DFL	297	296-4260
2B	Eken, Willis R.	DFL	335	296-4256
3A	Anderson, Irvin N.	DFL	273	296-6251
3B	Prahl, Norman R.	DFL	287	296-4225
4A	St. Onge, Douglas J.	DFL	223	296-4263
4B	Sherwood, Glen A.	DFL	228	296-4252
5A	Fugina, Peter X.	DFL	336	296-4374
5B	Spanish, John J.	DFL	334	296-4254
6A	Begich, Joseph R.	DFL	218	296-5063
6B	Battaglia. David P.	DFL	346	296-2190
7A	Munger, Willard M.	DFL	226	296-4282
7B	Jaros, Mike	DFL	232	296-4246
8A	Lehto, Arlene I.	DFL	342	296-2637
8B	Berkelman, Thomas R.	DFL	354	296-2228
9A	Beauchamp, David J.	DFL	352	296-4321
9B	Langseth, Keith L.	DFL	330	296-4335
10A	Evans, Jim	IR	399	296-4341
10B	Anderson, Bob	IR	399A	296-4946
11A	Wenstrom, Gene R.	DFL	358	296-4323
11B	Fjoslien, Dave	IR	311	296-4317
12A	Nelsen, Bruce G.	IR	327	296-4352
12B	Wenzel, Stephen G.	DFL	266	296-4247
13A	Samuelson, Donald	DFL	249	296-4875
13B	Nelsen, Marlin B. (Doc)	DFL	171	296-4368
14A	Carlson, Douglas W.	IR	318	296-4308
14B	Murphy, Mary C.	DFL	376	296-2676
15A	Anderson, Delbert F.	IR	386	296-3908
15B	Anderson, Glen H.	DFL	291	296-4228
16A	Niehaus, Joseph T.	IR	312	296-4379
16B	Brinkman, Bernard J.	DFL	296	296-4373
17A	Patton, Al W.	DFL	175	296-4216
17B	Pehler, James C.	DFL	261	296-4241
18A	Welch, Richard J.	DFL	360	296-3821
18B	McEachern, Bob	DFL	339	296-4237
19A	Clawson, John T.	DFL	227	296-4358
19B	Mangan, Thomas J.	DFL	217	296-4356
20A	Smogard, Ellsworth G.	DFL	359	296-4357
20B	Stanton, Russell P.	DFL	179½	296-4249
21A	Gunter, C. L. (Shorty)	DFL	349	296-2585
21B	Den Ouden, Gaylin	IR	385	296-4346
22A	Kvam, Adolph L.	IR	393	296-4344
22B	Dahl, Harold J.	DFL	244	296-4218
23A	Albrecht, Raymond J.	IR	322	296-4318
23B	Johnson, Carl M.	DFL	340	296-4270
24A	Vanasek, Robert E.	DFL	294	296-4229
24B	Birnstihl, Orville E.	DFL	179	296-4217
25A	White, Jim F.	DFL	230	296-4286
25B	Schulz, Victor H.	DFL	375	296-4223
26A	Anderson, Bruce W. (Buzz)	DFL	362	296-2068
26B	Erickson, Wendell O.	IR	387	296-4336
27A	Mann, George L.	DFL	163	296-4292
27B	Peterson, Darrel L.	IR	315	296-3729
28A	Esau, Gilbert D.	IR	317	296-4348
28B	Eckstein, A. J. (Tony)	DFL	243	296-4265
29A	Cummiskey, David	DFL	293	296-3656
29B	Wigley, Richard E.	IR	316	296-4355
30A	Kalis, Henry J.	DFL	239	296-4240
30B	Searle, Rod	IR	395	296-4339
31A	Savelkoul, Henry J.	IR	390	296-4327
31B	Reding, Leo J.	DFL	351	296-4324
32A	Biersdorf, John S.	IR	399C	296-4332
32B	Friedrich, Donald L.	IR	397	296-4378
33A	Kaley, John R. (Dick)	IR	398	296-4359
33B	Zubay, Kenneth P.	IR	326	296-4340
34A	Lemke, Richard R. (Dick)	DFL	167	296-4233
34B	Stoa, Tom	DFL	348	296-2709
35A	Haugerud, Neil S.	DFL	235	296-4278

*All offices are in the State Office Building

*All offices are in the State Office Building

35B	Wieser, Al W., Jr.	DFL	255	296-4251
36A	McDonald, Kenneth J.	IR	323	296-8872
36B	Suss, Ted	DFL	173	296-4313
37A	Hokanson, Shirley A.	DFL	234	296-4239
37B	Swanson, James C.	DFL	372	296-4885
38A	Williamson, Bruce	DFL	382	296-4303
38B	Abeln, Lyle	DFL	254	296-4366
39A	Forsythe, Mary M.	IR	377	296-4363
39B	Pleasant, Ray O.	IR	394	296-4316
40A	Ewald, Douglas R.	IR	396	296-4311
40B	Knickerbocker, Gerald	IR	391	296-4315
41A	Arlandson, John R.	DFL	347	296-4312
41B	Petrafeso, Pete R.	DFL	333	296-4863
42A	Jude, Tad	DFL	383	296-4248
42B	Searles, Robert L.	IR	378	296-4309
43A	Heinitz, O. J. (Lon)	IR	235	296-4320
43B	King, Dwayne A.	DFL	353	296-3750
44A	Carlson, Lyndon R.	DFL	369	296-4255
44B	Adams, Leo G.	DFL	289	296-4345
45A	Scheid, Linda J.	DFL	224	296-3751
45B	Ellingson, Robert L.	DFL	329	296-3709
46A	McCarron, Paul	DFL	248	296-4242
46B	Simoneau, Wayne A.	DFL	357	296-4331
47A	Jacobs, Joel	DFL	229	296-4231
47B	Voss, Gordon O.	DFL	251	296-4226
48A	Novak, Steven G.	DFL	356	296-4334
48B	Rose, John T.	IR	388	296-4342
49A	Neisen, Howard J.	DFL	350	296-4322
49B	McCollar, Maurice D.	DFL	332	296-4319
50A	George, Michael	DFL	292	296-4238
50B	Kostohryz, Richard J.	DFL	370	296-4936
51A	Laidig, Gary W.	IR	325	296-4351
51B	Sieben, Michael	DFL	242	296-4250
52A	Metzen, James P.	DFL	219	296-4370
52B	Sieben, Harry Jr.	DFL	170	296-4227

*All offices are in the State Office Building

53A	Kempe, Ray	DFL	345	296-4220
53B	Jensen, Robert C.	DFL	178	296-4862
54A	Kroening, Carl W.	DFL	231	296-4302
54B	Rice, James I.	DFL	371	296-4262
55A	Fudro, Stanley J.	DFL	165	296-4377
55B	Sarna, John J.	DFL	270	296-4219
56A	Casserly, James	DFL	238	296-4221
56B	Berg, Thomas K.	DFL	368	296-4266
57A	Kahn, Phyllis L.	DFL	237	296-4257
57B	Sabo, Martin O.	DFL	276	296-6610
58A	Dean, William D.	IR	379	296-4337
58B	Carlson, Arne H.	IR	319	296-4328
59A	Berglin, Linda L.	DFL	381	296-4261
59B	Nelson, Ken G.	DFL	299C	296-4244
60A	Clark, Janet H.	DFL	344	296-4354
60B	Enebo, Stanley A.	DFL	222	296-4274
61A	Brandl, John E.	DFL	172	296-4837
61B	Skoglund, Wesley J.	DFL	161	296-4330
62A	Wynia, Ann	DFL	263	296-3824
62B	Hanson, Walter R.	DFL	271	296-4232
63A	Faricy, Ray W.	DFL	240	296-4267
63B	Cohen, Richard J.	DFL	365	296-3641
64A	Osthoff, C. Thomas	DFL	267	296-4224
64B	Byrne, Peggy	DFL	214	296-4245
65A	Norton, Fred C.	DFL	245	296-5158
65B	Moe, Donald M.	DFL	299B	296-4264
66A	Waldorf, Eugene T.	DFL	215	296-3809
66B	Kelly, Randy C.	DFL	328	296-4277
67A	Kempe, Arnold E.	DFL	331	296-3806
67B	Tomlinson, John D.	DFL	343	296-4259

Members of the House serve two-year terms. For all members, this directory lists the date of their first election to membership in the House, plus the number of two-year terms to which the people of their districts have elected them.

*All offices are in the State Office Building

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MINNESOTA SENATE MEMBERSHIP NUMERICALLY BY DISTRICT

		Party	Room No.	Telephone
1	Marvin B. Hanson	DFL	23B Cap.	296-4835
2	Roger D. Moe	DFL	121 Cap.	296-2577
3	Bob Lessard	DFL	24B Cap.	296-4136
4	Gerald L. Willet	DFL	205 Cap.	296-4147
5	George F. Perpich	DFL	303 Cap.	296-4145
6	Douglas J. Johnson	DFL	203 Cap.	296-8881
7	Sam G. Solon	DFL	303 Cap.	296-4188
8	James Ulland	IR	143 SOB	296-4314
9	Douglas H. Sillers	IR	133 SOB	296-4119
10	Collin C. Peterson	DFL	24C Cap.	296-4135
11	Wayne Olhoft	DFL	29 Cap.	296-4178
12	Myrton O. Wegener	DFL	328 Cap.	296-4156
13	Winston W. Borden	DFL	208 Cap.	296-2607
14	Florian Chmielewski	DFL	325 Cap.	296-4182
15	Roger E. Strand	DFL	24D Cap.	296-4104
16	Ed Schrom	DFL	205 Cap.	296-4840
17	Jack I. Kleinbaum	DFL	326 Cap.	296-4173
18	Robert G. Dunn	IR	131 SOB	296-4117
19	Jerald C. Anderson	DFL	303 Cap.	296-4184
20	Jim Nichols	DFL	23A Cap.	296-4474
21	A.O.H. Setzepfandt	DFL	23F Cap.	296-8086
22	John Bernhagen	IR	142 SOB	296-4131
23	Earl W. Renneke	IR	140 SOB	296-4125
24	Clarence M. Purfeerst	DFL	323 Cap.	296-4167
25	Steve Engler	IR	116 SOB	296-4103
26	Marion (Mike) Menning	DFL	28 Cap.	296-4171
27	Howard D. Olson	DFL	325 Cap.	296-4187
28	Carl A. Jensen	IR	121A SOB	296-4112
29	Arnulf Ueland, Jr.	IR	114 SOB	296-4105
30	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Party	Room No.	Telephone
34	Roger Laufenburger	*DFL*	235 Cap.	296-4181
35	Jerome O. Gunderson	*DFL*	306 Cap.	296-8870
36	Robert J. Schmitz	*DFL*	328 Cap.	296-7157
37	William G. Kirchner	*IR*	129 SOB	296-4115
38	Robert M. Benedict	*DFL*	306 Cap.	296-8868
39	Otto T. Bang, Jr.	*IR*	136 SOB	296-4122
40	John B. Keefe	*IR*	124 SOB	296-4118
41	B. Robert Lewis	*DFL*	121 Cap.	296-4166
42	George S. Pillsbury	*IR*	130 SOB	296-4121
43	Emily Anne Staples	*DFL*	23G Cap.	296-4137
44	Hubert H. Humphrey, III	*DFL*	121 Cap.	296-4180
45	William P. Luther	*DFL*	306 Cap.	296-8869
46	David D. Schaaf	*DFL*	205 Cap.	296-4179
47	Gene Merriam	*DFL*	27 Cap.	296-4154
48	Robert O. Ashbach	*IR*	123B SOB	296-4111
49	John Milton	*DFL*	235 Cap.	296-4168
50	Jerome M. Hughes	*DFL*	328 Cap.	296-4183
51	Gerry Sikorski	*DFL*	23D Cap.	296-4700
52	Conrad M. Vega	*DFL*	24E Cap.	296-4101
53	Howard A. Knutson	*IR*	141 SOB	296-4120
54	Edward J. Gearty	*DFL*	235 Cap.	296-4174
55	Eugene E. Stokowski	*DFL*	235 Cap.	296-4192
56	Robert J. Tennessen	*DFL*	309 Cap.	296-8885
57	Allan H. Spear	*DFL*	309 Cap.	296-4191
58	Harmon T. Ogdahl	*IR*	122 SOB	296-4109
59	Steve Keefe	*DFL*	301 Cap.	296-4190
60	Jack Davies	*DFL*	27 Cap.	296-4841
61	Franklin J. Knoll	*DFL*	304 Cap.	296-7196
62	Neil Dieterich	*DFL*	306 Cap.	296-8867
63	Ron Sieloff	*IR*	128 SOB	296-4310
64	Peter P. Stumpf	*DFL*	328 Cap.	296-4193
65	Nicholas D. Coleman	*DFL*	208 Cap.	296-4196
66	John C. Chenoweth	*DFL*	205 Cap.	296-4172
67	Bill McCutcheon	*DFL*	29 Cap.	296-4129

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BORN: 4-2-1934. **MARRIED:** wife Patsy, 3 children. **EDUCATION:** University of Minnesota (D.D.S) 1959. **ELECTED:** 1970, re-elected 1972, 1976. **OCCUPATION:** Dentist. **SPECIAL LEGISLATIVE CONCERNS:** Finance, Energy, Housing, Education. **COMMITTEES:** Energy and Housing, Chairman; Education, Finance, Rules and Administration.



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.....(612) 631-1300
BORN: 7-1916. **MARRIED:** wife Marjorie, 3 children. **ELECTED:** to the House 1962, re-elected 1964. Elected to the Senate 1966; re-elected 1970, 1972, 1976. **OCCUPATION:** Banking. **SPECIAL LEGISLATIVE CONCERN:** Finance, Taxes, Education, Environment, Crime. **COMMITTEES:** Commerce, Finance, Governmental Operations, Rules and Administration.



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.....(612) 941-4754
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.....(612) 339-9661
BORN: 9-1931. **MARRIED:** wife Mary, 4 children. **EDUCATION:** University of Minnesota (B.A.) **ELECTED:** to the House 1962; re-elected 1964, 1966, 1968, 1970; Elected to the Senate 1972, re-elected 1976. **OCCUPATION:** Insurance. **SPECIAL LEGISLATIVE CONCERNS:** Energy, Taxes, Unemployment and Workers Compensation. **COMMITTEES:** Commerce, Employment, Taxes, Transportation.



*Prefers interim mail at this address

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2. Commercial West Magazine

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4. Insurance Federation of Minnesota

5. Mr. Neil C. Sherburne
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55108

KNUTSON DR KEITH,BIOLOGY DPT
ST CLOUD STATE
ST CLOUD MN
56301

KOPP MRS VERNON
2050 65TH ST E
INVER GR HGHT MN
55075

KRAMER ERNEST W
717 DELAWARE ST SE
MPLS MN
55440

KROON H CLIFTON
210 E WALNUT
MANKATO MN
56001

KUHL CARL
4421 4TH ST NE
COL HEIGHTS MN
55421

LABELLE JUANITA MRS
5816 AQUILA AVE NO
NEW HOPE MN
55428

LAKE SUPERIOR INDUSTRIAL BUR
828 FIRST AM. BK. BLDG.
DULUTH MN
55802

LANSING & OAKES
400 SIBLEY ST
ST PAUL MN
55101

LAPP LAZAR LAURIE ET AL
1200 BUILDERS EXCHANGE
MINNEAPOLIS MN
55402

IUOE LOC 49 CHAS SWENSON
2580 UNIV AVE
ST PAUL MN
55101

IVERSON DR JOS DEPT ED
ST OLAF COLLEGE
NORTHFIELD MN
55057

JAIN NIRMAL ENIV PROCESS
1220 GLENWOOD AVE
MPLS MN
55405

JENOS INC
525 LAKE AVE SO
DULUTH MN
55801

JENSEN MRS GAYNOLD
111 WEST 107TH ST
MPLS MN
55420

JOHANSEN BUS SERV INC
19 DAYTON RD
CHAMPLIN MN
55316

JOHNSON G ROBERT
4344 IDS CENTER
MPLS MN
55402

JOHNSON LEROY
9939 BLUEBIRD ST NW
COON RAPIDS MN
55433

KABLE RICHARD W

BETHEL MN
55006

KEENAN RICHARD J
4444 IDS BLDG
MPLS MN
55402

KEILY DANILE
3549 V2 PLEASANT AVE
MPLS MN
55408

KLUZ STEVEN J
1910 1ST NATL BK BLDG
MPLS MN
55402

KNAPP J A
RM 3 CAPITOL
ST PAUL MN
55155

KNUTSON R N GRANNIS ETAL
F J SCHULT BLDG
ST ST PAUL MN
55075

KOLLER MR & MRS ERWIN A
1568 DULUTH ST
ST PAUL MN
55108

KROEGER CHARLES
122 NW 7TH STREET
FARIBAULT MN
55021

KRONLOKKEN J E
10048 NORD RD
BLOOMINGTON MN
55437

KVB ENGINEERING INC
600 S CO RD 18
MPLS MN
55426

LANAHAN E F - SIBLEY CO
184 E 6TH ST
ST PAUL MN
55101

LANGVIN DAVID
7500 80TH ST S
COTTAGE GROVE MN
55016

LARSON C L
3800 MINNEHAHA AVE SO
MPLS MN
55406

LARSON HANS P DIV HOSP SE
717 DELAWARE ST SE
MPLS MN
55440

LEAGUE MN MUNIC.
300 HANOVER 480 CEDAR
ST PAUL MN
55101

LEAGUE WOMEN VOTERS OF MINN
555 WABASHA
ST PAUL MN
55102

LEAVEY THOS
829 22ND AVE SE
MPLS MN
55414

LEWIS DR.G.M JR.
ABBOTT 110 E 18TH ST
MPLS MN
55403

LOCKNER GARY
R R 1 BOX 23
BAUDETTE MN
56623

LOOS CALVIN J
6809 LYNDALE AVE SO
MPLS MN
55423

LYNCH DONALD SIBLEY CO
184 E 6TH ST
ST PAUL MN
55102

MAHCF RICK CARTER
2850 METRO DR SUITE 431
BLOOMINGTON MN
55420

MALECKI JAMES
1 SO STATE ST
NEW ULM MN
56073

MANKATO STATE STUDENT ASSN
BOX 58 MANKATO COLLEGE
MANKATO MN
56001

MANSFIELD LARRY HCARC
1800 CHICAGO AVE S
MPLS MN
55404

MASTOR & MATTSON LTD
315 PEAVEY BLDG
MPLS MN
55402

MAUL WARREN E
320 S 4TH ST
MPLS MN
55415

MCDONALD PHILIP M
2077 SELBY AVE
ST PAUL MN
55104

MCFADDEN G H DISPATCH-PRESS
55 E 4TH ST
ST PAUL MN
55101

MET. WASTE CONTOL COMM.
350 METRO SQ BLG
ST PAUL MN
55101

MEIEROTTO, JOAN
1794 SO LEXINGTON
ST PAUL MN
55118

MEYER HERBERT
10824 ZENITH AVE S
BLOOMINGTON MN
55431

MILLER RICHARD A
1020 PLYMOUTH BLDG
MPLS MN
55402

MILLER TCM
2311 PILLSBURY AVE S
MPLS MN
55404

MINN ASSN COOPERATIVES
55 SHERBURNE AVE
ST PAUL MN
55103

MINN ASSN ELEC COOPERATIVES
4901 W 77TH ST
MPLS MN
55435

LEG.REF.LIB-Z. DEWITT
RM 111 STATE CAPITOL
ST PAUL MN
55155

LEVEY JESS MET STAT UNIV
METRO SQ RM 121
ST PAUL MN
55101

LIBBEY LEONARD
BOX 17011 NOKOMIS STA
MPLS MN
55417

LINDALL & JONATHAN DEVELO
VILLAGE ONE CENTER
CHASKA MN
55318

LOWE DOUG
2701 N LEXINGTON AVE
ROSEVILLE MN
55113

LUTH SOC SERVICE OF MN
2414 PARK AVE
MPLS MN
55404

MADSON HUGH
AETNA 212 S 6TH ST
MPLS MN
55402

MALONE E I COMM LABOR & INDU
444 LAFAYETTE RD 5TH FL
ST PAUL MN
55101

MANKATO STAT STUDENT SENA
CENTENNIAL STUDENT UN
MANKATO MN
56001

MANTHEY T J PICKANDS MATHER
1100 SUPERIOR AVE
CLEVELAND OH
44114

MARRINAN MARGARET M
1117 COMMERCE BLDG
ST PAUL MN
55101

MAYO FOUNDATION G ORWOLL
200 FIRST AVE NW
ROCHESTER MN
55901

MCCLURG EUNICE
1061 109TH AVE NE
BLAINE MN
55434

MCKIBBON MRS SHIRLEY
11 EVERGREEN LN
BABBITT MN
55706

MCLELLAN LARKIN
215 ADM BLDG ST CAPITOL
ST PAUL MN
55101

MET TFR MEN ASSN A ROSENTHAL
1821 UNIV AVE
ST PAUL MN
55104

METROPOLITAN COUNCIL LIBR
300 METRO SQUARE
ST PAUL MN
55155

MIDLAND GLASS-HD SPURLING
PO BOX 69
SHAKOPEE MN
55379

MILLER PAUL J PHARMACY SE
ST MARYS HOSP
ROCHESTER MN
55901

MINN APT ASSN
GRIGGS-MIDWAY BLDG
ST PAUL MN
55104

MINN ASPHALT PAVEMENT ASS
555 WABASHA RM 209
ST PAUL MN
55102

MINN. ASSN. PET RETAILERS
1115 2ND AVE. SO.
MINNEAPOLIS MN
55403

MINN ASSN VOL SOC SERVICE
1821 UNIV SUITE 389
ST PAUL MN
55114

MINN ASSN WATERSHED DIST'S
ADA MN
56510

MINN CHAP ASSOC BLDRS-CONTRS
7204 W 27TH ST
MPLS MN
55426

MINN COUNCIL STATE EMP NO 6
475 RICE ST
ST PAUL MN
55103

MINN DEPT HEALTH J C MCKASY
717 DELAWARE S E
MPLS MN
55440

MINN GOV ENG COUNCIL
2400 SHERWOOD HILL RD
MINNETONKA MN
55343

MINN HEREFORD-LJ SCHAFER
BUFFALO LAKE MN
55314

MINN HWYS MANAGEMENT SERVICE
407 HWY BLDG
ST PAUL MN
55101

MINN LAND USE COMMITTEE
4344 IDS CENTER
MPLS MN
55402

MINN.MTR.TRANSP. .J.N.DENN
1821 UNIV.
ST.PAUL MN
55104

MINN PETROLEUM COUNCIL
1020 NORTHERN FED BLDG
ST PAUL MN
55102

MN REP STATE CENTRAL COMM
555 WABASHA AVE
ST PAUL MN
55102

MINN RESTAURANT ASSN
2001 UNIVERSITY AVE.
ST PAUL MN
55104

MINN SOCIETY ARCHITECTS AIA
NW NATL BK BLDG
ST PAUL MN
55101

MINN SOC CERTIFIED PUB ACCTS
1102 WESLEY TEMPLE BLDG
MPLS MN
55403

MINN STATE MED ASSN
375 JACKSON ST
ST PAUL MN
55101

MINN STATE RETIREMENT SYSTEM
529 JACKSON ST
ST PAUL MN
55101

MINN.TURKEY GROWERS ASSN
2383 UNIV AVE
ST PAUL MN
55114

MINN VETERANS MED ASSN
2175 W HWY 36
ROSEVILLE MN
55113

MN AUTOMOBILE DEALERS ASSN
277 UNIV AVE
ST PAUL MN
55103

MN. ASN.C&IND H.D.PETERSON
480 CEDAR ST.
ST.PAUL MN
55101

MN ELECTRICAL ASSN
3100 HUMBOLT SO
MPLS MN
55408

MN PUB INT RESEARCH GROUP
3036 UNIV AVE SE
MPLS MN
55414

MOFFITT R C
RM 301 M MPLS CITYHALL
MPLS MN
55415

MOOD R BLOOMINGTON HLTH DEPT
10200 PENN SO
BLOOMINGTON MN
55431

MINN COMM FOR HANDICAPPED
METRO SC 492 7TH & ROBT
ST PAUL MN
55101

MINN COMMUNITY DEVELOP SE
512 ROSSMOR BLDG
ST PAUL MN
55101

MINN FARMERS UNION PRES OFF
1275 UNIV AVE
ST PAUL MN
55104

MINN FOOD RETAILERS ASSN
555 WABASHA
ST PAUL MN
55101

MINN. HOTEL & MTR. ASSN
2001 UNIVERSITY AVE
ST PAUL MN

MINN HOUSING INST N T CAR
7801 METRO PKWY
MPLS MN
55420

MINN LP GAS ASSN
7515 WAYZATA BLVD 106
MPLS MN
55426

MINNE MINE CREDIT UNION
3000 HUDSON PK S 100
ST PAUL MN
55119

MINN POLLUTION CONTROL AGCY
1935 W CO RD B2
ROSEVILLE MN
55113

MINN POULTRY & HATCHERY A
BOX 158
MADELIA MN
56062

MINN RETAIL FED INS
131 METRO SP
ST PAUL MN
55101

MINN RETAIL HARDWARE ASSN
3033 EXCELSIOR BLVD 313
MPLS MN
55416

MINN STATE BAR ASSN
100 MINN FED BLDG
MPLS MN
55402

MINN STATE BD PHARMACY
717 DELAWARE ST SE #351
MPLS MN
55414

MINN TEAMSTERS CREDIT UNION
2021 HENN AVE E
MPLS MN
55413

MINN TBR PRODUCERS ASSN
200 CHRISTIE BLDG
DULUTH MN
55802

MINN WATER RESOURCES BD
RM 206 555 WABASHA ST
ST PAUL MN
55102

MINN-WISC BOUNDARY AREA C
600 2ND ST
HUDSON WI
54016

MN AFL-CIO L.O. LASHOMB
175 AURORA
ST PAUL MN
55103

MN.BD OF NURSING
717 DELAWARE ST SE
MPLS MN
55414

MN SOC SERV ASS J HOOD
614 PORTLAND
ST PAUL MN
55102

MN STATE SER BLIND-K NATA
1745 UNIVERSITY AVE
ST PAUL MN
55104

MORTON BUILDINGS INC
R #1
FOLEY MN
56329

MOSS DR JEROME
125 PEIK 159 PILLSBURY
MPLS MN
55455

MOTOR VEHICLE MFRS ASSN
411 MAIN ST (215)
ST PAUL MN
55102

MPIRG
BOX 45 ST MARY'S COLLEGE
WINONA MN
55987

MPLS STAR PRESS ROOM
STATE CAPITOL
ST PAUL MN
55101

MPLS TRIBUNE CITY DESK
425 PORTLAND AVE
MPLS MN
55415

NASS GEO V HENN CO GEN HOSP
5TH AND PORTLAND AVE
MPLS MN
55415

NATL FAMILY INS CO
2147 UNIV AVE
ST PAUL MN
55114

NAT'L SOLID WASTES-R. GRASSO
1730 RHODE ISLAND AV.NW
WASHINGTON DC
20036

NELSON JOHN
4809 180TH ST N
HUGO MN
55038

NEREN MADONNA
376 NEAL AVE S
AFTON MN
55001

NO SUB MONTESSORI-S SADDLER
2487 HELEN COURT
NO ST PAUL MN
55109

NORTH CENTRAL ELEC ASSN
PO BOX 202
BATTLE LAKE MN
56515

NURSING HOME ADMRS BD EXAMRS
RM 340 717 DELAWARE SE
MPLS MN
55414

NURSING HOME RES ADV CO.
111 E FRANKLIN S210
MPLS MN
55404

NW REG. DEV. COMM
425 WOODLAND AVE
CROOKSTON MN
56716

NYQUIST DEAN A
3707 53RD PL N
BROOKLYN CTR MN
55429

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
ST PAUL MN
55101

OLOFSON ARTHUR MBC & MAINC
927 SOO LINE BLDG
MPLS MN
55402

OTTER TAIL POWER CO.
215 S. CASCADE ST.
FERGUS FALLS MN
56537

PAYNE WM B
2400 FIRST NATL BK BLDG
MPLS MN
55402

PETERSON GARY
854 MIDLAND BK BLDG
MPLS MN
55401

PHILLIPS LEGISLATIVE SERVICE
459 RICE ST
ST PAUL MN
55103

PINNETTI NICK M HALEY & ASS.
40 CENTRAL PARK S
NEW YORK NY
10019

MPLS ASSN RETARDED CITIZENS
3100 W LAKE ST
MPLS MN
55416

MPLS CITY ATTORNEY
325M CITY HALL
MPLS MN
55415

MT OLIVET ROLLING ACRES
R 1 BOX 576
EXCELSIOR MN
55331

MURPHY DIANA E
4200 IDS-LINDQUIST VENN
MPLS MN
55402

NATL CAR RENTAL ATT D MITZEL
5501 GREEN VALLEY DR
MPLS MN
55437

NATL COUNCIL JEWISH WOMEN
4330 CEDAR LK RD
MPLS MN
55416

NCEC INC C/O DR DAHLBERG
CONCORDIA COLLEGE
MOORHEAD MN
56560

NEDELL HAROLD - MEINEKE
6300 W LOOP S SUITE 200
BELLAIRE TX
77401

NEUMAN RALPH W
RT 2 BOX 125
EMBARRASS MN
55732

NIELSEN STOCK & BLACKBURN
415 730 BLDG
MPLS MN

NUGENT, CYNTHIA L.
3581 OWASSO ST #209
ST PAUL MN
55112

NW COUNTRY ELEVATOR ASSN
802 GRAIN EXCH BLDG
MPLS MN
55415

NUTTER JULIA
743 W MONTANA
ST PAUL MN
55117

NW BELL TEL CO LEGAL DEPT
224 S 5TH ST RM 2000
MPLS MN
55402

O'BRIEN J.DENNIS
1100 1ST NATL.BANK BLDG
MINNEAPOLIS MN
55402

OLSON KATHLEEN
192 SEYMOUR AVE SE
MPLS MN
55414

OSTRUM DONALD E
PO BOX 33163
COON RAPIDS MN
55433

PATTISON ORVIS
BOX 645
WILLMAR MN
56201

PAYNE COL ALVIN

DEGRAFF MN
56233

PFEIFER AND SHULTZ, INC
1433 UTICA AVE S
MPLS MN
55416

PHAR MFGRS ASSN WM D PATT
1155 15TH ST NW
WASHINGTON DC DC
20005

POPOVICH PETER S
314 MINN BLDG
ST PAUL MN
55101

PORTER DAVID
3002 27 AVE S
MPLS MN
55406

PORTER LYLE O
TRACY MN
56175

PORT AUTH CITY OF ST PAUL
330 MINNESOTA BLDG
ST PAUL MN
55101

PRAUSE JOS.C.
2220 105TH AVE.N.W.
COON RAPIDS MN
55433

PROCTOR&GAMBLE L THECHAROUS
IVORYDALE TECH CENTER
CINCINNATI OH
45217

RADMAN RICHARD-LABOR TEMPLE
418 AUDITORIUM
ST PAUL MN
55102

PAUENHORST CORP-C ANDERSON
7900 XERXES S. S-2200
MPLS MN
55431

REAGAN MICHAEL
% MINN LEARNING CTR
BRAINERD MN
56401

RED OWL STORES INC
215 E EXCELSIOR AVE
HOPKINS MN
55343

REGION FIVE REG. DEV. COMM.
102 6TH ST N
STAPLES MN
56479

PENNER R.H. ST PAUL AREA CC
300 OSBORN BLDG.
ST PAUL MN
55102

RENQUIST ARTHUR NSP CO
414 NICOLLET MALL
MPLS MN
55401

RIEKE DAVID
PO BOX 9311
MPLS MN
55440

ROE DAVID
175 AURORA
ST PAUL MN
55103

ROBERTS DAVID E
1260 NW NATL BK BLDG
ST PAUL MN
55101

ROSS ALFRED
6356 WARE RD
LINO LAKES MN
55014

RUDY FLOYD
118 AVE C
CLOQUET MN
55720

SAX DOVE & STENSON
310 ENDICOTT BLDG
ST PAUL MN
55101

SE MN REG DEV COMM
301 MARQ BK BLDG
ROCHESTER MN
55901

SW REGIONAL DEV COMM
2811 BDWY
SLAYTON MN
56172

SCARBOROUGH WILLIAM
DIV.ED. U.M.
MORRIS MN
56267

SCHMIDT D R MN ASSN REALTORS
6101 WAYZATA BLVD
MPLS MN
55416

SCHMIDT H W TCHRS RETIREMENT
302 CAPITOL SQ BLDG
ST PAUL MN
55101

POSS DONALD G
6301 SHINGLE CREEK PKWY
BROOKLYN CTR MN
55430

POYZER ROBT
BOX 675
FERGUS FALLS MN
56357

PULSCHER RBT SPRINGSTED INC
813 OSBORN BLDG
ST PAUL MN
55102

RALPH BURKE ASSOCIATES
7710 COMPUTER #S101
MPLS MN
55435

RAMSEY CO MEDICAL SOC
908 AM NATL BK BLDG
ST PAUL MN
55101

REARDON MRS HELEN
1125 S E 6TH ST
WILLMAR MN
56201

REID DAVID H
6469 N GRAHAM RD
INDIANAPOLIS IN
46220

REGION NINE DEV. COMM.
709 N FRONT ST
MANKATO MN
56001

REINO O LAINE 3M COMPANY
3M CENTER
ST PAUL MN
55101

RICHARDSON THOS
7851 METRO PKWY S 103
MPLS MN
55420

RICHARDS MONTGOMERY ET AL
1430 RAND TOWER
MPLS MN
55402

ROBBIE JOSEPH
904 CARGILL BLDG NO CTR
MPLS MN
55402

ROBERTS DR ALAN
BOX 297 MAYO U OF M
MPLS MN
55455

ROSS ROY J
CLK TREAS
LITCHFIELD MN
55355

ROWLEY STEPHEN
4305 15TH AVE S
MPLS MN
55407

SAN SIMEON DEVELOP CORP
OLD 1ST STATE BK BLDG
PAYNESVILLE MN

SANFORD S M
7000 PORTLAND AVE
RICHFIELD MN
55423

ST PAUL BUR HLTH DR P COX
555 CEDAR ST
ST PAUL MN
55101

ST PAUL FOOD RETAILERS AS
1220 ARCADE
ST PAUL MN
55106

SCHAEN ETHEL
1745 UNIVERSITY AVE
ST PAUL MN
55104

SCHLICHT REV ROBT
611 W MAIN ST
BELLE PLAINE MN
56011

SCHMIDT LARRY WCCO-TV NEWS
50 S 9TH ST
MPLS MN
55402

SCHMIDT WARREN WELLCOME M
GARDEN CITY
MN
56034

SCHNEIDER MAHLON
GREEN GIANT
LESUEUR MN
56058

SCHUTZ LINDA
RM 328 CAPITOL BLDG
ST PAUL MN
55155

SCHWANN ROBT.P.
1400 500 LINE BLDG.
MPLS. MN
55402

SCHNEIDER & NEESER
706 1ST ST SO PO BX 876
WILLMAR MN
56201

SENATE COUN OFF ROOM 24
STATE CAPITOL
ST PAUL MN
55101

SHABATURA EUGENE H
2833 LAKE AVE SO
DULUTH MN
55811

SHARP BOB
4125 HIGHWOOD RD
ST LOUIS PK MN
55416

SITE ENGINEER INC
12 OLD DEERFIELD RD
NELCH MN
55089

SIX EAST REG. DEV. COMM.
311 W 6TH ST
WILLMAR MN
56201

SMITH MICHAEL
318 HARVARD ST SE
MPLS MN
55414

SNELL LYN
BOX 314
EDEN VALLEY MN
55329

SODERMAN ANTHONY
1414 FOSHAY TOWER
MPLS MN
55402

STANSFIELD ARLENE LAND OLKS
PO BOX 116
MPLS MN
55440

STD AM LIFE & ANNUITY CO
3801 W 50TH ST
MPLS MN
55410

STEELWORKERS CREDIT UNION
BOX 250
BABBITT MN
55706

SULLIVAN J KIRK
PO BOX 200
BOISE ID
83701

SULLIVAN JEANETTE
CDIC SW STATE UNIV
MARSHALL MN
56258

SWANSON BURT E
W-2162 1ST NATL BK BLDG
ST PAUL MN
55101

SWANSON DALE
P O BOX 339
FOREST LAKE MN
55025

TATE VERN 3M CO
3M CENTER 220/6W
ST PAUL MN
55101

TAXSAVERS INC ATT R S VOLD
[illegible] HANSON COURT
[illegible] MN
[illegible]

TOUCHE ROSS & CO K H STOCKE
780 NORTHSTAR CNTR
MPLS MN
55402

SCHWARTAU NEAL METH HOSP
201 W CENTER ST
ROCHESTER MN
55901

SCHWERMAN EARL JR
1535 8TH AVE SE
ROCHESTER MN
55901

SCHROEDER ALFRED H
2172 CARROLL AVE
ST PAUL MN
55104

SELECTVISION INC FR VALEN
1 DAG HAMMARSKJOLD PL
NEW YORK NY
10017

SENATE FINANCE COMMITTEE
113 STATE CAPITOL
ST PAUL MN
55101

SENATE GOV OP COMM
RM 303 STATE CAPITOL
ST PAUL MN
55155

SHAW ROBERT M
816 MOBIL OIL BLDG
MPLS MN
55402

SILVERMAN JUDITH
8545 W 28TH ST
ST LOUIS PARK MN
55426

SIX W REG. DEV. COMM
128 W SORENSON
APPLETON MN
54911

SMERIKA WN.
BOISE CASCADE PAPERS
INTL FALLS MN
56649

SNYDER, R.W. U OF M
RM 248C CLASS OFF BLDG.
ST PAUL MN
55108

SODERBERG HAROLD J
1500 MIDWEST PLAZA BLDG
MPLS MN
55402

STATE BD VETERINARY EXAMINER
C/O DR A C SPANNAUS DVM
FARIBAULT MN
55021

STATE REGISTER
95 SHERBURNE, RM 208
ST PAUL MN
55103

STOLPESTAD BROWN & SMITH
350 NW BK BLDG
ST PAUL MN
55101

STUPKA & MOREM
MIDTOWN BLDG
AUSTIN MN
55912

SUMMIT NATL BANK D L MORRILL
315 AURORA AVE
ST PAUL MN
55103

SUSSEL CO. ATTN: TED SCHWEN
1850 COMO AVE.
ST PAUL MN
55108

SWANSON GERALD H
112 CITY HALL
ROCHESTER MN
55901

SWANSON MORTIMER C
5824 FRANCE AVE S
EDINA MN
55410

THOMPSON CONRAD
157 23RD ST NW
ROCHESTER MN
55901

THOMPSON HESSIAN ET AL
1500 MIDWEST PLAZA BLDG
MPLS MN
55402

TWIN CITIES PIPING IND ASSN
2388 UNIV SE SUITE 304
MPLS MN
55414

TWIN CITY RETAIL DRUGGIST
2388 UNIV AVE
ST PAUL MN
55104

UNION STOCK [illegible]RDS
ATTN PRES
SO ST PAUL MN
55075

VANDERVOORT T J MET WASTE
350 METRO SQUARE BLDG
ST PAUL MN
55101

VAN DRAKE STEPHEN R
BOX 353
PELICAN RAPID MN
56572

VIITALA, W.C. HONEYWELL
HONEYWELL PLAZA
MPLS MN
55408

VILLAGE OF WOODBURY
2100 RADIO DRIVE
WOODBURY MN
55042

WALD JEAN
5746 SANDER DR
MPLS MN
55417

WATERS, DONNA M.
110506 WINDMILL COURT
CHASKA MN
55318

WELK G V NORTHERN STATES
414 NICOLLET MALL
MPLS MN
55401

WESTIN CHAS W
220 MEDICAL ARTS BLDG
DULUTH MN
55802

WHITING RALPH
555 WABASHA SUITE 204
ST PAUL MN
55102

WILCOX J PATRICK
1220 NORTHERN FED BLDG
ST PAUL MN
55102

WM.MITCHEL COLLEGE LAW LIB.
2100 SUMMIT AVE.
ST.PAUL MN
55105

WILSON R GARY PPG INDUSTR
1 GATEWAY CENTER
PITTSBURGH PA
15222

WIS FEEDER PIG MARKET CO-OP
FRANCIS CREEK WI

WYANT CLINTON W ATTY
ATKIN MN
56431

ZIMMERMAN & OFFERMAN
CAMBRIDGE STATE HOSP
CAMBRIDGE MN
55008

UTLEY JOHN
4610 IDS CENTER
MPLS MN
55402

VAN EVERA MUNDT ET AL
700 TORREY BLDG
DULUTH MN
55802

VERRILL JOHN E
DEPT SECONDARY ED UOF M
DULUTH MN
55812

VOSS REV GORDON O
11120 NE 7TH ST
BLAINE MN
55434

VOS LEROY
2137 BURNS AVE
ST PAUL MN
55119

WALTERS THOS H
4510 W 77TH ST STE 235
MPLS MN
55435

WANQUIST ALLEN
RM 252 FEDERAL BLDG
ST PAUL MN
55101

WELLINGTON R R SKELLY OIL
PO BOX 1650
TULSA OK
75102

WEST CENTRAL REG. DEV.
ADM BLDG,COMMUNITY COLL
FERGUS FALLS MN
56537

WHITLOCK A G
ECON LAB OSBORN BLDG
ST PAUL MN
55102

WHITLOCK MARSHALL
RM 3 CAPITOL BLDG
ST PAUL MN
55155

WILEY ENTERPRISES
101 5TH AVE SE
OSSEO MN
55369

WILLIAMS THOMAS
7505 W HWY 7
ST LOUIS PK MN
55426

WOLKERSTORTER THEODORE
476 17TH AVE NW
NEW BRIGHTON MN
55112

WOZNIAK D D
401 FIRST FED BLDG
ST PAUL MN
55101

August 15, 1977

Credit Life Information returned:

Bruce Douglas
314 Clifton Avenue
Minneapolis, Minnesota 55403

Honorable Sam G. Solon
State Senator, District #7
1005 Glen Place #24
Duluth, Minnesota 55807

Equity Securities Corp.
7841 Wayzata Boulevard
Suite 201
Minneapolis, Minnesota 55426

Correct Address:

Engberg-Schaber Agency
991 Payne Avenue
St. Paul, Minnesota 55101

Reid McFarland
Merriam Park N.H.S.
1589 Selby
St. Paul, Minnesota 55104

Michael Barros
South Side N.H.S.
3801 First Avenue South
Minneapolis, Minnesota 55408

Ins. Div. EXHIBIT NO. 4
DATE 9-13-77
NANCY J. DUEHN

STATE OF MINNESOTA

COUNTY OF RAMSEY

AFFIDAVIT

In the matter of the Proposed Adoption of Rules of the State Insurance Division Governing Credit Life and Credit Accident and Health Insurance.

Mary L. Houde, Executive I, being first duly sworn, deposes and says:

That on the fifth day of August, 1977, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Hearing by depositing in the United States mail, or in the case of State employees, in the inter office mail, at said City of St. Paul, a true and correct copy thereof, properly enveloped, with postage prepaid, to all persons and associations at the addresses listed on the attached list.

NORENE M. CARR
Notary Public, Ramsey Co. Mn.
MY COMMISSION EXPIRES
Febuary 25, 1981

Mary L. Houde

Subscribed and sworn to before me this 9th day of August, 1977.

Norene M Carr

Ins Div. EXHIBIT No. 5

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to 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 (1976), in the hearing room of the Department of Commerce, Fifth Floor, Metro Square Building, 7th and Robert Streets, Saint Paul, Minnesota 55101, commencing at 9 a.m. on September 13, 1977, and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have the opportunity to participate concerning the adoption of the proposed rules captioned above. Statements may be made orally and written material may be submitted. In addition, whether or not an appearance is made at the hearing, witness statements or material may be submitted by mail to George A. Beck, Hearing Examiner, Room 300, 1745 University Avenue, Saint Paul, Minnesota 55104, Telephone: (612) 296-6910, either before the hearing or within 5 days after the close of the hearing.

Please note that all persons have the right to be notified of the date on which the Hearing Examiner's report will be available after which date the agency may not take any final action on the rules for a period of 5 working days. All persons have the right to be informed that the hearing record has been submitted to the Attorney General by the Insurance Division. If you desire to be so notified, you may do so by so indicating at the hearing or by written request sent to the Hearing Examiner prior to the close of the record.

All such statements will be entered into and become a part of the record. Testimony and other evidence to be submitted for consideration should be pertinent to the matter at hand. For those wishing to submit written statements or exhibits, it is requested that at least 3 copies be furnished. In addition, it is suggested to save time and to avoid duplication, those persons, organizations, or associations having a common viewpoint or interest in these proceedings join together where possible and present a single statement in behalf of such interests.

If adopted, these rule changes would affect the maximum rates charged for credit life and credit accident and health insurance sold in the State of Minnesota after the effective date of the rules. Credit insurance is insurance which a person may purchase in connection with a loan or other credit transactions to pay the existing outstanding balance on a loan or other credit transaction, if one dies or one becomes temporarily or permanently disabled. The Minnesota Insurance Commissioner has been given regulatory authority over the rates to be charged for credit life and credit accident and health insurance. This notice is to inform the public that the Commissioner is proposing to change the maximum, allowable credit insurance rates that may be charged in Minnesota. The proposed rate revisions affect credit insurance purchases in connection with loans or other credit transactions whose duration is less than 5 years and which do not involve the purchase of real property. If the proposed rules are adopted, maximum premium rates charged on credit life insurance would decrease by 20% over the existing rates and maximum premium rates charged on credit accident and health insurance would increase by 10% over existing rates. Credit life and credit accident and health insurance rates are being adjusted to take into account factors and trends found

to be relevant by the Insurance Commissioner for proper rate structure to exist. Accident and health insurance rates are proposed to be increased by 10%, because the claim costs have significantly increased. Credit life insurance rates are proposed to be decreased by 20%, because claim costs and other costs have decreased since the last rate revision.

The rates charged will better reflect the cost of insurance and also provide a useful product at a reasonable rate. Credit insurance rates directly affect the costs of many credit transactions since such insurance is purchased in connection with many consumer credit transactions. For instance, if you pruchase a car or borrow money for furniture, you may purchase credit life or credit accident and health insurance. These rules directly affect the maximum amount you may be charged by an insurance company for this insurance.

Copies of the proposed rules are now available, and at least one free copy may be obtained by writing the Minnesota Insurance Division, Fifth Floor, Metro Square Building, Saint Paul, Minnesota 55101. Additional copies will be available at the door on the date of the hearing. A Statement of Need explaining the Insurance Division's position relative to the necessity for the proposed rule changes and a statement of the evidence outlining the testimony and evidence which will be introduced by the Insurance Division in support of the proposed rules will be filed with the Hearing Examiners' office at least 25 days prior to the hearing and will be available there for public inspection. Statutory authority of the Insurance Division to promulgate and adopt these rules is contained in Minn. Stat. § 62B.12. Standards to be used by the Insurance Division for determining the rates proposed are contained in Minn. Stat. § 62B.07.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the Ethical Practices Board within 5 days after he commences lobbying. Lobbying includes attempting to influence rulemaking by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than $250 per year or 5 hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155, Telephone: (612) 296-5615.

Dated: July 29, 1977.

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

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

It is proposed that Ins Rules 90, 92 and Schedules A and A-1 be amended to read:

[90 Purpose of Regulations.] Section 62B.07, Subd. 2, of the Minnesota Insurance Code authorizes the Commissioner of Insurance to disapprove any credit life or credit accident and health insurance forms "if the premium rates charged or to be charged are excessive in relation to benefits...." After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance Commissioners, it is hereby ~~ruled that as the basic test the premium rates are not excessive in relation to benefits as provided for~~ determined that in considering the elements set forth in Section 62B.07, Subd. 2, the commissioner shall give reasonable consideration as to whether ~~if~~ an anticipated loss ratio of "claims incurred" to "premiums earned" of ~~not less than~~ 50% is developed.

[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 ~~$1.75~~ $.60 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of ~~$1.16~~ $.92 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~~ $1.11 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of ~~$1.16~~ $.92 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 $1.00 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.54 per $1,000.00 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 of 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.

Rule 92 shall become effective on the first day of January, 1978, 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 January 1, 1978.

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~~	$1.00	~~$.39~~	$.43	~~$1.50~~	$1.65	~~$.90~~	$.99
4	~~1.06~~	1.17	~~.53~~	.58	~~1.68~~	1.85	~~1.10~~	1.21
5	~~1.18~~	1.30	~~.64~~	.70	~~1.82~~	2.00	~~1.25~~	1.38
6	~~1.29~~	1.42	~~.74~~	.81	~~1.93~~	2.12	~~1.37~~	1.51
7	~~1.37~~	1.51	~~.82~~	.90	~~2.03~~	2.23	~~1.47~~	1.62
8	~~1.45~~	1.60	~~.90~~	.99	~~2.11~~	2.32	~~1.56~~	1.72
9	~~1.52~~	1.67	~~.97~~	1.07	~~2.19~~	2.41	~~1.64~~	1.80
10	~~1.58~~	1.74	~~1.03~~	1.13	~~2.25~~	2.48	~~1.71~~	1.88
11	~~1.64~~	1.80	~~1.08~~	1.19	~~2.31~~	2.54	~~1.77~~	1.95
12	~~1.69~~	1.86	~~1.13~~	1.24	~~2.37~~	2.61	~~1.83~~	2.01
13	~~1.74~~	1.91	~~1.18~~	1.30	~~2.42~~	2.66	~~1.88~~	2.07
14	~~1.79~~	1.97	~~1.23~~	1.35	~~2.47~~	2.72	~~1.93~~	2.12
15	~~1.83~~	2.01	~~1.27~~	1.40	~~2.51~~	2.76	~~1.97~~	2.17
16	~~1.87~~	2.06	~~1.31~~	1.44	~~2.55~~	2.80	~~2.02~~	2.22
17	~~1.91~~	2.10	~~1.35~~	1.48	~~2.59~~	2.85	~~2.06~~	2.27
18	~~1.95~~	2.14	~~1.38~~	1.52	~~2.63~~	2.89	~~2.10~~	2.31
19	~~1.98~~	2.18	~~1.42~~	1.56	~~2.67~~	2.94	~~2.13~~	2.34
20	~~2.02~~	2.22	~~1.45~~	1.60	~~2.71~~	2.98	~~2.17~~	2.39
21	~~2.05~~	2.26	~~1.49~~	1.64	~~2.74~~	3.01	~~2.21~~	2.43
22	~~2.09~~	2.30	~~1.52~~	1.67	~~2.77~~	3.05	~~2.24~~	2.46
23	~~2.12~~	2.33	~~1.55~~	1.70	~~2.81~~	3.09	~~2.27~~	2.50
24	~~2.15~~	2.36	~~1.58~~	1.74	~~2.84~~	3.12	~~2.31~~	2.54
25	~~2.18~~	2.40	~~1.62~~	1.78	~~2.87~~	3.16	~~2.34~~	2.57
26	~~2.21~~	2.43	~~1.65~~	1.82	~~2.90~~	3.19	~~2.37~~	2.61
27	~~2.24~~	2.46	~~1.68~~	1.85	~~2.93~~	3.22	~~2.40~~	2.64
28	~~2.27~~	2.50	~~1.71~~	1.88	~~2.96~~	3.26	~~2.43~~	2.67
29	~~2.30~~	2.53	~~1.74~~	1.91	~~3.00~~	3.30	~~2.47~~	2.72
30	~~2.33~~	2.56	~~1.77~~	1.95	~~3.03~~	3.33	~~2.50~~	2.75
31	~~2.36~~	2.60	~~1.80~~	1.98	~~3.06~~	3.37	~~2.53~~	2.78
32	~~2.39~~	2.63	~~1.82~~	2.00	~~3.08~~	3.39	~~2.55~~	2.80
33	~~2.42~~	2.66	~~1.85~~	2.04	~~3.11~~	3.42	~~2.58~~	2.84
34	~~2.45~~	2.70	~~1.88~~	2.07	~~3.14~~	3.45	~~2.61~~	2.87
35	~~2.48~~	2.73	~~1.91~~	2.10	~~3.17~~	3.49	~~2.64~~	2.90
36	~~2.50~~	2.75	~~1.94~~	2.13	~~3.20~~	3.52	~~2.67~~	2.94
37	~~2.53~~	2.78	~~1.97~~	2.17	~~3.23~~	3.55	~~2.70~~	2.97
38	~~2.56~~	2.82	~~1.99~~	2.19	~~3.25~~	3.58	~~2.73~~	3.00
39	~~2.59~~	2.85	~~2.02~~	2.22	~~3.28~~	3.61	~~2.76~~	3.04
40	~~2.62~~	2.88	~~2.05~~	2.26	~~3.31~~	3.64	~~2.78~~	3.06

SCHEDULE A (Continued)

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	
41	~~$2.64~~	$2.90	~~$2.08~~	$2.29	~~$3.34~~	$3.67	~~$2.81~~	$3.09
42	~~2.67~~	2.94	~~2.10~~	2.31	~~3.37~~	3.71	~~2.84~~	3.12
43	~~2.70~~	2.97	~~2.13~~	2.34	~~3.39~~	3.73	~~2.86~~	3.15
44	~~2.73~~	3.00	~~2.16~~	2.38	~~3.42~~	3.76	~~2.89~~	3.18
45	~~2.75~~	3.02	~~2.18~~	2.40	~~3.45~~	3.80	~~2.92~~	3.21
46	~~2.78~~	3.06	~~2.21~~	2.43	~~3.48~~	3.83	~~2.95~~	3.24
47	~~2.81~~	3.09	~~2.24~~	2.46	~~3.50~~	3.85	~~2.97~~	3.27
48	~~2.83~~	3.11	~~2.26~~	2.49	~~3.53~~	3.88	~~3.00~~	3.30
49	~~2.86~~	3.15	~~2.29~~	2.52	~~3.56~~	3.92	~~3.03~~	3.33
50	~~2.89~~	3.18	~~2.32~~	2.55	~~3.59~~	3.95	~~3.06~~	3.37
51	~~2.92~~	3.21	~~2.34~~	2.57	~~3.61~~	3.97	~~3.09~~	3.40
52	~~2.94~~	3.23	~~2.37~~	2.61	~~3.64~~	4.00	~~3.11~~	3.42
53	~~2.97~~	3.27	~~2.39~~	2.63	~~3.66~~	4.03	~~3.14~~	3.45
54	~~2.99~~	3.29	~~2.42~~	2.66	~~3.69~~	4.06	~~3.16~~	3.48
55	~~3.02~~	3.32	~~2.45~~	2.70	~~3.72~~	4.09	~~3.19~~	3.51
56	~~3.05~~	3.36	~~2.47~~	2.72	~~3.74~~	4.11	~~3.22~~	3.54
57	~~3.07~~	3.38	~~2.50~~	2.75	~~3.77~~	4.15	~~3.24~~	3.56
58	~~3.10~~	3.41	~~2.53~~	2.78	~~3.80~~	4.18	~~3.27~~	3.60
59	~~3.12~~	3.43	~~2.55~~	2.80	~~3.82~~	4.20	~~3.29~~	3.62
60	~~3.15~~	3.46	~~2.58~~	2.84	~~3.85~~	4.24	~~3.32~~	3.65

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~~	$1.36	~~$.69~~	$.76	~~$1.87~~	$2.06	~~$1.31~~	$1.44
9-14	~~1.66~~	1.83	~~1.10~~	1.21	~~2.34~~	2.57	~~1.80~~	1.98
15-20	~~1.93~~	2.12	~~1.37~~	1.51	~~2.61~~	2.87	~~2.08~~	2.29
21-26	~~2.14~~	2.35	~~1.56~~	1.72	~~2.82~~	3.10	~~2.29~~	2.52
27-32	~~2.32~~	2.54	~~1.75~~	1.92	~~3.02~~	3.32	~~2.49~~	2.74
33-38	~~2.49~~	2.74	~~1.93~~	2.12	~~3.19~~	3.51	~~2.66~~	2.93
39-44	~~2.65~~	2.92	~~2.09~~	2.30	~~3.35~~	3.68	~~2.83~~	3.11
45-50	~~2.83~~	3.11	~~2.25~~	2.48	~~3.52~~	3.87	~~2.99~~	3.29
51-56	~~2.98~~	3.28	~~2.40~~	2.64	~~3.66~~	4.03	~~3.15~~	3.46
57-60	~~3.11~~	3.42	~~2.54~~	2.79	~~3.81~~	4.19	~~3.28~~	3.61

INSURANCE COMPANIES LICENSED TO TRANSACT 4 & 5A
BUSINESS IN THE STATE OF MINNESOTA

Revised as of August 5, 1977

AAA Life Insurance Company, Washington, D. C.

AIU Insurance Company

Acacia Mutual Life Insurance Company, Washington, D.C.

Academy Life Insurance Company, Denver, Colorado

Admiral Life Insurance Company of America, Phoenix, Arizona

Aetna Casualty & Surety Company (The), Hartford, Connecticut

Aetna Casualty & Surety Company of America, Hartford, Connecticut

Aetna Fire Underwriters Insurance Company, Hartford Connecticut

Aetna Insurance Company, Hartford, Connecticut

Aetna Life Insurance Company, Hartford, Connecticut

Aetna Life Insurance Company of Illinois, Chicago, Illinois

Aetna Variable Annuity Life Insurance Company, Hartford, Connecticut

Affiliated F M Insurance Company, Johnston, Rhode Island

Aid Association for Lutherans, Appleton, Wisconsin

Albany Insurance Company, New York, New York

Alexander Hamilton Life Insurance Company of America, Farmington, Michigan

All America Insurance Company, Van Wert, Ohio

All American Life & Casualty Company, Chicago, Illinois

Allianz Insurance Company

Allied Insurance Company, Los Angeles, California

Allied Life Insurance Company, Des Moines, Iowa

Allstate Fire Insurance Company, Northbrook, Illinois

Allstate Indemnity Company, Northbrook, Illinois

Allstate Insurance Company, Northbrook, Illinois

Allstate Life Insurance Company, Northbrook, Illinois

Amalgamated Labor Life Insurance Company, Chicago, Illinois

Amalgamated Life & Health Insurance Company, Chicago, Illinois

American Automobile Insurance Company, Creve Coeur, Missouri

American Bankers Insurance Company of Florida, Miami, Florida

American Bankers Life Assurance Company of Florida, Miami, Florida

American Benefit Association, Minneapolis, Minnesota

American Casualty Company of Reading, Pennsylvania, Reading Pennsylvania

American Centennial Insurance Company, Wilmington, Delaware

American Credit Indemnity Company of New York, New York, New York

American Eagle Life Insurance Company, Township of Morris, County of Morris, N.J.

American Economy Insurance Company, Indianapolis, Indiana

American Employers' Insurance Company, Boston, Massachusetts

American Family Life Assurance Company of Columbus, Columbus Georgia

American Family Life Insurance Company, Madison, Wisconsin

American Family Mutual Insurance Company, Madison, Wisconsin

American Fidelity Assurance Company, Oklahoma City, Oklahoma

American Fidelity Fire Insurance Company, Woodbury, Long Island, New York

American Fidelity Life Insurance Company, Pensacola, Florida

American and Foreign Insurance Company, New York, New York

American Fraternal Union, Ely, Minnesota

American General Life Insurance Company of Delaware, Wilmington, Delaware

American General Life Insurance Company of New York, Syracuse, New York

American Guarantee and Liability Insurance Company, New York, New York

American Hardware Mutual Insurance Company, Minneapolis, Minnesota

American Health and Life Insurance Company, Baltimore, Maryland

American Heritage Life Insurance Company, Jacksonville, Florida

American Home Assurance Company, New York, New York

American Income Life Insurance Company, Indianapolis, Indiana

American Insurance Company (The) Parrisppany, New Jersey

American Integrity Insurance Company, Philadelphia, Pennsylvania

American International Life Assurance Company of New York, New York, New York

American Life and Casualty Insurance Company, Fargo, North Dakota

American Life Insurance Company of New York (The), New York, New York

American Manufacturers Mutual Insurance Company, Long Grove, Illinois

American Motorists Insurance Company, Long Grove, Illinois

American Mutual Insurance Company of Boston, Wakefield, Massachusetts

American Mutual Liability Insurance Company, Wakefield, Massachusetts

American Mutual Life Insurance Company, Des Moines, Iowa

American National Fire Insurance Company, New York, New York

American National Insurance Company, Galveston, Texas

American National Life Insurance Company of Texas, Galveston, Texas

American Patriot Health Insurance Company, New York, New York

American Policyholders' Insurance Company, Wakefield, Massachusetts

American Postal Workers Accident Benefit Association, Portsmouth, N. Hampshire

American Progressive Health Insurance Company of New York, Mount Vernon, New York

American Re-Insurance Company, New York, New York

American Republic Insurance Company, Des Moines, Iowa

American Reserve Insurance Company, Providence, Rhode Island

American Reserve Life Insurance Company, Providence, Rhode Island

American Road Insurance Company (The) Dearborn, Michigan

American Security Insurance Company, Atlanta, Georgia

American Slovenian Catholic Union, Joliet, Illinois

American States Insurance Company, Indianapolis, Indiana

American States Life Insurance Company, Indianapolis, Indiana

American United Life Insurance Company, Indianapolis, Indiana

American Universal Insurance Company, Providence, Rhode Island

American Variable Annuity Life Assurance Company, Dover, Delaware

Amoco Life Insurance Company, Omaha, Nebraska

Anchor National Life Insurance Company, Los Angeles, California

Argonaut Insurance Company, Menlo Park, California

Arkwright-Boston Insurance Company, Waltham, Massachusetts

Arkwright-Boston Manufacturers Mutual Insurance Company, Waltham, Massachusetts

Associated Indemnity Corporation, San Francisco, California

Associated Life Insurance Company, Chicago, Illinois

Association Life Insurance Company, Inc., Milwaukee, Wisconsin

Atlantic Insurance Company, Dallas, Texas

Atlantic Mutual Insurance Company, New York, New York

Atlas Assurance Company, Linited, New York, New York, (Great Britain Corp.)

Austin Mutual Insurance Company, Minneapolis, Minnesota

Automobile Insurance Company of Hartford, Connecticut (The), Hartford, Connecticut

Auto-Owners Insurance Company, Lansing, Michigan

Auto-Owners Life Insurance Company, Lansing, Michigan

AVEMCO Insurance Company, Bethesda, Maryland

BLC Insurance Company, Des Moines, Iowa

BSP Insurance Company, Scottsdale, Arizona

Badger State Mutual Casualty Company, Brookfield, Wisconsin

Balboa Insurance Company, Newport Beach, California

Bankers Life and Casualty Company, Chicago, Illinois

Bankers Life Company, Des Moines, Iowa

Bankers Life Insurance Company of Nebraska, Lincoln, Nebraska

Bankers Multiple Line Insurance Company, des Moines, Iowa

Bankers Mutual Life Insurance Company, Freeport, Illinois

Bankers National Life Insurance Company, Parsippanny, New Jersey

Bankers Security Life Insurance Society, New York, New York

Bankers and Shippers Insurance Company of New York, New York, New York

Bankers Standard Fire & Marine Company, Dallas, Texas

Bankers United Life Assurance Company, Cedar Rapids, Iowa

Baptist Life Association, Buffalo, New York

Bellefonte Insurance Company, Covington, Kentucky

Benefitcial Life Insurance Company, Salt Lake City, Utah

Beneficial National Life Insurance Company, New York, New York

Beneficial Standard Life Insurance Company, Los Angeles, California

Benefit Trust Life Insurance Company (A Mutual Legal Reserve Co.) Chicago, Illinois

Berkshire Life Insurance Company, Pittsfield, Massachusetts

Birmingham Fire Insurance Company of Pennsylvania, Pittsburgh, Pennsylvania

Bituminous Casualty Corporation, Rock Island, Illinois

Bituminous Fire and Marine Insurance Company, Rock Island, Illinois

Blue Cross & Blue Shield of Minnesota, St. Paul, Minnesota

Blue Ridge Insurance Company, Columbia, Maryland

Boston Mutual Life Insurance Company, Canton, Massachusetts

Boston Old Colony Insurance Company, Boston, Massachusetts

Business Men's Assurance Company of American, Kansas City, Missouri

California Life Insurance Company, Los Angeles, California

Calvert Fire Insurance Company, Philadelphia, Pennsylvania

Canada Life Assurance Company (The), Toronto, Canada

Capitol Indemnity Corporation, Madison, Wisconsin

Capitol Life Insurance Company (The), Denver, Colorado

Carolina Casualty Insurance Company, Jacksonville, Florida

Casualty Reciprocal Exchange (Subscribers at), Kansas City, Missouri

Catholic Aid Association (The), St. Paul, Minnesota

Catholic Family Life Insurance , Milwaukee, Wisconsin

Catholic Knights of America (The), St. Louis, Missouri

Catholic Knights Insurance Society, Milwaukee, Wisconsin

Catholic Order of Foresters, Chicago, Illinois

Catholic Workman, New Prague, Minnesota

Centennial Insurance Company, New York, New York

Central Life Assurance Company, Des Moines, Iowa

Central Mutual Insurance Company, Van Wert, Ohio

Central National Insurance Company of Omaha,(The), Omaha, Nebraska

Central National Life Insurance Company, Jacksonville, Illinois

Central National Life Insurance Company of Omaha, (the), Omaha, Nebraska

Central States Health & Life Co. of Omaha, Omaha, Nebraska

Century Indemnity Company, Hartford, Connecticut

Charter National Life Insurance Company, St. Louis, Missouri

Chesapeake Life Insurance Company (The), Baltimore, Maryland

Chicago Insurance Company, Chicago, Illinois

Chrysler Life Insurance Company, Troy, Michigan

Church Insurance Company (The), New York, New York

Church Mutual Insurance Company, Merrill, Wisconsin

Cimarron Insurance Company, Inc., Cimarron, Kansas

Citizens Security Mutual Insurance Company, Red Wing, Minnesota

Citizens Universal Life Ins. Company, Richfield, Minnesota

City Insurance Company, Town of Milbur, County of Essex, New Jersey

Classified Insurance Corporation, Milwaukee, Wisconsin

College Life Insurance Company of America (The), Indianapolis, Indiana

Cologne Life Reinsurance Company, Stamford, Connecticut

Colonial Life & Accident Insurance Company, Columbia, South Carolina

Colonial Life Insurance Company of America (The), East Orage, New Jersey

Colonial Penn Franklin Insurance Company, Philadelphia, Pennsylvania

Colonial Penn Insurance Company, Boston, Massachustts

Colonial Penn Life Insurance Company, Philadelphia, Pennsylvania

Combined Insurance Company of America, Chicago, Illinois

Commercial Insurance Company of Newark, NewJersey, Newark, New Jersey

Commercial Standard Insurance Company, Fort Worth, Texas

Commercial State Life Insurance Company, St. Louis, Missouri

Commercial Travelers Mutual Insurance Company, Utica, New York

Commercial Union Insurance Company, Boston, Massachusetts

Commercial Union Life Insurance Company of America, Wilmington, Delaware

Compass Insurance Company, New York, New York

Concordia Mutual Life Association, Chicago, Illinois

Confederation Life Insurance Company, Toronto, Ontario, Canada

Connecticut General Life Insurance Company, Bloomfield, Connecticut

Connecticut Indemnity Company (The), Hartford, Connecticut

Connecticut Mutual Life Insurance Company (The), Hartford, Connecticut

Constitution Life Insurance Company, Chicago, Illinois

Consumers United Insurance Company, Wilmington, Delaware

Continental American Life Insurance Company, Wilmington, Delaware

Continental Assurance Company, Chicago, Illinois

Continental Bankers Life Insurance Company, Minneapolis, Minnesota

Continental Casualty Company, Chicago, Illinois

Continental General Insurance Company, Omaha, Nebraska

Continental Insurance Company (The), New York, New York

Continental Western Insurance Company, Des Moines, Iowa

Continental Western Life Insurance Company, Des Moines, Iowa

Countrywide Life Insurance Company, Los Angeles, California

Covenant Life Insurance Company, Somerville, New Jersey

Credit Life Insurance Company (The), Springfield, Ohio

Croatian Catholic Union Of U.S.A., Gary, Indiana

Croatian Fraternal Union of America, Pittsburgh, Pennsylvania

Crown Life Insurance Company, Toronto, Ontario, Canada

Cudis Insurance Society, Inc., Madison, Wisconsin

CUMIS Insurance Society, Inc., Madison, Wisconsin

Cuna Mutual Insurance Society, Madison, Wisconsin

Czech Catholic Union, Cleveland, Ohio

Czechoslovak Society of American, Berwyn, Illinois

Danish Brotherhood in American, Omaha, Nebraska

Degree of Honor Protective Association, St. Paul, Minnesota

Delta Dental Plan of Minnesota, Minneapolis, Minnesota

Diversified Insurers Company, Minneapolis, Minnesota

Drake Insurance Company of New York, New York, New York

Durham Life Insurance Company, Raleigh, North Carolina

Eagles' National Life Insurance Company, Cincinnati, Ohio

Early American Life, A Mutual Insurance Company, St. Paul, Minnesota

Economy Fire & Casualty Company, Freeport Illinois

Electric Mutual Liability Insurance Company, Lynn, Massachusetts

Emacasco Insurance Company, Des Moines, Iowa

Emmco Insurance Company, South Bend, Indiana

Empire Fire & Marine Insurance Company, Omaha, Nebraska

Empire State Mutual Life Insurance Company, Jamestown, New York

Employees Mutual Benefit Association of Saint Paul, St. Paul, Minnesota

Employers Casualty Company, Dallas, Texas

Employers' Fire Insurance Company (The), Boston, Massachusetts

Employers Life Insurance Company of Wausau, Wausau, Wisconsin

Employers Modern Life Company, Des Moines, Iowa

Employers Mutual Casualty Company, Des Moines, Iowa

Employers Mutual Liability Insurance Company of Wisconsin, Wausau, Wisconsin

Employers Reinsurance Corporation, Kansas City, Missouri

Equitable General Insurance Company, Fort Worth, Texas

Equitable Life Assurance Society of the United States, (The), New York, New York

Equitable Life Insurance Company of Iowa, Des Moines, Iowa

Equitable Reserve Association, Neenah, Wisconsin

Equitable Variable Life Insurance Company, New York, New York

Excalibur Insurance Company, Edina, Minnesota

Excel Insurance Company, South Bend, Indiana

Excess Mutual Reinsurance Company, Wilmington, Delaware

Executive Fund Life Insurance Company, Omaha, Nebraska

Executive Life Insurance Company, Beverly Hills, California

Family Life Insurance Company, Seattle, Washington

Farm Bureau Life Insurance Company, West Des Moines, Iowa

Farm Bureau Mutual Insurance Company, West Des Moines, Iowa

Farmers Alliance Mutual Insurance Company, McPherson, Kansas

Farmers Insurance Exchange, Los Angeles, California

Farmers Mutual Hail Insurance Company of Iowa, Des Moines, Iowa

Farmers New World Life Insurance Company, Mercer Island, Washington

Farmers & Traders Life Insurance Company, Syracuse, New York

Farmland Life Insurance Company, Des Moines, Iowa

Farmland Mutual Insurance Company, Des Moines, Iowa

Federal Insurance Company, Short Hills, Essex County, New Jersey

Federal Kemper Life Assurance Company, Long Grove, Illinois

Federal Life & Casualty Company, Battle Creek, Michigan

Federal Life Insurance Company (Mutual), Glenview, Illinois

Federated Life Insurance Company, Owatonna, Minnesota

Federated Mutual Insurance Company, Owatonna, Minnesota

Federated Service Insurance Company, Owatonna, Minnesota

Fidelity Bankers Life Insurance Company, Richmond, Virginia

Fidelity & Casualty Company of New York (The), New York, New York

Fidelity & Deposit Company of Maryland, Baltimore, Maryland

Fidelity & Guaranty Insurance Underwriters, Inc., COlumbus, Ohio

Fidelity & Guaranty Life Insurance Company, Baltimore, Maryland

Fidelity Interstate Life Insurance Company, Philadelphia, Pennsylvania

Fidelity Life Association, A Mutual Legal Reserve Company, Long Grove, Illinois

Fidelity Mutual Life Insurance Company (The), Philadelphia, Pennsylvania

Fidelity Union Life Insurance Company, Dallas, Texas

Financial Assurance, Incorporated, Denver, Colorado

Fireman's Fund American Life Insurance Company, San Francisco, California

Fireman's Fund Insurance Company, San Franciso, California

Firemen's Insurance Company of Newark, New Jersey, Newark, New Jersey

First Catholic Slovak Ladies Association of The U.S. of America (The), Cleveland,Ohio

First Catholic Slovak Union of the U.S. of Amer. & Canada (The), Cleveland, Ohio

First Colony Life Insurance Company, Lynchburg, Virginia

First Federated Life Insurance Company, Baltimore, Maryland

First Foundation Life Insurance Company, Minneapolis, Minnesota

First Insurance Company of Hawaii, Ltd., Honolulu, Hawaii

First Investment Annuity Company of America, Valley Forge, Pennsylvania

First Investors Life Insurance Company, New York, New York

First Investors Life Insurance Company of America, seattle, Washington

Florists' Life Insurance Company, Edwardsville, Illinois

Florists' Mutual Insurance Company, Edwardsville, Illinois

Ford Life Insurance Company, Dearborn, Michigan

Foremost Insurance Company, Grand Rapids, Michigan

Foremost Life Insurance Company, Grand Rapids, Michigan

Forum Insurance Company, Providence, RHode Island

Franklin Life Insurance Company (The), Springfield, Illinois

Gamble Alden Life Insurance Company, Minneapolis, Minnesota

Gambles Insurance Company, Minneapolis, Minnesota

Garden State Life Insurance Company, Newark, New Jersey

General Accident Fire & Life Assurance Corporation, Limited, Philadelphia, PA.
(Great Britian Cor

General American Life Insurance Company, St. Louis, Missouri

General Casualty Company of Wisconsin, Madison, Wisconsin

General Fidelity Life Insurance Company, Richmond, Virginia

General Insurance Company of America, Seattle, Washington

General Life Insurance Corporation of Wisconsin, Milwaukee, Wisconsin

General United Life Insurance Company, West Des Moines, Iowa

Georgia International Life Insurance Company, Atlanta, Georgia

Gerber Life Insurance Company, White Plains, New York

Germantown Insurance Company, Philadelphia, Pennsylvania

Glens Falls Insurance Company (The), New York, New York

Globe Indemnity Company, New York, New York

Globe Life & Accident Insurance Company, Oklahoma City, Oklahoma

Globe Life Insurance Company, Chicago, Illinois

Gold Medal Insurance Co., Minneapolis, Minnesota

Golden State Mutual Life Insurance Company, Los Angeles, California

Bovernment Employees Life Insurance Company, Washington, D.C.

Granite State Insurance Company, Manchester, New Hampshire

Great American Life Insurance Company, East Orange, New Jersey

Great American Reserve Insurance Company, Dallas, Texas

Great Commonweslth Life Insurance Company, Dallas, Texas

Great Northern Insurance Company, Minneapolis, Minnesota

Great Southern Life Insurance Company, Houston, Texas

Great West Casualty Company, South Sioux City, Nebraska

Great-West Life Assurance Company (The), Winnipeg, Manitobe, Canada

Greater Beneficial Union of Pittsburgh, Pittsburgh, Pennsylvania

Greater New York Mutual Insurance Company, New York, New York

Greek Catholic Union of the U.S.A., Munhall, Pennsylvania

Grinnell Mutual Reinsurance Company, Grinnell, Iowa

Guarantee Mutual Life Company, Omaha, Nebraska

Guarantee Reserve Life Insurance Company, Hammond, Indiana

Guarantee Trust Life Insurance Company, Chicago, Illinois

Guardian Insurance & Annuity Company, Inc., (the), Wilmington, Delaware

Guardian Life Insurance Company of American (The), New York, New York

Guardsman Life Insurance Company, West Des Moines, Iowa

Gulf Atlantic Life Insurance Company, Dallas, Texas

Gulf Life Insurance Company, Jacksonville, Florida

Hanover Insurance Company (The), Manchester, New Hampshire

Harco National Insurance Company, Albany, New York

Hartford Accident & Indemnity Company, Hartford, Connecticut

Hartford Casualty Insurance Company, Jersey City, New Jersey

Hartford Life & Accident Insurance Company, Hartford, Connecticut

Hartford Life Insurance Company, Boston, Massachusetts

Hartford Variable Annuity Life Insurance Company, Hartford, Connecticut

Hawkeye National Life Insurance Company, Des Moines, Iowa

Hawkeye-Security Insurance Company, Des Moines, Iowa

Health Insurance of Vermont, Inc., Burlington, Vermont

Health Service, Incorporated, Chicago, Illinois

Herald Life Insurance Company, Jacksonville, Florida

Heritage Life Insurance Company, Phoenix, Arizona

Hermann Sisters of Minnesota (Grand Lodge of), South St. Paul, Minnesota

Hibernian Life Insurance Fund of Minneapolis, Minneapolis, Minnesota

Highlands Insurance Company, Houston, Texas

Holiday Life Insurance Company, Lincoln, Nebraska

Home Indemnity Company (The), Manchester, New Hampshire

Home Insurance Company (The), Manchester, New Hampshire

Home Insurance Company of Indiana (The), Indianapolis, Indiana

Home Life Insurance Company, New York, New York

Homeco Life Insurance Company, Inc., Appleton, Wisconsin

Homesteaders Life Company, Des Moines, Iowa

Horace Mann Insurance Company, Miami, Florida

Horace Mann Life Insurance Company, Springfield, Illinois

Horizon Underwriters, Inc., Minneapolis, Minnesota

Howard Life Insurance Company, Denver, Colorado

IDS Life Insurance Company, Minneapolis, Minnesota

INA Reinsurance Company, Wilmington, Delaware

ITT Life Insurance Corporation, Thorp, Wisconsin

Ideal Mutual Insurance Company, New York, New York

Illinois Farmers Insurance Company, North Aurora, Illinois

Illinois Mutual Life & Casualty Company, Peoria, Illinois

Imperial Casualty & Indemnity Company, Omaha, Nebraska

Implement Dealers Mutual Insurance Company, Grand Forks, North Dakota

Independence Life & Accident Insurance Company, Louisville, Kentucky

Independent Liberty Life Insurance Company, Grand Rapids, Michigan

Independent Order of Foresters (The), Don Mills, Ontario, Canada

Independent Order of Svithiod, Chicago, Illinois
Indiana Lumbermens Mutual Insurance Company, Indianapolis, Indiana
Indianapolis, Life Insurance Company, Indianapolis, Indiana

Industrial Indemnity Company, San Francisco, California

Industrial Life Insurance Company, Dallas, Texas

Inland National Insurance Company,d Springfield, Illinois

Insurance Company of North America, Philadelphia, Pennsylvania

Insurance Company of the State of Pennsylvania (The), Philadelphia, Pennsylvania

Integrity Life Insurance Company, Inc., Appleton, Wisconsin

International Insurance Company, Chicago, Illinois

International Life Insurance Company, Louisville, Kentucky

Inter-Ocean Insurance Company, Indianapolis, Indiana

Inter-State Assurance Company, A Mututal Company, Des Moines Iowa

Investors Guaranty Life Insuance Company, Los Angeles, California

Investors Life Insurance Company of Nebraska, Watertown, South Dakota

Iowa Kemper Insurance Company, Mason City, Iowa

Iowa Mutual Insurance Company, DeWitt, Iowa

Iowa National Mutual Insurance Company, Cedar Rapids, Iowa

Iowa State Travelers Mutual Assurance Company, Des Moines, Iowa

Jefferson Insurance Company of New York, New York, New York

Jefferson National Life Insurance Company, Indianapolis, Indiana

John Alden Life Insurance Company, Minneapolis, Minnesota

John Deere Insurance Company, Syracuse, New York

John Hancock Mutual Life Insurance Company, Boston, Massachusetts

Kansas City Fire & Marine Insurance Company, Kansas City, Missouri

Kansas City Life Insurance Company, Kansas City, Missouri

Keystone Provident Life Insurance Company, Providence Rhode Island

Knights of Columbus, New Haven, Connecticut

Labor Zionist Alliance, New York, New York

Lafayette Life Insurance Company, (The), Lafayette, Indiana

Lakeland Fire & Casualty Company, Minneapolis, Minnesota

Land of Lakes Mutual Insurance Company, St. Louis Park, Minnesota

League General Insurance Company, Southfield, Michigan

Liberty Life Assurance Company of Boston, Boston, Massachusetts

Liberty Life Insurance Company, Greenville, South Carolina

Liberty Mutual Fire Insurance Company, Boston, Massachusetts,

Liberty Mutual Insurance Company, Boston, Massachusetts

Liberty National Life Insurance Company, Birmingham, Alabama

Life General Security Insurance Company, Harvey, Louisiana

Life Insurance Company of California, San Francisco, California

Life Insurance Company of Minnesota (The) Minneapolis, Minnesota

Life Insurance Company of North America, Philadelphia, Pennsylvania

Life Insurance Company of Virginia (The), Richmond, Virginia

Life Investors Insurance Company of America, Cedar Rapids, Iowa

Life of Mid-America Insurance Company, Dubuque, Iowa

Lincoln Benefit Life Company, Lincoln, Nebraska

Lincoln Liberty Life Insurance Company, Lincoln, Nebraska

Lincoln Mutual Life & Casualty Insurance Company, Fargo, North Dakota

Lincoln Mutual Life Insurance Company, Lincoln, Nebraska

Lincoln National Life Insurance Company, (The), Fort Wayne, Indiana

London Assurance (The), New York, New York, (Great Britian Corp.)

Lone Star Life Insurance Company, Dallas, Texas

Loyal American Life Insurance Company, Mobile, Alabama

Loyal Christian Benefit Association, Erie, Pennsylvania

Loyal Protective Life Insurance Company, Boston, Massachusetts

Lumbermens Mutual Casualty Company, Long Grove, Illinois

Lumbermen's Underwriting Alliance, Kansas City, Missouri

Lutheran Brotherhood, Minneapolis, Minnesota

Lutheran Mutual Life Insurance Company, Waverly, Iowa

MFA Life Insurance Company, Columbia, Missouri

Maccabees Mutual Life Insurance Company, Southfield, Michigan

Madison National Life Insurance Company, Inc., Middleton, Wisconsin

Manhattan Life Insurance Company (The) New York, New York

Manufacturers Life Insurance Company (The), Toronto, Ontario, Canada

Maryland Life Insurance Company of Baltimore, Baltimore, Maryland

Massachusetts Casualty Insurance Company, Boston, Massachusetts

Massachusetts General Life Insurance Company, Newton Lower Falls, Massachusetts

Massachusetts Indemnity & Life Insurance Company, Hyannis, Massachusetts

Medical Indemnity of America, Inc., Worthington, Ohio

Medico Life Insurance Company, Omaha, Nebraska

Meeker County Assessment Benefit Association, Litchfield, Minnesota

Mennonite Mutual Aid Association, Goshen, Indiana

Mercantile & General Reinsurance Company Limited, (The), London, England (Scotland Corpor.)

Merit Life Insurance Company, Evansville, Indiana

Metropolitan Fire Assurance Company, New York, New York

Metropolitan Life Insurance Company, New York, New York

Metropolitan Property & Liability Ins. Company, Newark, Delaware

Michigan Life Insurance Company, Southfield, Michigan

MidAmerica Mutual Life Insurance Company, Minneapolis, Minnesota

Mid-Century Insurance Company, Los Angeles, California

Mid-Continent Casualty Company, Tulsa, Oklahoma

Mid-Continent Life Insurance Company, Oklahoma City, Oklahoma

Midland Insurance Company, New York, New York

Midland Mutual Life Insurance Company (The), Columbus, Ohio

Midland National Life Insurance Company, Watertown, South Dakota

Midland Union Mutual Insurance Company, Juneau, Wisconsin

Mid-States Insurance Company, Evanston, Illinois

Mid-States Life Insurance Company of America, Orlando, Florida

Midwest Life Insurance Company of Lincoln, Nebraska (The), Lincoln, Nebraska

Midwest Mutual Insurance Company, West Des Moines, Iowa

Midwestern National Life Insurance Company of Ohio, Cleveland, Ohio

Midwestern United Life Insurance Company, Fort Wayne, Indiana

Milbank Mutual Insurance Company, Milbank, South Dakota

Milwaukee Guardian Insurance, Inc., Milwaukee, Wisconsin

Milwaukee Life Insurance Company, Milwaukee, Wisconsin

Milwaukee Mutual Insurance Company, Milwaukee, Wisconsin

Ministers Life & Casualty Union (The), Minneapolis, Minnesota

Minnehoma Insurance Company, Tulsa, Oklahoma

Minnesota Indemnity, Inc., St. Paul, Minnesota

Minnesota Mutual Fire & Casualty Company, Minneapolis, Minnesota

Minnesota Mutual Life Insurance Company (The), St. Paul, Minnesota

Minnesota Protective Life Insurance Company, Eden Prairie, Minnesota

Modern Service Insurance Company, St. Paul, Minnesota

Modern Woodmen of America, Rock Island, Illinois

Monarch Life Insurance Company, Springfield, Massachusetts

Montgomery Ward Life Insurance Company, Chicago, Illinois

Motor Club of Iowa Insurance Company, Bettendorf, Iowa

Motor Vehicle Casualty Company, Elmhurst, Illinois

Motorists Beneficial Insurance Company, Chicago, Illinois

Munich American Reassurance Company, Atlanta, Georgia

Mutual Benefit Life Insurance Company (The), Newark, New Jersey

Mutual Life Insurance Company of New York, (The), New York, New York

Mutual of Omaha Insurance Company, Omaha, Nebraska

Mutual Protective Insurance Company, Omaha Nebraska

Mutual Security Life Insurance Company, Fort Wayne, Indiana

Mutual Service Casualty Insurance Company, St. Paul, Minnesota

Mutual Service Life Insurance Company, St. Paul, Minnesota

Mutual Trust Life Insurance Company, Oak Brook, Illinois

N N Investors Life Insurance Company, Inc., Cedar Rapids, Iowa

National American Insurance Company, Omaha, Nebraska

National American Insurance Company of New York, New York, New York

National-Ben Franklin Insurance Company of Illinois, Chicago, Illinois

National-Ben Franklin Life Insurance Corporation, Milwaukee, Wisconsin

National Casualty Company, Southfield, Michigan

National Catholic Society of Foresters, Chicago, Illinois

National Farmers Union Life Insurance Company, Denver, Colorado

National Farmers Union Property & Casualty Company, Salt Lake City, Utah

National Fidelity Life Insurance Company, Kansas City, Missouri

National Fire Insurance Company of Hartford, Hartford, Connecitcut

National Fraternal Society of the Deaf, Mt. Prospect, Illinois

National Guardian Life Insurance Company, Madison, Wisconsin

National Heritage Life Insurance Company, Oak Brook, Illinois

National Home Life Assurance Company, Jefferson City, Missouri

National Indemnity Company, Omaha, Nebraska

National Independence Insurance Company, Frazer, Pennsylvania

National Independence Life Insurance Company, Springfield, Illinois

National Liberty Life Insurance Company, Valley Forge, Pennsylvania

National Life & Accident Insurance Company (The), Nashville, Tennessee

National Life Assurance Company of Canada (The), Toronto, Ontario, Canada

National Life Insurance Company, Montpelier, Vermont

National Mutual Benefit, Madison, Wisconsin

National Reinsurance Corporation (The), New York, New York

National Reserve Life Insurance Company, Sioux Falls, South Dakota

National States Insurance Company, St. Louis, Missouri

National Surety Corporation, Chicago, Illinois

National Travelers Life Company, Des Moines, Iowa

National Union Fire Insurance Company of Pittsburgh, Pa., Pittsburgh, Pennsylvania

National Western Life Insurance Company, Denver, Colorado

Nationwide Life Insurance Company, Columbus, Ohio

Nationwide Mutual Fire Insurance Company, Columbus, Ohio

Nationwide Mutual Insurance Company, Columbus, Ohio

New England Mutual Life Insurance Company, Boston, Massachusetts

New England Reinsurance Corporation, Boston, Massachusetts

New Hampshire Insurance Company, Manchester, New Hampshire

New York Life Insurance Company, New York, New York

New York Underwriters Insurance Company, New York, New York

Newark Insurance Company (The), East Orange, New Jersey

Niagara Fire Insurance Company, New York, New York

North American Benefit Association, Port Huron, Michigan

North American Company for Life & Health Insurance, Chicago, Illinois

North American Equitable Life Assurance Company, Columbus, Ohio

North American Life Assurance Company, Toronto, Ontario, Canada

North American Life & Casualty Company, Minneapolis, Minnesota

North American Reinsurance Corporation, New York, New York

North Central Life Insurance Company, St. Paul, Minnesota

North River Insurance Company (The), Morristown, New Jersey

North Star Mutual Insurance Company, Cottonwood, Minnesota

Northern Assurance Company of America (The), Boston, Massachusetts

Northern Life Insurance Company of America, Seattle, Washington

Northern National Life Insurance Company, Bismarck, North Dakota

Northland Insurance Company, St. Paul, Minnesota

Northwestern Mutual Life Insurance Company (The), Milwaukee, Wisconsin

Northwestern National Insurance Company, Milwaukee, Wisconsin

Northwestern National Life Insurance Company, Minneapolis, Minnesota

Occidental Fire & Casualty Company of North Carolina, Raleigh, North Carolina

Occidental Life Insurance Company of California, Los Angeles, California

Occidental Life Insurance Company of Illinois, Chicago, Illinois

Occidental Life Insurance Company of North Carolina, Raleigh, North Carolina

Ohio Casualty Insurance Company (The), Hamilton, Ohio

Ohio Farmers Insurance Company, Westfield,Center, Ohio

Ohio Life Insurance Company (The), Hamilton, Ohio

Ohio National Life Insurance Company (The), Cincinnati, Ohio

Ohio State Life Insurance Company (The), Columbus, Ohio

Old American Insurance Company, Kansas City, Missouri

Old Equity Life Insurance Company, Evanston, Illinois

Old Line Life Insurance Company of America, (The), Milwaukee, Wisconsin

Old Reliable Fire Insurance Company, Webster Groves, Missouri

Old Republic Insurance Company, Greensburg, Pennsylvania

Old Republic Life Insurance Company, Chicago, Illinois

Old Security Casualty Insurance Company, Kansas City, Missouri

Old Security Life Insurance Company, Kansas City, Missouri

Olympic Insurance Company, Los Angeles, California

Omaha Financial Life Insurance Company, Bloomington, Minnesota

Pacific Employers Insurance Company, Los Angeles, California

Pacific Fidelity Life Insurance Company, Los Angeles, California

Pacific Indemnity Company, Los Angeles, California

Pacific Mutual Life Insurance Company, Los Angeles California

Pacific Standard Life Insurance Company, Phoenix, Arizona

Pan-American Life Insurance Company, New Orleans, Louisiana

Paul Revere Life Insurance Company (The), Worcester, Massachusetts

Paul Revere Variable Annuity Insurance Company, (The), Worcester, Massachusetts

Peerless Insurance Company, Keene, New Hampshire

Peninsular Life Insurance Company, Jacksonville, Florida

Penn Mutual Life Insurance Company (The), Philadelphia, Pennsylvania

J.C. Penney Casualty Insurance Company, Westerville, Ohio

J.C. Penney Insurance Company, Buena Park, California

J.C. Penney Life Insurance Company, Rutland, Vermont

Pennsylvania General Insurance Company, Philadelphia, Pennsylvania

Pennsylvania Life Insurance Company, Philadelphia, Pennsylvania

Pennsylvania National Mutual Casualty Insurance Company, Harrisburg, Pennsylvania

Peoples-Home Life Insurance Company of Indiana, Indianapolis, Indiana

Personal Indemnity Mutual Insurance Company, Milwaukee, Wisconsin

Personal Life Insurance Company, St. Louis, Missouri

Petroleum Casualty Company, Houston, Texas

Philadelphia Life Insurance Company, Philadelphia, Pennsylvania

Phoenix Assurance Company of New York, New York, New York

Phoenix Insurance Company (The), Hartford, Connecticut

Phoenix Mutual Life Insurance Company, Hartford, Connecticut

Physicians Life Insurance Company, Omaha, Nebraska

Physicians Mutual Insurance Company, Omaha, Nebraska

Pierce National Life Insurance Company, Los Angeles, California

Pioneer Mutual Life Insurance Company, Fargo, North Dakota

Planet Insurance Company, Madison, Wisconsin

Police & Firemen's Insurance Association, Indianapolis, Indiana

Polish National Alliance of Brooklyn, U.S.A., Brooklyn, New York

Pooich National Alliance of the U.S. of North America, Chicago, Illinois

Polish Roman Catholic Union of America, Chicago, Illinois

Polish Union of the U. S. of North America, Wilkes-Barre, Pennsylvania

Polish White Eagle Association, Minneapolis, Minnesota

Potomac Insurance Company, Philadelphia, Pennsylvania

Prairie States Life Insurance Company, Rapid City, South Dakota

Preferred Insurance Company, Topeka, Kansas

Preferred Risk Life Insurance Company, Colorado Springs, Colorado

Preferred Risk Mutual Insurance Company, West Des Moines, Iowa

Presbyterian Ministers' Fund, Philadelphia, Pennsylvania

Professional Insurance Corporation, Jacksonville, Florida

Progressive American Life Insurance Company, Mayfield Village, Ohio

Protective Insurance Company, Indianapolis, Indiana

Providence Washington Insurance Company, Providence, Rhode Island

Providence Washington Life Insurance Company, Providence, Rhode Island

Provident Allicance Life Insurance Company, Newport Beach, California

Provident Life & Accident Insurance Company, Chattanooga, Tennessee

Provident Life Insurance Company, Bismarck, North Dakota

Provident Mutual Life Insurance Company of Philadelphia, Philadelphia, Pennsylvania

Provident National Assurance Company, Des Moines, Iowa

Prudential Insurance Company of America (The), Newark, New Jersey

Prudential Property & Casualty Insurance Company, Holmdel, New Jersey

Prudential Reinsurance Company, Dover, Delaware

Public Service Mutual Insurance Company, New York, New York

Puritan Insurance Company, New York, New York,

Puritan Life Insurance Company, Providence, Rhode Island

Pyramid Life Insurance Company (The), Shawnee Mission, Kansas

RLI Insurance Company, Peoria, Illinois

Ranger Insurance Company, New York, New York

Ranger National Life Insurance Company, Wichita, Kansas

Reciprocal Exchange, Kansas City, Missouri

Regent Insurance Company, Madison, Wisconsin

Reinsurance Association of Minnesota, Esko, Minnesota

Reinsurance Corporation of New York (The), New York, New York

Reliable Life & Casualty Company, Madison, Wisconsin

Reliable Life Insurance Company (The), Webster Groves, Missouri

Reliance Insurance Company, Philadelphia, Pennsylvania

Reliance Standard Life Insurance Company, Chicago, Illinois

Republic Insurance Company, Dallas, Texas

Republic National Life Insurance Company, Dallas, Texas

Republic Underwriters Insurance Company, Oklahoma City, Oklahoma

Republic-Vanguard Life Insurance Company, Dallas, Texas

Reserve Insurance Company, Chicago, Illinois

Reserve Life Insurance Company, Dallas, Texas

Rockford,Life Insurance Company, Rockford, Illinois

Royal Arcanum (Supreme Council), (The), Boston, Massachusetts

Royal Globe Insurance Company, Chicago, Illinois

Royal Globe Life Insurance Company, Hartford, Connecticut

Royal Indemnity Company, New York, New York

Royal Neighbors of America, Rock Island, Illinois

Rural Security Life insurance Company, Madison, Wisconsin

Rushmore Mutual Life Insurance Company, Rapid City, South Dakota

SAFECO Insurance Company of America, Seattle, Washington

SAFECO Life Insurance Company, Seattle, Washington

Safeguard Insurance Company, Hartford, Connecticut

St. Paul Fire & Marine Insurance Company, St. Paul, Minnesota

St. Paul Guardian Insurance Company, St. Paul, Minnesota

St. Paul Life Insurance Company, St. Paul, Minnesota

St. Paul Mercury Insurance Company, St. Paul, Minnesota

Seaboard Surety Company, New York, New York

Security Benefit Life Insurance Company, Topeka, Kansas

Security-Connecticut Life Insurance Company, Avon, Connecticut

Security Insurance Company of Hartford, Hartford, Connecticut

Security International Insurance Company, Fargo, North Dakota

Secuirty Life & Accident Company, Denver, Colorado

Security Life Insurance Company of America, Minneapolis, Minnesota

Security Mutual Casualty Company, Chicago, Illinois

Security Mutual Life Insurance Company of Lincoln, Nebraska,(The), Lincoln, Nebraska

Security Mutual Life Insurance Company of New York, Binghamton, New York

Select Insurance Company, Dallas, Texas

Sentry Indemnity Company, Stevens Point, Wisconsin

Sentry Insurance, A Mutual Company, Stevens Point, Wisconsin

Sentry Life Insurance Company, Stevens Point, Wisconsin

Serb National Federation, Pittsburgh, Pennsylvania

Shelby Mutual Insurance Company of Shelby, Ohio (The), Shelby, Ohio

Slovak Bymnastic Union "Sokol" of the U.S. of America, East Orange, New Jersey

Slovene National Benefit Society, Burr Ridge, Illinois

Sons of Norway, Minneapolis, Minnesota

Southland Life Insurance Company, Dallas, Texas

Sovereign Life Insurance Company of California, Santa Barbara, California

Springfield Life Insurance Company, Inc., Brattleboro, Vermont

Standard of America Life Insurance Company (The), Park Ridge, Illinois

Standard American Life & Annuity Company, Minneapolis, Minnesota

Standard Fire Insurance Company (The), Hartford, Connecticut

Standard Life Insurance Company of Indiana, Indianapolis, Indiana

Standard Security Life Insurance Company of New York, New York, New York

State Automobile & Casualty Underwriters, Des Moines, Iowa

State Bond & Mortgage Life Insurance Company, New Ulm, Minnesota

State Farm Fire & Casualty Company, Bloomington, Illinois

State Farm General Insurance Company, Bloomington, Illinois

State Farm Life Insurance Company, Bloomington, Illinois

State Farm Mutual Automobile Insurance Company, Bloomington, Illinois

State Mutual Life Assurance Company of America, Worcester, Massachusetts

Statesman Insurance Company, Indianapolis, Indiana

Stonewall Insurance Company, Birmingham, Alabama

Stuyvesant Insurance Company (The), New York, New York

Stuyvesant Life Insurance Company, Allentown, Pennsylvania

Summit Home Insurance Company, St. Louis Park, Minnesota

Summit National Life Insurance Company, Akron, Ohio

Sun Insurance Office Limited, New York, New York (England Corp.)

Sun Life Assurance Company of Canada, Montreal, Canada

Sun Life Assurance Company of Canada (U.S.), Wilmington, Delaware

Sun Life Insurance Company of American, Baltimore, Maryland

Surety Life Insurance Company, Salt Lake City, Utah

Surety Mutual Life & Casualty Insurance Company, Fargo, North Dakota

Survivors' Benefit Insurance Company, Kansas City, Missouri

Teachers Insurance & Annuity Association of American, New York, New York

Teachers Insurance Company, Wilmington, Delaware

Time Insurance Company, Milwaukee, Wisconsin

Tokio Marine & Fire Insurance Company, Limited (The), U.S. Branch of New York, N.Y. (Japan Corp.)

Tower Insurance Company, Inc., Milwaukee, Wisconsin

Tower Life & Accident Insurance Company, Chicago, Illinois

Transamerica Life Insurance & Annuity Company, Los Angeles, California

Transcontinental Insurance Company, New York, New York

Transport Indemnity Company, Los Angeles, California

Transport Insurance Company, Des Moines, Iowa

Transport Life Insurance Company, Fort Worth, Texas

Transportation Insurance Company, Chicago, Illinois

Travelers Indemnity Company,(The), Harford, Connecticut

Travelers Indemnity Company of America (The) Atlanta, Georgia

Travelers Indemnity Company of Illinois,(The), Chicago, Illinois

Travelers Indemnity Company of Rhode Island,(The), Providence, Rhode Island

Travelers Insurance Company (The), Hartford, Connecticut

Travelers Insurance Company of Illinois (The), Chicago, Illinois

Travelers Protective Association of America (The), St. Louis, Missouri

Tri-State Insurance Company,of Minnesota-Luverne, Minnesota

Truck Insurance Exchange, Los Angeles, California

Twin City Fire Insurance Company, Minneapolis, Minnesota

USAA Life Insurance Company, San Antonio, Texas

Ukrainian National Association, Inc., Jersey City, New Jersey

Underwriters Insurance Company, Chicago, Illinois

Unigard Insurance Company, Seattle, Washington

Unigard Mutual Insurance Company, Seattle, Washington

Unigard Olympic Life Insurance Company, Seattle, Washington

Union Bankers Insurance Company, Dallas, Texas

Union Central Life Insurance Company (The), Cincinnati, Ohio

Union Fidelity Life Insurance Company, Trevose, Pennsylvania

Union Insurance Company, Lincoln, Nebraska

Union Labor Life Insurance Company (The), New York, N.Y. (Maryland Corp.)

Union & League of Romanian Societies of America, Inc., (The), Cleveland, Ohio

Union Mutual Life Insurance Company, Portland, Maine

Union Security Life Insurance Company, Atlanta, Georgia

Unionmutual Stock Life Insurance Co. of American, Portland, Maine

United American Insurance Company, Dallas, Texas

United Benefit Life Insurance Company, Omaha, Nebraska

United Commercial Travelers of America (Order of), Columbus, Ohio

United Equitable Insurance Company, Skokie, Illinois

United Fire & Casualty Company, Cedar Rapids, Iowa

United Home Life Insurance Company, Greenwood, Indiana

United Insurance Company of America, Chicago, Illinois

United Investors Life Insurance Company, Kansas City, Missouri

United Life & Accident Insurance Company, Concord, New Hampshire

United Life Insurance Company, Cedar Rapids, Iowa

United Lutheran Society, Ligonier, Pennsylvania

United Pacific Insurance Company, Tacom, Washington

United Presidential Life Insurance Company, Kokomo, Indiana

United Security Insurance Company, Milford, Hunterdon County, New Jersey

United Services Life Insurance Company, Washington, D.C.

United States Fidelity & Guaranty Company, Baltimore, Maryland

United States Fire Insurance Company, New York, New York

United States Life Insurance Company in the City of New York, (The), New York, N.Y.

Universal Underwriters Insurance Company, Kansas City, Missouri

Universal Underwriters Life Insurance Company, Kansas City, Missouri

University Life Insurance Company of America, Indianapolis, Indiana

USLIFE Credit Life Insurance Company, Schaumburg, Illinois

Utica Mutual Insurance Company, Utica, New York

Valley Forge Insurance Company, Reading, Pennsylvania

Valley Forge Life Insurance Company, Reading, Pennsylvania

Vanguard Insurance Company, Dallas, Texas

Variable Annuity Life Insurance Company (The), Houston, Texas

Virginia Surety Company, Inc., Richmond, Virginia

Volkswagen Insurance Company, Little Rock, Arkansas

Volunteer Firemen's Benefit Assoc'n. of Minnesota, Lanesboro, Minnesota

Volunteer State Life Insurance Company, Chattanooga, Tennessee

Washington National Insurance Company, Evanston, Illinois

West American Insurance Company, Fullerton, California

Westchester Fire Insurance Company, New York, New York

Western Casualty & Surety Company (The), Fort Scott, Kansas

Western Catholic Union, Quincy, Illinois

Western Fire Insurance Company, (The), Fort Scott, Kansas

Western Fraternal Life Association, Cedar Rapids, Iowa

Western Home Insurance Company, Richfield, Minnesota

Western Life Insurance Company, St. Paul, Minnesota

Western National Assurance Company, Tacoma, Washington

Western National Mutual Insurance Company, Minneapolis, Minnesota

Western Reserve Life Assurance Co. of Ohio, Cleveland, Ohio

Western Slavonic Association (The), Denver, Colorado

Western & Southern Life Insurance Company (The), Cincinnati, Ohio

Western States Life Insurance Company, Fargo, North Dakota

Westfield Insurance Company, Westfield,Center, Ohio

Westfield Life Insurance Company, Westfield Center, Ohio

Westland Life Insurance Company, San Francisco, California

"Winterthur" Swiss Insurance Company, New York, New York, (Switzerland Corp.)

Wisconsin Employers Insurance Company, Green Bay, Wisconsin

Wisconsin Life Insurance Company, (The), Madison, Wisconsin

Wisconsin National Life Insurance Company, Oshkosh, Wisconsin

Wolverine Insurance Company, Battle Creek, Michigan

Woodmen Accident & Life Company, Lincoln, Nebraska

Woodmen of the World Life Insurance Society and/or Omaha Woodmen Life Insurance Society, Omaha, Nebraska

Workmen's Circle, New York, New York

World Book Life Insurance Company, Chicago, Illinois

World Insurance Company, Omaha, Nebraska

World Service Life Insurance Company, Fort Worth, Texas

Yosemite Insurance Company, San Francisco, California

Zurich American Life Insurance Company, Chicago, Illinois

Zurich Insurance Company, Chicago, Illinois (Switzerland Corp.)

Zurich Life Insurance Company, New York, New York

A M Life Insurance Company, Wakefield, Mass.

Great American Insurance Company, Cincinnati, Ohio

Hartford Fire Insurance Company, Hartford, Connecticut

Massachusetts Mutual Life Insurance Company, Springfield, Mass.

Northern Life Insurance Company, Seattle, Wash.

Omaha Indemnity Company, Milwaukee, Wisconsin

Philadelphia Reinsurance Corporation, Philadelphia, PA.

United Fire Insurance Company, Chicago, Illinois

Vigilant Insurance Company, New York, NY

Minnesota Consumer FINANCE CONFERENCE

Robert E. Schollmeyer
Executive Vice President

Suite 507
2850 Metro Drive
Bloomington, Minn. 55420
(Phone: 854-7611)

STATE OF MINNESOTA
AUG 4 _ 1977
DEPARTMENT OF COMMERCE

August 3, 1977

Attorney Generals Office
500 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101

ATTENTION: Bill Howard

Dear Mr. Howard,

Per a phone call from Clay Moore's office I am forwarding to you a list of the members of the Minnesota Consumer Finance Conference as of August 1, 1977.

Yours truly,

Dee N

Dee Nemitz
for Bob Schollmeyer

dn
Enc.

August 1, 1977

MEMBER COMPANIES OF THE MINNESOTA CONSUMER FINANCE CONFERENCE

Judy Winkel, Counsel
ASSOCIATES CORPORATION
250 Carpenter Freeway
P. O. Box 22822
Dallas, Texas 75222

Jerry Hauer, President
CENTRAL INVESTMENT CORP.
921 24th Avenue N. E.
Minneapolis, Minn 55418

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COMMUNITY CREDIT COMPANY
3101 West 69th Street
Edina, Minn 55435

M. J. Davidson, President
DAVIDSON FINANCE CORPORATION
512 Nicollet Mall
Minneapolis, Minn 55402

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740 Dubuque Bldg - Box 478
Dubuque, Iowa 52001

Robert L. Getten, President
GETTEN FINANCE COMPANY
202 North Snelling Avenue
St. Paul, Minn 55104

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MANKATO LOAN COMPANY
709 North Front Street
Mankato, Minn 56001

Bud Schwoch, Manager
MINNESOTA LOAN & THRIFT CO.
314 South Broadway - Box 157
Rochester, Minn 55901

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POSTAL FINANCE COMPANY
810-14 Pierce Street
Sioux City, Iowa 51102

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AVCO FINANCIAL SERVICES
One Crossroads of Commerce
Suite 214
Rolling Meadows, Ill 60008

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CITYSIDE CREDIT COMPANY
1589 Highway #7
Hopkins, Minn 55343

Ben Frank, President
CONSUMER LOAN & DISCOUNT CO.
413 East Hennepin Avenue
Minneapolis, Minn 55414

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DIAL FINANCIAL CORPORATION
207 Ninth Street
Des Moines, Iowa 50307

Harold F. Foley, President
FOLEY FINANCE COMPANY, INC.
1210 Old Highway #8
New Brighton, Minn 55112

Eugene Rothstein, President
GRAND RAPIDS LOAN COMPANY
P. O. Box 99
Grand Rapids, Minn 55744

C. J. Repulski, President
MID CENTRAL LOAN COMPANY
549 North 25th Avenue
St. Cloud, Minn 56301

P. J. Heinz, President
MINNESOTA SMALL LOAN COMPANY
609 Second Avenue South
Minneapolis, Minn 55402

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RED WING FIN. & INDUST. LOAN
426 West Avenue
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795 Heather Lane
Winnetka, Illinois 60093

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AMERICAN INVESTMENT COMPANY
8521 Maryland Avenue
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EAST SIDE BUDGET LOANS
823 East Seventh Street
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432 Third Street
Red Wing, Minn 55066

Elwin H. Schubbe, President
SOUTHERN MINN LOAN & ACCEP
U S Hwy #14 and #71
Sanborn, Minn 56083

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TOWN & COUNTRY CREDIT CO.
6950 Wayzata Blvd - Suite 111
Golden Valley, Minn 55426

Robert W. Hjort
TOWN & COUNTRY FINANCE, INC
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James Tuite, V. P.
ITT THORP CORPORATION
1000 Shelard Tower
600 South County Road 18
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James Q. Broberg
HULL LOAN SYSTEM
315 Foshay Tower
Minneapolis, Minn 55402

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Oak Brook, Ill 60521

Earl Simons, President
WILSON FINANCE COMPANY
2614 Nicollet Avenue
Minneapolis, Minn 55408

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LIBERTY LOAN & THRIFT CORP.
111 Seventh Avenue South
St. Cloud, Minn 56301

Phil Rodenberg, President
LOAN & ACCEPTANCE PLAN
216 North Minnesota Street
New Ulm, Minn 56073

Jerry Monson
SUBURBAN CREDIT PLAN
1701 North Snelling
Falcon Heights, Mn 55113

MAILING LIST FOR NEW RULES OF CREDIT INSURANCE
AND A COPY OF NOTICE OF HEARING:

(1) Chris Cicoro
Prudential Insurance Company
of America
745 Broad Street
Newark, New Jersey 07101

(2) Jack H. Blaine, Chief Counsel
American Council of Life Insurance
1730 Pennsylvania Avenue N.W.
Washington, D. C. 20006

(3) Mr. James Miller
Supervisor of Credit Unions and
Savings Associations
Banking Division, Minnesota Dept.
of Commerce
500 Metro Square Building
St. Paul, Minnesota 55101

(4) Michael H. Burns, Esq.
Legal Aid Society of Minneapolis,
Inc.
501 Park Avenue
Minneapolis, Minnesota 55415

(5) Jeremy Lane, Esq.
Legal Aid Society of Minneapolis
Inc.
501 Park Avenue
Minneapolis, Minnesota 55415

(6) Bruce A. Paulson , Counsel
Prudential Insurance Company
of America
North Central Home Office
Post Office Box 1143
Minneapolis, Minnesota 55440

(7) Ms. Pat Johnson
Senate Counsel, State of Minn.
480 Senate Office Building
St. Paul, Minnesota 55155

(8) Mr. Clare A. Rollwagen
Vice Chairman
Community Credit Company
3101 West 69th Street
Edina, Minnesota 55435

(9) Mr. Robert Sable
National Consumer Law Center, Inc.
11 Beacon Street
Boston, Massachusetts 02108

(10) The Minnesota Public Interest
Research Group
3036 University Avenue S.E.
Minneapolis, Minnesota 55414

Vern Yetzer, Executive Director
(11) Minnesota Association of Life Underwriters
4620 West 77th Street
Minneapolis, Minnesota 55435

(12) Minnesota Automobile Dealers Assn.
Griggs Midway Building
St. Paul, Minnesota 55104

(13) Minnesota Bankers Association
% John Jackson, Esq.
332 Baker Building
Minneapolis, Minnesota 55402

(14) Minnesota Insurance Agents Assn.
5350 West 78th Street
Minneapolis, Minnesota 55435

(15) Minnesota Insurance Information Center
Soo Line Building
Minneapolis, Minnesota 55402

(16) Roger A. Pauly, Esq.
Attorney at Law
4108 IDS Center
Minneapolis, Minnesota 55402

(17) Clay R. Moore, Esq.
1000 First National Bank Bldg.
Minneapolis, Minnesota 55402

(18) Jack Strothman, Esq.
Lindquist & Vennum
4200 IDS Center
Minneapolis, Minnesota 55402

(19) James C. Beckstrom, General Counsel
North Central Life Insurance Company
275 East Fourth Street
St. Paul, Minnesota 55101

(20) Gareth Tolman
American National Insurance Company
4525 McKinney Avenue
Dallas, Texas 75205

(21) Keith Libbey, Esq.
47th Flr., IDS Center
Minneapolis, Minnesota 55402

(22) Rodney Bucher, Esq.
Attorney at Law
307 North Michigan Avenue
Chicago, , Illinois 60501

(23) Brooks G. Trueblood, Esq.
Credit Life Insurance Company
120 So. Limestone
Springfield, Ohio 45504

Donald Mendele
Minnesota Protective Life
Insurance Company
2800 Wayzata Boulevard
Minneapolis, Minnesota 55405

(25) Minnesota Retail Federation, Inc.
Metro Square Building
St. Paul, Minnesota 55101

(26) Michael E. McGuire, Esq.
3800 IDS Center
Minneapolis, Minnesota 55402

(27) Mr. James Kearns
Central National Insurance Co.
55 Madison Avenue
Morristown, New Jersey 07960

(28) Mr. Ray Sonnen
Standard American Life Ins. Co.
3801 West 50th Street
Minneapolis, Minnesota

(29) Mr. Richard Zerdon
Standard American Life & Annuity Co.
3801 West 50th Street
Minneapolis, Minnesota 55410

(30) Miss Mary Hughes
Continental Casualty Co.
CNA Plaza, 310 So. Michigan Ave.
Chicago, Illinois 60604

(31) James Erickson, Esq.
Larkin, Hoffman, Daly & Lindgren
7900 Xerxes Avenue So.
Minneapolis, Minnesota 55431

(32) James Larkin, Esq.
Larkin, Hoffman, Daly & Lindgren
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Minneapolis, Minnesota 55431

(33) Tobey Lapakko
Minnesota AFL & CIO
175 Aurora Avenue
St. Paul, Minnesota 55103

(34) Teamsters Union
32 (DRIVE)
3001 University Ave. S.E.
Minneapolis, Minnesota 55414

(35) United Auto Workers Amalgamated
Local 125
12 West 25th Street
Minneapolis, Minnesota 55404

(36) Legal ~~Aid~~ Assistance of Ramsey County
370 Selby Avenue
St. Paul, Minnesota 55102

(37) Minnesota Consumer Finance Conference
2850 Metro Drive, Suite 507
Bloomington, Minnesota 55420

(38) St. Paul Trades & Labor Assembly
411 Main Street, Room 415
St. Paul, Minnesota 55102

(39) Carroll Galloway
Health Insurance Association of America
332 South Michigan Avenue
Chicago, Illinois 60604

(40) Insurance Federation of Minnesota
Soo Line Building
Minneapolis, Minnesota 55402

(41) Mr. Andrew Whitman
College of Business
University of Minnesota
Minneapolis, Minnesota 55435

(42) Mr. Irv Davis, Editor
Northwest Insurance
1100-B Upper Midwest Bldg.
Minneapolis, Minn. 55401

(43) Phillips Legislative Service
459 Rice Street
St. Paul, Minnesota 55103

(44) Mr. Brian J. Oberg
House of Representatives
369 State Office Building
St. Paul, Minnesota 55155

Am. Receiprocal Ins. Ass'n., 1820 Commerce Tower, P.O. Box 13165, Kansas City 64199

Anderson, Chas. A., Am. Nat'l., Ins. Co., P.O. Box 6182, Mpls. MN 55424

Arkwright-Boston Ins. Co., 225 Wyman Place, Waltham, Mass 02154

Associated Loan Co., Samueal H. Horowitz, 30 E. Superior St., Duluth 55802

Bankers Capital Life Ins. Company, 2800 Wayzata Blvd., Mpls. 55405

Barden, James J., Mortgate Ass., Inc., 125 E. Wells St., Milwaukee, Wis., 53201

Billig, James F., NIARS, 8100 Penn Ave. S., Minneapolis 55431

Capretz Ins. Agency, 219-A North Main St., Austin 55912

Carleton Financial Computations, Inc., 1801 Commerce Dr., P.O. 576, S. Bend. Ind. 46628

Clem, Hon..George I., Pine City 55063

Cole, Harold C., State Bank of New London, New London 56273

Dickinson, A. James, 1200 NW Nat'l Bk. Bldg., 55 E. 5th St., St.Paul 55101

Doyle, P.J., MS, 2324 IDS Center, Mpls 55402

Engberg Agency, 1931 Payne Ave., St. Paul 55117

Equity Securities Corporation, 7841 Wayzata Blvd., Suite 201, Mpls. 55426

Farmers New World Life Ins. Co., 9611 Sunset Hwy., Mercer Island, Washington 98040

Fireman's Fund Insurance Co., c/o Robt E. Flanders, Res. VP, P.O. Box 9430, Mpls 55440

First M'haha National Bank, 2716 E. Lake St., Mpls. 55406

Hauenstein, Fred J., CLU, 901 Pioneer Bldg., St. Paul 55101

Hibbing Ins. Agency, 1st National Bk Bldg., 3rd Ave & Howard, Hibbing 55746

Hof, George M., North Am. Life & Cas. Co., 1750 Henn. Ave., Mpls. 55403

Investors Syndicate Life Ins. & Annuity Co., Att: Gen. Counsel, Investors Bldg. Mpls. 55402

Jackman, Elden L., Mony, 604 Black Bldg., P.O. Box 2047, Fargo, N.D. 58102

J.C. Penney Ins. Company, 1301 Ave. of the Americas, New York, N.Y. 10019

Lerner, Alan B., 650 Madison Ave., New York, N.Y. 10022

Lewis, Fred C., NW Bk. of Commerce, Duluth 55802

~~Lewis-Thomsen Agency, 212 S. 6th St., Mpls. 55402~~

~~Life Insurance Assn. of America, 277 Park Ave., New York, N.Y., 10017~~

Marsh & McLennan, N.W. Bank Bldg.. Mpls 55402

McCombs & Co., Inc., Box 47, Jenkintown, PA 19046

Miller, Jerrold T., 1000 Currie Ave., Mpls. 55403

Minnesota Bankers Association, 332 Baker Bldg., Mpls. 55402

National Assn. of Independent Insurers, Leo W. Doyle, 2600 River Rd., Des Plaines Ill 60018

North Central Life Ins. Company, Legal Dept., 275 E. 4th St., St. Paul 55101

Northwest Insurance, 1011 Upper Midwest Bldg., Mpls. 55401

Northwest Petroleum Ass'n., 512 Nicollet Mall, Rm 917, Mpls 55402

Ohio State Life Insurance Co., 100 E. Broad Street, Columbus, Ohio 43215

Oppenheimer, Wolff, etal, Att: B.M. de Vuyst, 29 Square De Meeus, 1040 Brussels, Belg

Peterson, Clarence, L., Union Central Life, P.O. Box 179, Cincinnati, Ohio 45201

Petschl, Walt, 4510 W. 77th St., Suite 201, Mpls. 55435

The Prudential Ins. Co. of America, Att: Law Dept., Box 1143, Mpls. 55440

Pugh, Gerald H., Combined Ins. Co. of Am., 5050 Broadway, Chicago, Ill. 60640

Reinsurance Ass. of America, 1025 Connecticut Ave. NW, Washington, D.C. 20036

Robbins, Ford M., Oberg & Robbins, 250 N. Central Ave., Wayzata 55391

Roney, E.L. Stillwater Gazette, Stillwater 55082

Security Ins. Group. Underwiriting Serv. Div. P.O. Box 420, Hartford, Conn. 06101

Seymour Schulman & Associates, Inc., 269 NE 166th St., Miami, Fla. 33162

State Capital Credit Union, 95 Sherburne St., St. Paul 55103

Suburban Credit Plan Inc., 1551 W. Larpentuer Ave., St. Paul 55113

Swartz, Neil H., c/o St. Louis Park Medical Center, 5000 W. 39th St., Mpls 55416

Timmins, Martin V., Wisc. Life Ins., 709 N. Segoe Rd., Madison, Wis. 53705

Webb, John W., Counsel, Penn Life Ins., 3130 Wilshire Blvd., PO Box 1710, Santa Monica, Cal. 90406

Weissbrodt, David, Dean, University of MN Law School, Mpls. MN 55455

Welch, Vernon S., Savings & Loan League of MN, 625 2nd Ave. S., Suite 303, Mpls. 55402

Wilson, David, Health Care Adm., Inc., 1645 Cargill Bldg., N.Star Center, Mpls. 55402

Wirt, Wilson & Company, Att: R.A. Thompson, P.O. Box 1360, Shelard Plaza, St. Louis Park 55440

Wood-Nelson Co., 400 Bldrs. Exch., Mpls. 55402

Yetzer, Vernon, J., 4620 W. 77th St., Suite 161, Mpls. 55435

2 mailings

Additional Names for General Mailing List

Meyerle, Kathleen, 345 Ramsey St., St. Paul, 55102
Ingvalson, Vern, MN Farm Bureau, 1976 Wooddale, Box 43370, St. Paul 55164

INTEROFFICE MAILINGS - SEPARATE FROM GENERAL LABELS

Andrew, Mark State Senate 235 State Capitol

Anti-Trust Div. Attorney General 160 State Office Bldg.

Brubacher, Richard Comm Adm 208 Adm. Bldg.

Christiansen, Fredrik Rm 505 Capitol Square Bldg.

Coleman, Nicholas 208 State Capitol

Consumer Services Dept. Comm 5th Floor Metro Square Bldg.

Develop Disabilities Programs State Plan 101 Capitol Square Bldg.

Dispatch Pioneer Press Press Rm State Capitol

Ethics Comm Rm 410 State Office Bldg.

Giel, David Rm B-28 State Capitol

House Appropriations Comm Rm 109 State Capitol

Human Rights 200 Capitol Square Bldg.

Human Services 414 Lafayette Rd 5th Floor

Knapp, J A Rm 3 Capitol

Leg. Ref. Lib-Z. Dewitt Rm 111 State Capitol

Levey, Jess Met State Univ. Metro Square Bldg. Rm 121

Met. Waste Control Comm 350 Metro Square Bldg.

Metropolitan Council Library 300 Metro Square

Minn Comm for Handicapped Metro Square

Mpls Star Press Room State Capitol

Office of the Governor 130 State Capitol

Schmidt, H W Teachers Retirement 302 Capitol Square Bldg.

Schutz, Linda Rm 328 Capitol Bldg.

Senate Coun. Office Rm 24 State Capitol

Senate Finance Comm. 113 State Capitol

Senate Gov. Op. Comm. Rm 303 State Capitol

Vandervoort, T J Met. Waste 350 Metro Square Bldg.

Whitlock, Marshall, Rm 3, State Capitol

Ins. Div. EXHIBIT NO. 6

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to 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, (1976) in the hearing room of the Department of Commerce, Fifth Floor, Metro Square Building, 7th and Robert Streets, Saint Paul, Minnesota 55101, commencing at 9 a.m. on September 13, 1977, and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have the opportunity to participate concerning the adoption of the proposed rules captioned above. Statements may be made orally and written material may be submitted. In addition, whether or not an appearance is made at the hearing, witness statements or material may be submitted by mail to George A. Beck, Hearing Examiner, Room 300, 1745 University Avenue, Saint Paul, Minnesota 55104, Telephone: (612) 296-6910, either before the hearing or within 5 days after the close of the hearing.

Please note that all persons have the right to be notified of the date on which the Hearing Examiner's report will be available after which date the agency may not take any final action on the rules for a period of 5 working days. All persons have the right to be informed that the hearing record has been submitted to the Attorney General by the Insurance Division. If you desire to be so notified,

you may do so by so indicating at the hearing or by written request sent to the Hearing Examiner prior to the close of the record.

All such statements will be entered into and become a part of the record. Testimony and other evidence to be submitted for consideration should be pertinent to the matter at hand. For those wishing to submit written statements or exhibits, it is requested that at least 3 copies be furnished. In addition, it is suggested to save time and to avoid duplication, those persons, organizations, or associations having a common viewpoint or interest in these proceedings join together where possible and present a single statement in behalf of such interests.

If adopted, these rule changes would affect the maximum rates charged for credit life and credit accident and health insurance sold in the State of Minnesota after the effective date of the rules. Credit insurance is insurance which a person may purchase in connection with a loan or other credit transactions to pay the existing outstanding balance on a loan or other credit transaction, if one dies or one becomes temporarily or permanently disabled. The Minnesota Insurance Commissioner has been given regulatory authority over the rates to be charged for credit life and credit accident and health insurance. This notice is to inform the public that the Commissioner is proposing to change the maximum, allowable credit insurance rates that may be charged in Minnesota. The proposed rate revisions affect credit insurance purchases in connection with loans or other credit transactions

whose duration is less than 5 years and which do not involve the purchase of real property. If the proposed rules are adopted, maximum premium rates charged on credit life insurance would decrease by 20% over the existing rates and maximum premium rates charged on credit accident and health insurance would increase by 10% over existing rates. Credit life and credit accident and health insurance rates are being adjusted to take into account factors and trends found to be relevant by the Insurance Commissioner for proper rate structure to exist. Accident and health insurance rates are proposed to be increased by 10%, because the claim costs have significantly increased. Credit life insurance rates are proposed to be decreased by 20%, because claim costs and other costs have decreased since the last rate revision.

The rates charged will better reflect the cost of insurance and also provide a useful product at a reasonable rate. Credit insurance rates directly affect the costs of many credit transactions since such insurance is purchased in connection with many consumer credit transactions. For instance, if you purchase a car or borrow money for furniture, you may purchase credit life or credit accident and health insurance. These rules directly affect the maximum amount you may be charged by an insurance company for this insurance.

Copies of the proposed rules are now available, and at least one free copy may be obtained by writing the Minnesota Insurance Division, Fifth Floor, Metro Square Building, Saint Paul, Minnesota 55101.

Additional copies will be available at the door on the date of the hearing. A Statement of Need explaining the Insurance Division's position relative to the necessity for the proposed rule changes and a statement of the evidence outlining the testimony and evidence which will be introduced by the Insurance Division in support of the proposed rules will be filed with the Hearing Examiners' office at least 25 days prior to the hearing and will be available there for public inspection. Statutory authority of the Insurance Division to promulgate and adopt these rules is contained in Minn. Stat. § 62B.12. Standards to be used by the Insurance Division for determining the rates proposed are contained in Minn. Stat. § 62B.07.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the Ethical Practices Board within 5 days after he commences lobbying. Lobbying includes attempting to influence rulemaking by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than $250 per year or 5 hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155, phone (612) 296-5615.

Dated: 7/25/77

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

Ins Div EXHIBIT NO. 7

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance.

ORDER
FOR HEARING

IT IS HEREBY ORDERED that a public hearing on the above-captioned rules be held in the Hearing Room, Commerce Department, Fifth Floor, Metro Square Building, 7th and Robert Streets, Saint Paul, Minnesota 55101, on September 13, 1977, commencing at 9:00 A.M. and continuing until all persons have had an opportunity to be heard.

IT IS FURTHER ORDERED that a Notice of Hearing be mailed to all persons or representatives of associations or other interested groups who have registered their names with the Secretary of State for that purpose.

IT IS FURTHER ORDERED that the Notice of Hearing be published in the State Register.

Dated: July 25, 1977.

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

Ins EXHIBIT NO. 8

DATE 9-13-77

NANCY J. DUEHN

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

It is proposed that Ins Rules 90, 92 and Schedules A and A-1 be amended to read:

[90 Purpose of Regulations.] Section 62B.07, Subd. 2, of the Minnesota Insurance Code authorizes the Commissioner of Insurance to disapprove any credit life or credit accident and health insurance forms "if the premium rates charged or to be charged are excessive in relation to benefits...." After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance Commissioners, it is hereby ~~ruled that as the basic test the premium rates are not excessive in relation to benefits as provided for~~ determined that in considering the elements set forth in Section 62B.07, Subd. 2, the commissioner shall give reasonable consideration as to whether ~~if~~ an anticipated loss ratio of "claims incurred" to "premiums earned" of ~~not less than~~ 50% is developed.

[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~~ $.60 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of ~~$1.16~~ $.92 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~~ $1.11 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of ~~$1.16~~ $.92 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 $1.00 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.54 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 of 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~~.

Rule 92 shall become effective on the first day of January, 1978, 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 January 1, 1978.

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~~	$1.00	~~$.39~~	$.43	~~$1.50~~	$1.65	~~$.90~~	$.99
4	~~1.06~~	1.17	~~.53~~	.58	~~1.68~~	1.85	~~1.10~~	1.21
5	~~1.18~~	1.30	~~.64~~	.70	~~1.82~~	2.00	~~1.25~~	1.38
6	~~1.29~~	1.42	~~.74~~	.81	~~1.93~~	2.12	~~1.37~~	1.51
7	~~1.37~~	1.51	~~.82~~	.90	~~2.03~~	2.23	~~1.47~~	1.62
8	~~1.45~~	1.60	~~.90~~	.99	~~2.11~~	2.32	~~1.56~~	1.72
9	~~1.52~~	1.67	~~.97~~	1.07	~~2.19~~	2.41	~~1.64~~	1.80
10	~~1.58~~	1.74	~~1.03~~	1.13	~~2.25~~	2.48	~~1.71~~	1.88
11	~~1.64~~	1.80	~~1.08~~	1.19	~~2.31~~	2.54	~~1.77~~	1.95
12	~~1.69~~	1.86	~~1.13~~	1.24	~~2.37~~	2.61	~~1.83~~	2.01
13	~~1.74~~	1.91	~~1.18~~	1.30	~~2.42~~	2.66	~~1.88~~	2.07
14	~~1.79~~	1.97	~~1.23~~	1.35	~~2.47~~	2.72	~~1.93~~	2.12
15	~~1.83~~	2.01	~~1.27~~	1.40	~~2.51~~	2.76	~~1.97~~	2.17
16	~~1.87~~	2.06	~~1.31~~	1.44	~~2.55~~	2.80	~~2.02~~	2.22
17	~~1.91~~	2.10	~~1.35~~	1.48	~~2.59~~	2.85	~~2.06~~	2.27
18	~~1.95~~	2.14	~~1.38~~	1.52	~~2.63~~	2.89	~~2.10~~	2.31
19	~~1.98~~	2.18	~~1.42~~	1.56	~~2.67~~	2.94	~~2.13~~	2.34
20	~~2.02~~	2.22	~~1.45~~	1.60	~~2.71~~	2.98	~~2.17~~	2.39
21	~~2.05~~	2.26	~~1.49~~	1.64	~~2.74~~	3.01	~~2.21~~	2.43
22	~~2.09~~	2.30	~~1.52~~	1.67	~~2.77~~	3.05	~~2.24~~	2.46
23	~~2.12~~	2.33	~~1.55~~	1.70	~~2.81~~	3.09	~~2.27~~	2.50
24	~~2.15~~	2.36	~~1.58~~	1.74	~~2.84~~	3.12	~~2.31~~	2.54
25	~~2.18~~	2.40	~~1.62~~	1.78	~~2.87~~	3.16	~~2.34~~	2.57
26	~~2.21~~	2.43	~~1.65~~	1.82	~~2.90~~	3.19	~~2.37~~	2.61
27	~~2.24~~	2.46	~~1.68~~	1.85	~~2.93~~	3.22	~~2.40~~	2.64
28	~~2.27~~	2.50	~~1.71~~	1.88	~~2.96~~	3.26	~~2.43~~	2.67
29	~~2.30~~	2.53	~~1.74~~	1.91	~~3.00~~	3.30	~~2.47~~	2.72
30	~~2.33~~	2.56	~~1.77~~	1.95	~~3.03~~	3.33	~~2.50~~	2.75
31	~~2.36~~	2.60	~~1.80~~	1.98	~~3.06~~	3.37	~~2.53~~	2.78
32	~~2.39~~	2.63	~~1.82~~	2.00	~~3.08~~	3.39	~~2.55~~	2.80
33	~~2.42~~	2.66	~~1.85~~	2.04	~~3.11~~	3.42	~~2.58~~	2.84
34	~~2.45~~	2.70	~~1.88~~	2.07	~~3.14~~	3.45	~~2.61~~	2.87
35	~~2.48~~	2.73	~~1.91~~	2.10	~~3.17~~	3.49	~~2.64~~	2.90
36	~~2.50~~	2.75	~~1.94~~	2.13	~~3.20~~	3.52	~~2.67~~	2.94
37	~~2.53~~	2.78	~~1.97~~	2.17	~~3.23~~	3.55	~~2.70~~	2.97
38	~~2.56~~	2.82	~~1.99~~	2.19	~~3.25~~	3.58	~~2.73~~	3.00
39	~~2.59~~	2.85	~~2.02~~	2.22	~~3.28~~	3.61	~~2.76~~	3.04
40	~~2.62~~	2.88	~~2.05~~	2.26	~~3.31~~	3.64	~~2.78~~	3.06

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	
41	~~$2.64~~	$2.90	~~$2.08~~	$2.29	~~$3.34~~	$3.67	~~$2.81~~	$3.09
42	~~2.67~~	2.94	~~2.10~~	2.31	~~3.37~~	3.71	~~2.84~~	3.12
43	~~2.70~~	2.97	~~2.13~~	2.34	~~3.39~~	3.73	~~2.86~~	3.15
44	~~2.73~~	3.00	~~2.16~~	2.38	~~3.42~~	3.76	~~2.89~~	3.18
45	~~2.75~~	3.02	~~2.18~~	2.40	~~3.45~~	3.80	~~2.92~~	3.21
46	~~2.78~~	3.06	~~2.21~~	2.43	~~3.48~~	3.83	~~2.95~~	3.24
47	~~2.81~~	3.09	~~2.24~~	2.46	~~3.50~~	3.85	~~2.97~~	3.27
48	~~2.83~~	3.11	~~2.26~~	2.49	~~3.53~~	3.88	~~3.00~~	3.30
49	~~2.86~~	3.15	~~2.29~~	2.52	~~3.56~~	3.92	~~3.03~~	3.33
50	~~2.89~~	3.18	~~2.32~~	2.55	~~3.59~~	3.95	~~3.06~~	3.37
51	~~2.92~~	3.21	~~2.34~~	2.57	~~3.61~~	3.97	~~3.09~~	3.40
52	~~2.94~~	3.23	~~2.37~~	2.61	~~3.64~~	4.00	~~3.11~~	3.42
53	~~2.97~~	3.27	~~2.39~~	2.63	~~3.66~~	4.03	~~3.14~~	3.45
54	~~2.99~~	3.29	~~2.42~~	2.66	~~3.69~~	4.06	~~3.16~~	3.48
55	~~3.02~~	3.32	~~2.45~~	2.70	~~3.72~~	4.09	~~3.19~~	3.51
56	~~3.05~~	3.36	~~2.47~~	2.72	~~3.74~~	4.11	~~3.22~~	3.54
57	~~3.07~~	3.38	~~2.50~~	2.75	~~3.77~~	4.15	~~3.24~~	3.56
58	~~3.10~~	3.41	~~2.53~~	2.78	~~3.80~~	4.18	~~3.27~~	3.60
59	~~3.12~~	3.43	~~2.55~~	2.80	~~3.82~~	4.20	~~3.29~~	3.62
60	~~3.15~~	3.46	~~2.58~~	2.84	~~3.85~~	4.24	~~3.32~~	3.65

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~~	$1.36	~~$.69~~	$.76	~~$1.87~~	$2.06	~~$1.31~~	$1.44
9-14	~~1.66~~	1.83	~~1.10~~	1.21	~~2.34~~	2.57	~~1.80~~	1.98
15-20	~~1.93~~	2.12	~~1.37~~	1.51	~~2.61~~	2.87	~~2.08~~	2.29
21-26	~~2.14~~	2.35	~~1.56~~	1.72	~~2.82~~	3.10	~~2.29~~	2.52
27-32	~~2.32~~	2.54	~~1.75~~	1.92	~~3.02~~	3.32	~~2.49~~	2.74
33-38	~~2.49~~	2.74	~~1.93~~	2.12	~~3.19~~	3.51	~~2.66~~	2.93
39-44	~~2.65~~	2.92	~~2.09~~	2.30	~~3.35~~	3.68	~~2.83~~	3.11
45-50	~~2.83~~	3.11	~~2.25~~	2.48	~~3.52~~	3.87	~~2.99~~	3.29
51-56	~~2.98~~	3.28	~~2.40~~	2.64	~~3.66~~	4.03	~~3.15~~	3.46
57-60	~~3.11~~	3.42	~~2.54~~	2.79	~~3.81~~	4.19	~~3.28~~	3.61

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DATE 9-13-77
NANCY J. DUEHN

b. Where the arbitrators have decided upon a matter not submitted to them, or not affecting the merits of the decision upon any matter submitted;

c. Where the award is imperfect in a matter of form which does not affect the merits, and where, if it had been a verdict, such defeat could have been amended or disregarded by the court.

However, the provisions of Article B., Subsection 1. and 2. do not preclude a local committee's Chairman correcting a clerical, typographical or jurisdictional error on the part of a local committee's staff, provided it is called to the local committee's attention in writing by one of the arbitrating reparation obligors within 30 days after publication of the decision; or if recognized by the local committee without notice from the arbitrating reparation obligors within 30 days after publication of the decision; provided further, that the correction be made in either event within 60 days after publication of the decision.

C. The law of the locality in which the accident, insured event, or loss occurred will control the decision on questions of liability. A finding as to the amount of damages in issue shall be based upon the facts presented to the arbitrators.

D. The amount paid shall not be at issue unless pleaded specifically.

E. Decisions of the arbitrators shall be promptly rendered after consideration of the case, and the evidence submitted by the controverting parties shall be returned promptly.

F. The arbitrators shall prepare a written decision in each case, copies of which shall be distributed by the Secretary as follows: One copy will be retained by the arbitration panel secretary; one copy shall be furnished to each party involved in the arbitration, and the original shall be furnished to the Committee on Insurance Arbitration.

G. The decisions of the Arbitration Panel shall include the following minimum information:

1. Date and place of hearing.

2. Names of panel members.

3. Names of applicant and respondent carriers and names of their respective insureds.

4. Names of respective controverting party representatives, if any, attending the hearing.

5. Brief description of the claim or controversy and amount involved therein.

6. Names of controverting insurance carrier in whose favor an award is rendered and the amount thereof.

7. Brief statement of the basis for the finding, such as lack of proof, contributory negligence, or other controlling principles of law.

8. Signature of the arbitrator who prepared the decision.

H. Decisions of an arbitration panel shall be complied with as soon as practicable. Any unwarranted delay on the part of the parties concerned should be reported to the Committee on Insurance Arbitration by the prevailing party.

Department of Commerce Insurance Division

Credit Life, 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. (1976) in the hearing room of the Department of Commerce, Fifth Floor, Metro Square Building, 7th and Robert Streets, Saint Paul, Minnesota 55101, commencing at 9 a.m. on September 13, 1977, and continuing until all persons have had an opportunity to be heard.

All interested or affected persons will have the opportunity to participate concerning the adoption of the proposed rules captioned above. Statements may be made orally and written material may be submitted. In addition, whether or not an appearance is made at the hearing, witness statements or material may be submitted by mail to George A. Beck, Hearing Examiner, Room 300, 1745 University Avenue, Saint Paul, Minnesota 55104, Telephone: (612) 296-6910, either before the hearing or within 5 days after the close of the hearing.

Please note that all persons have the right to be notified of the date on which the Hearing Examiner's report will be available after which date the agency may not take any final action on the rules for a period of 5 working days. All persons have the right to be informed that the hearing record

[illegible] submitted to the Attorney General by the Insurance [illegible]. If you desire to be so notified, you may do so by [illegible] at the hearing or by written request sent to the [illegible] Examiner prior to the close of the record.

[illegible] such statements will be entered into and become a part of the record. Testimony and other evidence to be submitted for consideration should be pertinent to the matter at hand. For those wishing to submit written statements or exhibits, it is requested that at least 3 copies be furnished. In addition, it is suggested to save time and to avoid duplication that those persons, organizations, or associations having a common viewpoint or interest in these proceedings join together where possible and present a single statement in behalf of such interests.

If adopted, the rule changes would affect the maximum rates charged for credit life and credit accident and health insurance sold in the State of Minnesota after the effective date of the rules. Credit insurance is insurance which a person may purchase in connection with a loan or other credit transactions to pay the existing outstanding balance on a loan or other credit transaction, if one dies or one becomes temporarily or permanently disabled. The Minnesota Insurance Commissioner has been given regulatory authority over the rates to be charged for credit life and credit accident and health insurance. This notice is to inform the public that the Commissioner is proposing to change the maximum, allowable credit insurance rates that may be charged in Minnesota. The proposed rate revisions affect credit insurance purchases in connection with loans or other credit transactions whose duration is less than 5 years and which do not involve the purchase of real property. If the proposed rules are adopted, maximum premium rates charged on credit life insurance would decrease by 20% over the existing rates and maximum premium rates charged on credit accident and health insurance would increase by 10% over existing rates. Credit life and credit accident and health insurance rates are being adjusted to take into account factors and trends found to be relevant by the Insurance Commissioner for proper rate structure to exist. Accident and health insurance rates are proposed to be increased by 10%, because the claim costs have significantly increased. Credit life insurance rates are proposed to be decreased by 20%, because claim costs and other costs have decreased since the last rate revision.

The rates charged will better reflect the cost of insurance and also provide a useful product at a reasonable rate. Credit insurance rates directly affect the costs of many credit transactions since such insurance is purchased in connection with many consumer credit transactions. For instance, if you purchase a car or borrow money for furniture, you may purchase credit life or credit accident and health insurance. These rules directly affect the maximum amount you may be charged by an insurance company for this insurance.

Copies of the proposed rules are now available, and at least one free copy may be obtained by writing the Minnesota Insurance Division, Fifth Floor, Metro Square Building, Saint Paul, Minnesota 55101. Additional copies will be available at the door on the date of the hearing. A Statement of Need explaining the Insurance Division's position relative to the necessity for the proposed rule changes and a statement of the evidence outlining the testimony and evidence which will be introduced by the Insurance Division in support of the proposed rules will be filed with the Hearing Examiners' office at least 25 days prior to the hearing and will be available there for public inspection. Statutory authority of the Insurance Division to promulgate and adopt these rules is contained in Minn. Stat. § 62B.12. Standards to be used by the Insurance Division for determining the rates proposed are contained in Minn. Stat. § 62B.07.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the Ethical Practices Board within 5 days after he commences lobbying. Lobbying includes attempting to influence rulemaking by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than $250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than $250 per year or 5 hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155, phone (612) 296-5615.

Berton W. Heaton
Commissioner of Insurance and
Chairman, Commerce Commission

Rules as Proposed

Ins 90 Purpose of regulations. Section 62B.07, subd. 2, of the Minnesota Insurance Code authorizes the Commissioner of Insurance to disapprove any credit life or credit accident and health insurance forms "if the premium rates charged or to be charged are excessive in relation to benefits. . . ." After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance

KEY: Existing rules are printed in standard type face. Proposed additions to existing rules are printed in **boldface**, while proposed deletions from existing rules are printed within [single brackets]. Additions to proposed rules are **underlined and boldfaced**, while deletions from proposed rules are printed within [[double brackets]].

Commissioners, it is hereby [ruled that as the basic test the premium rates are not excessive in relation to benefits as provided for] **determined that in considering the elements set forth** in § 62B.07, subd. 2, **the commissioner shall give reasonable consideration as to whether** [if] an anticipated loss ratio of "claims incurred" to "premiums earned" of [not less than] 50% is developed.

Ins 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 [$.75] **$.60** per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of [$1.16] **$.92** 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

a. debtors 65 or over at the time the indebtedness is incurred, or

b. 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] **$1.11** per annum per $100.00 of initial insurance. A premium payable monthly at the rate of [$1.16] $.92 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

a. debtors 65 or over at the time the indebtedness is incurred, or

b. 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 $1.00 per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.54 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 exclusion, 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

a. debtors 65 or over at the time the indebtedness is incurred or

b. 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 of 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.

Rule 92 shall become effective on the first day of January, 1978, 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 January 1, 1978.

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]	$1.00	[$ .39]	$ .43	[$1.50]	$1.65	[$ .90]	$ .99
4	[1.06]	1.17	[.53]	.58	[1.68]	1.85	[1.10]	1.21
5	[1.18]	1.30	[.64]	.70	[1.82]	2.00	[1.25]	1.38
6	[1.29]	1.42	[.74]	.81	[1.93]	2.12	[1.37]	1.51
7	[1.37]	1.51	[.82]	.90	[2.03]	2.23	[1.47]	1.62
8	[1.45]	1.60	[.90]	.99	[2.11]	2.32	[1.56]	1.72
9	[1.52]	1.67	[.97]	1.07	[2.19]	2.41	[1.64]	1.80
10	[1.58]	1.74	[1.03]	1.13	[2.25]	2.48	[1.71]	1.88
11	[1.64]	1.80	[1.08]	1.19	[2.31]	2.54	[1.77]	1.95
12	[1.69]	1.86	[1.13]	1.24	[2.37]	2.61	[1.83]	2.01
13	[1.74]	1.91	[1.18]	1.30	[2.42]	2.66	[1.88]	2.07
14	[1.79]	1.97	[1.23]	1.35	[2.47]	2.72	[1.93]	2.12
15	[1.83]	2.01	[1.27]	1.40	[2.51]	2.76	[1.97]	2.17
16	[1.87]	2.06	[1.31]	1.44	[2.55]	2.80	[2.02]	2.22
17	[1.91]	2.10	[1.35]	1.48	[2.59]	2.85	[2.06]	2.27
18	[1.95]	2.14	[1.38]	1.52	[2.63]	2.89	[2.10]	2.31
19	[1.98]	2.18	[1.42]	1.56	[2.67]	2.94	[2.13]	2.34

KEY: Existing rules are printed in standard typeface. Proposed additions to existing rules are printed in boldface, while proposed deletions from existing rules are printed within [single brackets]. Additions to proposed rules are underlined and boldfaced, while deletions from proposed rules are printed within [[double brackets]].

20	[2.02]	2.22	[1.45]	1.60	[2.71]	2.98	[2.17]	2.39
21	[2.05]	2.26	[1.49]	1.64	[2.74]	3.01	[2.21]	2.43
22	[2.09]	2.30	[1.52]	1.67	[2.77]	3.05	[2.24]	2.46
23	[2.12]	2.33	[1.55]	1.70	[2.81]	3.09	[2.27]	2.50
24	[2.15]	2.36	[1.58]	1.74	[2.84]	3.12	[2.31]	2.54
25	[2.18]	2.40	[1.62]	1.78	[2.87]	3.16	[2.34]	2.57
26	[2.21]	2.43	[1.65]	1.82	[2.90]	3.19	[2.37]	2.61
27	[2.24]	2.46	[1.68]	1.85	[2.93]	3.22	[2.40]	2.64
28	[2.27]	2.50	[1.71]	1.88	[2.96]	3.26	[2.43]	2.67
29	[2.30]	2.53	[1.74]	1.91	[3.00]	3.30	[2.47]	2.72
30	[2.33]	2.56	[1.77]	1.95	[3.03]	3.33	[2.50]	2.75
31	[2.36]	2.60	[1.80]	1.98	[3.06]	3.37	[2.53]	2.78
32	[2.39]	2.63	[1.82]	2.00	[3.08]	3.39	[2.55]	2.80
33	[2.42]	2.66	[1.85]	2.04	[3.11]	3.42	[2.58]	2.84
34	[2.45]	2.70	[1.88]	2.07	[3.14]	3.45	[2.61]	2.87
35	[2.48]	2.73	[1.91]	2.10	[3.17]	3.49	[2.64]	2.90
36	[2.50]	2.75	[1.94]	2.13	[3.20]	3.52	[2.67]	2.94
37	[2.53]	2.78	[1.97]	2.17	[3.23]	3.55	[2.70]	2.97
38	[2.56]	2.82	[1.99]	2.19	[3.25]	3.58	[2.73]	3.00
39	[2.59]	2.85	[2.02]	2.22	[3.28]	3.61	[2.76]	3.04
40	[2.62]	2.88	[2.05]	2.26	[3.31]	3.64	[2.78]	3.06
41	[2.64]	2.90	[2.08]	2.29	[3.34]	3.67	[2.81]	3.09
42	[2.67]	2.94	[2.10]	2.31	[3.37]	3.71	[2.84]	3.12
43	[2.70]	2.97	[2.13]	2.34	[3.39]	3.73	[2.86]	3.15
44	[2.73]	3.00	[2.16]	2.38	[3.42]	3.76	[2.89]	3.18
45	[2.75]	3.02	[2.18]	2.40	[3.45]	3.80	[2.92]	3.21
46	[2.78]	3.06	[2.21]	2.43	[3.48]	3.83	[2.95]	3.24
47	[2.81]	3.09	[2.24]	2.46	[3.50]	3.85	[2.97]	3.27
48	[2.83]	3.11	[2.26]	2.49	[3.53]	3.88	[3.00]	3.30
49	[2.86]	3.15	[2.29]	2.52	[3.56]	3.92	[3.03]	3.33
50	[2.89]	3.18	[2.32]	2.55	[3.59]	3.95	[3.06]	3.37
51	[2.92]	3.21	[2.34]	2.57	[3.61]	3.97	[3.09]	3.40
52	[2.94]	3.23	[2.37]	2.61	[3.64]	4.00	[3.11]	3.42
53	[2.97]	3.27	[2.39]	2.63	[3.66]	4.03	[3.14]	3.45
54	[2.99]	3.29	[2.42]	2.66	[3.69]	4.06	[3.16]	3.48
55	[3.02]	3.32	[2.45]	2.70	[3.72]	4.09	[3.19]	3.51
56	[3.05]	3.36	[2.47]	2.72	[3.74]	4.11	[3.22]	3.54
57	[3.07]	3.38	[2.50]	2.75	[3.77]	4.15	[3.24]	3.56
58	[3.10]	3.41	[2.53]	2.78	[3.80]	4.18	[3.27]	3.60
59	[3.12]	3.43	[2.55]	2.80	[3.82]	4.20	[3.29]	3.62
60	[3.15]	3.46	[2.58]	2.84	[3.85]	4.24	[3.32]	3.65

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]	$1.36	[$.69]	$ .76	[$1.87]	$2.06	[$1.31]	$1.44
9-14	[1.66]	1.83	[1.10]	1.21	[2.34]	2.57	[1.80]	1.98
15-20	[1.93]	2.12	[1.37]	1.51	[2.61]	2.87	[2.08]	2.29
21-26	[2.14]	2.35	[1.56]	1.72	[2.82]	3.10	[2.29]	2.52
27-32	[2.32]	2.54	[1.75]	1.92	[3.02]	3.32	[2.49]	2.74
33-38	[2.49]	2.74	[1.93]	2.12	[3.19]	3.51	[2.66]	2.93
39-44	[2.65]	2.92	[2.09]	2.30	[3.35]	3.68	[2.83]	3.11
45-50	[2.83]	3.11	[2.25]	2.48	[3.52]	3.87	[2.99]	3.29
51-56	[2.98]	3.28	[2.40]	2.64	[3.66]	4.03	[3.15]	3.46
57-60	[3.11]	3.42	[2.54]	2.79	[3.81]	4.19	[3.28]	3.61

EXHIBIT NO. 10

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Propo ed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance

SUMMARY OF EVIDENCE

Pursuant to HE 103(h) the material set forth below is a summary of the evidence to be presented for the Insurance Division's proposed rules and amendments to existing rules governing credit life and credit accident and health insurance.

In support of the above-mentioned rules, the Insurance Division will rely on Minn. Stat. § 62B.12 (1976) for the authority to issue rules and regulations and § 62B.07 as the authority for the rate standards proposed by the Insurance Division. The Insurance Division will also introduce evidence consisting of various reports drawn up by the Insurance Division dealing with the loss ratios for accident and health insurance, life insurance, and the mortality for life insurance and the morbidity for accident and health insurance which will show trends developing in Minnesota in regard to the percentage of the dollar paid out as benefits for insureds. Evidence will also be offered as to nationwide trends as to loss ratio, mortality, and morbidity. In addition, the Insurance Division will offer certain monographs dealing with the history of credit life and credit accident and health insurance regulations from the National Association of Insurance Commissioners and other yet undetermined sources.

Expert witnesses testifying on behalf of the rules will include Assistant Commissioner J. P. Koleski and John Ingrassia. Their testimony will involve a discussion of recent trends evident in the credit insurance industry, a discussion of credit insurance regulation

in Minnesota and nationally, and the basis used by Minnesota in determining credit insurance rates. They will also testify that revision in the present rules was necessary because the present rates were based upon much outdated information, specifically predating 1968.

Dated: August 4, 1977.

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

Spec Div. EXHIBIT NO. 11

DATE 9-13-77

NANCY J. DUEHN

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance

STATEMENT OF NEED

The above-captioned rules are amendments to existing rules of the Insurance Division of the Department of Commerce. The last time these rules were amended was in March, 1975. The need to adopt these rules arises as follows:

I.

Authority of the Insurance Division of the Department of Commerce to Promulgate and Adopt Rules

Minn. Stat. § 62B.12 (1976) empowers the Insurance Commissioner to issue after notice and hearing rules and regulations he deems appropriate for the supervision of Minn. Stat. § 62B.01 through 62B.14.

II.

Amendments to Minn. Stat. ch. 62B

On August 1, 1977, the provisions of Minn. Stat. ch. 62B passed by the Legislature in Minn. Laws 1976, ch. 382 modified the existing credit life and credit accident and health insurance statutes. These amendments prohibited the sale of level term insurance for a credit transaction which declined in substantial equal installments and prohibited the sale of more than one insurance policy for each credit transaction.

The Commissioner is proposing new rules to take into account new data which has been developed since the previous rulemaking hearing. The rules that are presently in force in the State of Minnesota are rules which were originally promulgated in 1968. The Insurance Division attempted to amend those rules in 1975, but the effect of these rules

was delayed in litigation in Ramsey County District Court (Old Republic Ins. Co. v. Berton W. Heaton, Ct.#398257), and by a recent Order of that Court these rules were declared void and "nun pro tunc" by Judge Stephen Maxwell by Order dated the 13th day of July, 1977. As a result of Judge Maxwell's Order, the Division has determined that it is now appropriate to reexamine the question of rates in Minnesota since the presently existing rates have been in effect since December 31, 1968. Significant data has come to the attention of the Insurance Division which indicates that for accident and health insurance, the present rate levels are inadequate and must be adjusted upward by approximately 10% to take into account the increased morbidity or frequency of disability present in the State of Minnesota based upon data gathered on Minnesota policies. This data will be introduced at the hearing demonstrating the need for an upward rate adjustment In addition, the Insurance Division has evaluated the credit life insurance statistics available based on annual statements and other information provided to the Division by the insurance industry. Several factors have come to his attention from this data which indicates a downward rate adjustment is necessary in the public interest. Proposed rule changes will bring fairer rates to both insurers and insureds in Minnesota, because there have been significant changes in life expectancy and frequency of accidents in Minnesota in the last 10 years.

Dated: Aug. 4, 1977

Berton W. Heaton

BERTON W. HEATON
Commissioner of Insurance and
Chairman, Commerce Commission

CHAPTER 62B

CREDIT LIFE AND ACCIDENT AND HEALTH INSURANCE

Sec.
62B.01 Scope.
62B.02 Definitions.
62B.03 Forms of credit life insurance and credit accident and health insurance.
62B.04 Amount of credit life insurance and credit accident and health insurance.
62B.05 Term of credit life insurance and credit accident and health insurance.
62B.06 Provisions of policies and certificates of insurance; disclosure to debtors.
62B.07 Filing, approval and withdrawal of forms.
62B.08 Premiums and refunds.
62B.09 Issuance of policies.
62B.10 Claims.
62B.11 Existing insurance; choice of insurer.
62B.12 Enforcement.
62B.13 Judicial review.
62B.14 Penalties.

62B.01 SCOPE. All life insurance and accident and health insurance in connection with loan or other credit transactions shall be subject to the provisions of sections 62B.01 to 62B.14, except insurance in connection with a loan or other credit transaction of more than five years duration. Insurance shall not be subject to the provisions of sections 62B.01 to 62B.14 where its issuance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor. Credit life and accident and health insurance provided at no additional cost to the borrower shall not be subject to the provisions of sections 62B.01 to 62B.14.

[*Ex1967 c 2 s 1*]

62B.02 DEFINITIONS. Subdivision 1. For the purpose of sections 62B.01 to 62B.14 the following terms have the meanings given to them in this section.

Subd. 2. "Credit life insurance" means insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction.

Subd. 3. "Credit accident and health insurance" means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy.

Subd. 4. "Creditor" means the lender of money or vendor or lessor of goods, services, or property, rights or privileges, for which payment is arranged through a credit transaction, or successor to the right, title or interest of a lender, vendor, or lessor, and an affiliate, associate or subsidiary of them, director, officer or employee of them or any other person in any way associated with them.

Subd. 5. "Debtor" means a borrower of money or a purchaser or lessee of goods, services, property, rights or privileges for which payment is arranged through a credit transaction.

Subd. 6. "Indebtedness" means the total amount payable by a debtor to a creditor in connection with a loan or other credit transaction.

Subd. 7. "Commissioner" means the commissioner of insurance.

[*Ex1967 c 2 s 2*]

62B.03 FORMS OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE. Credit life insurance and credit accident and health insurance shall be issued only in the following forms:

(1) Individual policies of life insurance issued to debtors on the term plan;

(2) Individual policies of accident and health insurance issued to debtors on a term plan or disability benefit provisions in individual policies of credit life insurance;

(3) Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

(4) Group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies to provide such coverage.

[*Ex1967 c 2 s 3*]

62B.04 AMOUNT OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE. Subdivision 1. **Credit life insurance.** (1) The initial

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amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness. Thereafter, if the indebtedness is repayable in substantially equal installments, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater, unless the debtor is apprised of his right to have insurance covering only the scheduled or actual amount of indebtedness, at a lesser cost than level term insurance, and the debtor nonetheless elects in writing to carry level term insurance.

(2) Notwithstanding the provisions of subdivision 1, paragraph (1) of this or any other section, insurance on educational, agricultural and horticultural credit transaction commitments may be written for the amount of the portion of such commitment that has not been advanced by the creditor.

Subd. 2. **Credit accident and health insurance.** The total amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

[*Ex1967 c 2 s 4*]

62B.05 TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE. The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor. If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness, unless the debtor requests in writing that it be continued. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in section 62B.08.

[*Ex1967 c 2 s 5*]

62B.06 PROVISIONS OF POLICIES AND CERTIFICATES OF INSURANCE; DISCLOSURE TO DEBTORS. Subdivision 1. All credit life insurance and credit accident and health insurance shall be evidenced by an individual policy, memorandum copy, or in the case of group insurance by a certificate of insurance, which shall be delivered to the debtor.

Subd. 2. Each individual policy or group certificate of credit life insurance, or credit accident and health insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurer, the name or names of the debtor or in the case of a certificate under a group policy, the identity by name or otherwise of the debtor, the rate or amount of payment, if any, by the debtor separately for credit life insurance and credit accident and health insurance, a description of the amount, term and coverage including any exceptions, limitations and restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his estate. No individual or group policy of credit accident and health insurance issued, amended, renewed, or delivered in this state on or after January 1, 1976 shall contain any provision offsetting, or in any other manner reducing any benefit under the policy by the amount of, or in proportion to, any increase in disability benefits received or receivable under the federal Social Security Act, as amended subsequent to the date of commencement of such benefit.

Subd. 3. The individual policy or group certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred except as hereinafter provided.

Subd. 4. If the individual policy or group certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred, a copy of the application for the policy or a notice of proposed insurance, signed by the debtor and setting forth the name and home office address of the insurer, the name or names of the debtor, the premium or amount of payment by the debtor, if any, separately for credit life insurance and credit accident and health insurance, the amount, term and a brief description of the coverage provided, shall be delivered to the debtor at the time the indebtedness is incurred. The copy of the application for, or notice of proposed insurance, shall also refer exclusively to insurance coverage, and shall be separate and apart from the loan, sale or other credit statement of account, instrument or agreement, unless the information required by this subdivision is prominently set forth therein. Upon acceptance of the insurance by the insurer and within 30 days of the date on which the indebtedness is incurred, the insurer shall cause the individual policy or group certificate of insurance to be delivered to the debtor. The application or notice of proposed insurance shall state that upon acceptance by the insurer, the insurance shall become effective as provided in section 62B.05. If an application for a policy or a notice of proposed insurance is not delivered at the time the indebtedness is incurred as required by this subdivision, the creditor shall assume all of the liabilities under such insurance until an insurer accepts the risk.

Subd. 5. If the insurer named in either the application or notice of proposed insurance does not accept the risk, then the debtor shall receive a policy or certificate of insurance setting forth the name and home office address of the substituted insurer and the amount of the premium to be charged, and if the amount of premium is less than that set forth in the application or notice of proposed insurance an appropriate refund shall be made.

[*Ex1967 c 2 s 6; 1975 c 323 s 2*]

62B.07 FILING, APPROVAL AND WITHDRAWAL OF FORMS. Subdivision 1. All policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto shall be filed with the commissioner.

Subd. 2. The commissioner shall within 30 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer. No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of 30 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Subd. 4. The commissioner may, at any time after a hearing held not less than 20 days after written notice to the insurer, withdraw his approval of a form on any ground set forth in subdivision 2 above. The written notice of the hearing shall state the reason for the proposed withdrawal.

Subd. 5. It is not lawful for the insurer to issue forms after the effective date of their withdrawal by the commissioner.

Subd. 6. If a group policy of credit life insurance or credit accident and health insurance

(1) has been delivered in this state before May 28, 1967, or

(2) has been or is delivered in another state before or after May 28, 1967, the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this state as specified in subdivisions 2 and 4 of section 62B.06 and the forms shall be approved by the commissioner if they conform to the requirements specified in those subdivisions and if the schedules of premium rates applicable to the insurance evidenced by the certificate or notice are not in excess of the insurer's schedules of premium rates filed with the commissioner; provided, however, the premium rate in effect on existing group policies may be continued until the first policy anniversary date following the date this act is effective as provided in section 62B.12.

Subd. 7. Any order or final determination of the commissioner under the provisions of this section shall be subject to judicial review.

[*Ex1967 c 2 s 7*]

62B.08 PREMIUMS AND REFUNDS. Subdivision 1. An insurer may revise its schedules or premium rates from time to time, and shall file such revised schedules with the commissioner. No insurer shall issue any credit life insurance policy or credit accident and health insurance policy for which the premium rate exceeds that determined by the schedules of the insurer then on file with the commissioner.

Subd. 2. Each individual policy or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto; provided, however, that the commissioner shall prescribe a minimum refund and no refund which would be less than such minimum need be made. The formula to be used in computing the refund shall be filed with and approved by the commissioner.

Subd. 3. If a creditor requires a debtor to make a payment for credit life insurance or credit accident and health insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to the debtor and shall promptly make an appropriate credit to the account.

Subd. 4. The amount charged to a debtor for credit life or credit health and accident insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined, and any premium charged or collected on a single premium basis shall be submitted to the insurer within 90 days of the month in which said premium is charged or collected.

[*Ex1967 c 2 s 8*]

62B.09 ISSUANCE OF POLICIES. Subdivision 1. Policies of credit life insurance and credit accident and health insurance shall be delivered or issued for delivery in this state only by an insurer authorized to do an insurance business in this state and shall be issued only through holders of licenses or authorizations issued by the commissioner.

Subd. 2. The premiums for individual policies of credit life or credit accident and health insurance issued to debtors or the cost to debtors under group policies of credit life or credit accident and health insurance issued to creditors, whether or not written by or through any lender or other creditor, its affiliate, associate or subsidiary or a director, officer or employee of any of them, shall not be deemed interest or charges nor consideration or any amount whatsoever for any examination, service, brokerage, commission, compensation for services, incidental expenses or other thing or otherwise, in addition to or in excess of permitted interest or charges in connection with the loan or credit transaction. Any gain, participation or advantage to any lender or other creditor, its affiliate, associates or subsidiary or to a director, officer or employee of any of them arising out of such premium or cost by way of commission, dividend or otherwise, shall not be deemed interest or charges nor consideration or any amount whatsoever for any examination, service, brokerage, commission, compensation for services, incidental expenses or other thing or otherwise, in addition to or in

excess of permitted interest or charges in connection with the loan or credit transaction.

Subd. 3. Any creditor doing business in the state of Minnesota may, in the same office or place of business where such creditor transacts business, take applications or enrollments for credit life and credit accident and health insurance upon a borrower or purchaser or one of them if there are two or more in connection with the making of a loan or sale.

[*Ex1967 c 2 s 9*]

62B.10 CLAIMS. Subdivision 1. All claims shall be promptly reported to the insurer or its designated claim representative, and the insurer shall maintain adequate claim files. Claims shall be settled as soon as possible and in accordance with the terms of the insurance contract.

Subd. 2. All claims shall be paid either by draft drawn upon the insurer or by check of the insurer to the order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of the claimant to one specified.

Subd. 3. No plan or arrangement shall be used whereby any person, firm or corporation other than the insurer or its designated claim representative shall be authorized to settle or adjust claims. The creditors shall not be designated as claim representative for the insurer in adjusting claims; provided, that a group policyholder may, by arrangement with the group insurer, draw drafts or checks in payment of claims due to the group policyholder subject to audit and review by the insurer.

[*Ex1967 c 2 s 10*]

62B.11 EXISTING INSURANCE; CHOICE OF INSURER. When credit life insurance or credit accident and health insurance is required as additional security for any indebtedness, the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or of procuring and furnishing the required coverage through any insurer authorized to transact an insurance business within this state.

[*Ex1967 c 2 s 11*]

62B.12 ENFORCEMENT. The commissioner may, after notice and hearing, issue rules and regulations he deems appropriate for the supervision of sections 62B.01 to 62B.14. Whenever the commissioner finds that there has been a violation of sections 62B.01 to 62B.14, or any rules or regulations issued pursuant thereto, after written notice thereof and hearing given to the insurer or other person authorized or licensed by the commissioner, he shall set forth the details of his findings together with an order for compliance by a specified date. The order shall be binding on the insurer and other person authorized or licensed by the commissioner on the date specified unless sooner withdrawn by the commissioner or a stay has been ordered by a court of competent jurisdiction. The provisions of sections 62B.05, 62B.06, 62B.07 and 62B.08, shall not be operative until 90 days after May 28, 1967, and the commissioner in his discretion may extend by not more than an additional 90 days the initial period within which the provisions of those sections shall not be operative.

[*Ex1967 c 2 s 12*]

62B.13 JUDICIAL REVIEW. Any party to the proceeding affected by an order of the commissioner shall be entitled to judicial review in accordance with chapter 15.

[*Ex1967 c 2 s 13*]

62B.14 PENALTIES. In addition to any other penalty provided by law, any person, firm or corporation which violates an order of the commissioner after it has become final, and while it is in effect, shall, upon proof thereof to the satisfaction of the court, forfeit and pay to the state a sum not to exceed $250 which may be recovered in a civil action, except that if the violation is found to be willful, the amount of the penalty shall be a sum not to exceed $1,000. The commissioner, in his discretion, may revoke or suspend the license or certificate of authority of the person, firm or corporation guilty of such violation. Such order for suspension or revocation shall be upon notice and hearing, and shall be subject to judicial review as provided in section 62B.13.

[*Ex1967 c 2 s 14*]

George Beck

CHAPTER NINE: INS 90-100
CREDIT LIFE AND CREDIT ACCIDENT AND HEALTH INSURANCE

Ins 90 Purpose of Regulations. Section 62B.07, Subd. 2, of the Minnesota Insurance Code authorizes the Commissioner to disapprove any credit life or credit accident and health insurance forms "if the premium rates charged or to be charged are excessive in relation to benefits . . ." After extensive research and review of such insurance transactions in the State of Minnesota, including all expenses, factors and trends relevant thereto, and after careful analysis of a study made by the National Association of Insurance Commissioners, it is hereby ruled that as the basic test the premium rates are not excessive in relation to benefits as provided for in Section 62B.07, Subd. 2, if an anticipated loss ratio of "claims incurred" to "premiums earned" of not less than 50% is developed.

Ins 91 Definitions for reporting and statiscal data:

(a) "Claims Incurred" means claims actually paid during the year appropriately adjusted for the yearly change in claim reserves, including reserves for reported claims in process of settlement and claims incurred but not reported.

(b) "Claims" means benefits payable on death or disability, excluding loss adjustment expense, claims settlement costs, or other additions of any kind.

(c) "Premiums Earned" means the total gross premiums received by the insurance company reduced by the premiums refunded or credited on account of termination of coverage before expiry of the term, and appropriately adjusted for changes in policy reserves during the accounting period.

Ins 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¢ per annum per $100.00 of initial insured indebtedness. A premium payable monthly at the rate of $1.16 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 per annum per $100.00 of initial insurance. A premium payable monthly at the rate of $1.16 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:

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(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 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) 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.

(c) An insurer may receive approval of a higher premium rate or schedule of 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 of debtors will develop a loss ratio in excess of 50% if the rate standards in Section 92, a, b, and c are used.

(f) Insurers doing credit life and/or credit accident and health insurance business in this 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) 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.

With respect to policies issued and certificates delivered after the effective or operative date of this Regulation:

Ins 93 Refunds of Premium

(a) The refund of an unearned amount paid by or charged to the debtor for insurance in the case of reducing term credit life insurance or of credit accident and health insurance on which such charges to the debtor are payable by other than a single sum and of level term credit life insurance shall not be less than the pro rata gross unearned amount charged.

(b) The refund of an unearned amount paid by or charged to the debtor for insurance in the case of reducing term credit life insurance or of credit accident and health insurance on which the insurance charges to the debtor are paid in a single sum shall not be less than the amount computed by the "sum of the digits" formula, commonly known as the "Rule of 78."

(c) A premium refund or credit need not be made if the amount thereof is less than one dollar ($1.00).

Ins 94 Insurer's Auditing Rights. The insurer shall reserve its legal right to audit each creditor's account to verify the accuracy of premium payments or other identifiable insurance charges, premium refunds and claims incurred.

Ins 95 Level Term Insurance Election. When the indebtedness is repayable in substantially equal installments, level term insurance not in excess of the total amount repayable under the contract of indebtedness will be permitted only if:

(1) the debtor is apprised of his right to have insurance covering only the scheduled or actual amount of indebtedness,

(2) and that the debtor is apprised that such insurance covering only the scheduled or actual amount of indebtedness will cost less than level term insurance, and

(3) such debtor nonetheless elects in writing to carry level term insurance.

Such written election reciting the above three requirements shall be separately signed by the debtor and may be either:

(a) a separate form, or

(b) in a separate prominently displayed blocked section in the insurance application or the policy itself, or

(c) in a separate prominently displayed blocked perforated addition to the top or bottom of the insurance application, or

(d) in a separate prominently displayed blocked section on the credit instrument.

Prior approval of the form by the Commissioner shall be required.

New Credit Insurance Written Without Termination of Prior Insurance.

Ins 96 Existing Credit Insurance. If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness, unless the debtor requests in writing that it be continued. Such written election to continue prior insurance shall be separately signed by the debtor at the time the indebtedness is renewed or refinanced, and may be either:

(1) a separate form, or

(2) in a separate prominently displayed blocked section of such credit instrument, or

(3) in a separate prominently displayed blocked section in the new insurance application, or

(4) in a separate prominently displayed blocked perforated addition at the top or bottom of the new insurance application.

Prior approval of the form by the Commissioner shall be required.

Ins 97 Continuing Study. The Insurance Division feels it necessary to observe that the maximum rates as well as any approved deviations established and permitted in this Regulation are not to be considered as the final solution to the rate problems in credit insurance in this State. Study of the matter will therefore be continued by the Division, reports from the companies will be required, and further statistics will be accumulated. It is hence deemed appropriate that this matter be called up at a later date for further review and adjustment as the findings might dictate.

Ins 98 Separability Clause. Separability: If any provision of this Regulation shall be held invalid, the remainder of the Regulation shall not be affected thereby.

Ins 99 Existing Rates, Approval. No policies of credit insurance issued after the effective date of this Regulation shall be at a rate in excess of that set forth herein, nor, with respect to existing group policies of credit insurance, shall the rate exceed that set forth herein commencing with the policy anniversary date after the effective date of this Regulation, without first obtaining the approval of the Commissioner.

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.

SCHEDULE A

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

Number of Equal Monthly Intallments	Non-Retroactive Benefits Elimination Periods		Retroactive Benefits Waiting Periods	
	14 Days	30 Days	14 Days	30 Days
3	$ .91	$ .39	$1.50	$ .90
4	1.06	.53	1.68	1.10
5	1.18	.64	1.82	1.25
6	1.29	.74	1.93	1.37
7	1.37	.82	2.03	1.47
8	1.45	.90	2.11	1.56
9	1.52	.97	2.19	1.64
10	1.58	1.03	2.25	1.71
11	1.64	1.08	2.31	1.77
12	1.69	1.13	2.37	1.83
13	1.74	1.18	2.42	1.88
14	1.79	1.23	2.47	1.93
15	1.83	1.27	2.51	1.97
16	1.87	1.31	2.55	2.02
17	1.91	1.35	2.59	2.06
18	1.95	1.38	2.63	2.10
19	1.98	1.42	2.67	2.13
20	2.02	1.45	2.71	2.17
21	2.05	1.49	2.74	2.21
22	2.09	1.52	2.77	2.24
23	2.12	1.55	2.81	2.27
24	2.15	1.58	2.84	2.31
25	2.18	1.62	2.87	2.34
26	2.21	1.65	2.90	2.37
27	2.24	1.68	2.93	2.40
28	2.27	1.71	2.96	2.43
29	2.30	1.74	3.00	2.47
30	2.33	1.77	3.03	2.50
31	2.36	1.80	3.06	2.53
32	2.39	1.82	3.08	2.55
33	2.42	1.85	3.11	2.58
34	2.45	1.88	3.14	2.61
35	2.48	1.91	3.17	2.64
36	2.50	1.94	3.20	2.67
37	2.53	1.97	3.23	2.70
38	2.56	1.99	3.25	2.73
39	2.59	2.02	3.28	2.76
40	2.62	2.05	3.31	2.78
41	2.64	2.08	3.34	2.81
42	2.67	2.10	3.37	2.84
43	2.70	2.13	3.39	2.86

(Delete page 27 and insert balance of supplement following page 26)

SCHEDULE A

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

Number of Equal Monthly Intallments	Non-Retroactive Benefits Elimination Periods		Retroactive Benefits Waiting Periods	
	14 Days	30 Days	14 Days	30 Days
44	2.73	2.16	3.42	2.89
45	2.75	2.18	3.45	2.92
46	2.78	2.21	3.48	2.95
47	2.81	2.24	3.50	2.97
48	2.83	2.26	3.53	3.00
49	2.86	2.29	3.56	3.03
50	2.89	2.32	3.59	3.06
51	2.92	2.34	3.61	3.09
52	2.94	2.37	3.64	3.11
53	2.97	2.39	3.66	3.14
54	2.99	2.42	3.69	3.16
55	3.02	2.45	3.72	3.19
56	3.05	2.47	3.74	3.22
57	3.07	2.50	3.77	3.24
58	3.10	2.53	3.80	3.27
59	3.12	2.55	3.82	3.29
60	3.15	2.58	3.85	3.32

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 Intallments	Non-Retroactive Benefits Elimination Periods		Retroactive Benefits Waiting Periods	
	14 Days	30 Days	14 Days	30 Days
3-8	$1.24	$ .69	$1.87	$1.31
9-14	1.66	1.10	2.34	1.80
15-20	1.93	1.37	2.61	2.08
21-26	2.14	1.56	2.82	2.29
27-32	2.32	1.75	3.02	2.49
33-38	2.49	1.93	3.19	2.66
39-44	2.65	2.09	3.35	2.83
45-50	2.83	2.25	3.52	2.99
51-56	2.98	2.40	3.66	3.15
57-60	3.11	2.54	3.81	3.28

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CHAPTER No.
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AN ACT

relating to commerce; regulating the use of credit life and credit health and accident insurance; eliminating level term credit life insurance; eliminating "pyramiding" of credit life insurance; permitting joint life credit insurance policies; permitting certain classes of credit accident and health insurance; amending Minnesota Statutes 1976, Sections 53.051; 56.15, Subdivision 2; 61A.12, by adding a subdivision; 628.04, Subdivision 1; and 628.05.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 53.051, is amended to read:

53.051 [INSURANCE IN CONNECTION WITH LOANS.] Any policy or certificate of insurance procured by a licensee in connection with any loan or transaction subject to this chapter, for which the premium has been paid by the obligor or obligors out of the proceeds of the loan or transaction, shall contain the amount and description of the coverage, all of the terms and conditions, the period of time for which it is written, the premium therefor, and shall be delivered to the obligor or obligors within a reasonable time. ~~No~~ Any policy or certificate providing credit life

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insurance or credit accident and health benefits shall be written ~~for a term extending more than 15 days beyond the maturity of the related obligation and shall not provide benefits greater than the initial amount of such obligations~~

~~If the coverage provides credit accident and health insurance, the policy or certificate shall contain a provision that if the insured obligor is disabled, as defined in the policy, for a period of more than 14 days, benefits shall commence as of the first day of disability~~ in a manner consistent with chapter 628 and rules promulgated thereunder.

A policy or certificate for credit accident and health insurance shall disclose whether or not the benefits shall commence as of the first day of disability and shall further disclose the number of days that an insured obligor must be disabled, as defined in the policy, before benefits, whether retroactive or nonretroactive, shall commence.

In case there are multiple obligors under a transaction subject to ~~such~~ this chapter, no policy or certificate of insurance providing ~~life insurance or~~ credit accident and health benefits shall be procured by or through a licensee upon more than one of such obligors. In case there are multiple obligors under a transaction subject to this chapter no policy or certificate of insurance providing credit life insurance shall be procured by or through a licensee upon more than two of the obligors in which case they shall be insured jointly.

~~If an obligation is prepaid in full by cash, a new loan, refinancing, or otherwise, any policy or certificate of insurance providing life insurance or accident and health benefits procured by or through a licensee and for which the premium has been paid by the obligor out of the proceeds of~~

~~the obligation shall be cancelled upon surrender of the policy, certificate or other evidence and the unearned premium refunded unless the obligor shall request in writing that such insurance be continued in force, and a copy of such written request shall be delivered to the insured at time of signature.~~

No licensee shall decline to accept a policy of insurance furnished by the borrower from another source.

Sec. 2. Minnesota Statutes 1976, Section 56.15, Subdivision 2, is amended to read:

Subd. 2. No licensee shall, directly or indirectly, sell or offer for sale any insurance in connection with any loan made under this chapter except as and to the extent authorized by this section. Life, accident and health insurance, or any of them, may be written upon or in connection with any loan ~~for a term not extending beyond the final maturity date of the loan contract but only upon one obligor on any one loan contract. The amount of life insurance shall at no time exceed the unpaid balance of principal and charges combined which are scheduled to be outstanding under the terms of the loan contract or the actual amount unpaid on the loan contract, whichever is greater. Accident and health insurance shall provide benefits not in excess of the unpaid balance scheduled to be outstanding under the terms of the loan contract and the amount of each periodic benefit payment shall not exceed the total amount payable divided by the number of installments and shall provide that if the insured obligor is disabled as defined in the policy for a period of more than 15 days benefits shall commence as of the first day of disability~~ in a manner consistent with chapter 628 and rules promulgated thereunder. The licensee shall disclose whether

or not the benefits shall commence as of the first day of disability and shall further disclose the number of days that an insured obligor must be disabled, as defined in the policy, before benefits, whether retroactive or nonretroactive, shall commence. In case there are multiple obligors under a transaction subject to this chapter no policy or certificate of insurance providing credit accident and health benefits shall be procured by or through a licensee upon more than one of the obligors. In case there are multiple obligors under a transaction subject to this chapter no policy or certificate of insurance providing credit life insurance shall be procured by or through a licensee upon more than two of the obligors in which case they shall be insured jointly. The premium or identifiable charge for such insurance shall not exceed that filed by the insurer with the insurance division of the department of commerce. Such charge, computed at the time the loan is made for the full term of the loan contract on the total amount required to pay principal and charges, may be deducted from the proceeds or may be included as part of the principal of any loan. If a borrower procures insurance by or through a licensee, the statement required by section 56.14 of this chapter shall disclose the cost to the borrower and the type of insurance, and the licensee shall cause to be delivered to the borrower a copy of the policy, certificate, or other evidence thereof, within a reasonable time. No licensee shall decline new or existing insurance which meets the standards set out herein nor prevent any obligor from obtaining such insurance coverage from other sources. ~~If the loan contract is prepaid in full by cash, a new loan, renewal, refinancing, or otherwise (except by the insurance) any life, accident and health insurance procured~~

~~by or through a licensee shall be canceled and a refund of the unearned premium or identifiable charge shall be rebated.~~ Notwithstanding any other provision of this chapter, any gain or advantage to the licensee or to any employee, affiliate, or associate of the licensee from such insurance or the sale or provision thereof shall not be deemed to be additional or further charges in connection with such loan; nor shall any of the provisions pertaining to insurance contained in this section be deemed prohibited by any other provision of this chapter.

Sec. 3. Minnesota Statutes 1976, Section 628.04, Subdivision 1, is amended to read:

628.04 [AMOUNT OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.] Subdivision 1. [CREDIT LIFE INSURANCE.] (1) The initial amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness. Thereafter, if the indebtedness is repayable in substantially equal installments, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater~~; unless the debtor is apprised of his right to have insurance covering only the scheduled or actual amount of indebtedness at a lesser cost than level term insurance, and the debtor nonetheless elects in writing to carry level term insurance~~. A transaction under section 53.04 wherein the certificate of indebtedness provides for payment in substantially equal installments shall constitute an indebtedness repayable in substantially equal installments under this subdivision.

(2) Notwithstanding ~~the provisions of subdivision 1, paragraph~~ clause (1) ~~of this or any other section~~, insurance on educational, agricultural and horticultural credit transaction commitments may be written on a

nondecreasing or level term plan for the amount of the ~~portion of such~~ loan commitment ~~that has not been advanced by the creditor~~.

Sec. 4. Minnesota Statutes 1976, Section 628.05, is amended to read:

628.05 [TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.] The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor. ~~If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness, unless the debtor requests in writing that it be continued. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in section 620.082.~~

If an indebtedness is prepaid in full before its

scheduled maturity, except by a new loan from or by refinancing by the same creditor and except by performance of the insurer's obligation under the policy, any policy or certificate of insurance providing credit life or credit accident and health benefits procured by or through a creditor and for which the premium has been paid by the debtor or debtors out of the proceeds of the indebtedness shall be cancelled upon surrender of the policy, certificate or other evidence, and a refund shall be paid or credited as provided in section 628.08. If the policy or certificate by its own terms terminates upon prepayment in full before its scheduled maturity date, it need not be surrendered but a refund shall be paid or credited as provided in section 628.08.

If an indebtedness is prepaid in full before its scheduled maturity date by a new loan from or by refinancing by the same creditor through which the debtor or debtors procured a policy or certificate of credit life or credit accident and health insurance issued after the effective date of this act, the insurance shall be deemed cancelled if any new policy or certificate for the same type of insurance is issued in connection with the new loan or refinancing, and a refund shall be paid or credited as provided in section 628.08. For the purposes of this subdivision, an assignee creditor and an assignor creditor shall not be construed to be the same creditor.

Sec. 5. Minnesota Statutes 1976, Section 61A.12, is amended by adding a subdivision to read:

Subd. 5. [SUBSTITUTION.] When a creditor requires credit life insurance, credit accident and health insurance, or both, as additional security for an indebtedness, the debtor shall be given the option of furnishing the required

amount of insurance through existing policies of insurance owned or controlled by him or procuring and furnishing the required coverage through any insurer authorized to transact insurance business in this state. If this subsection is applicable, the debtor shall be informed by the creditor of his right to provide alternative coverage before the transaction is completed.

Martin O. Sabo

Martin O. Sabo

Speaker of the House of Representatives.

Edward J. Gearty

Edward J. Gearty

President of the Senate.

Passed the ~~House of~~ Representatives this 9th day of May in the year of Our Lord one thousand nine ~~hundred~~ and seventy -seven.

Edward A. Burdick

Edward A. Burdick

Chief Clerk, House of Representatives.

Passed the ~~Senate~~ this 20th day of May in the year of Our Lord one thousand nine hundred and ~~seventy~~ seven.

Patrick E. Flahaven

Patrick E. Flahaven

Secretary of the Senate.

Approved June 2, 1977

Rudy Perpich

Rudy Perpich

Governor of the State of Minnesota.

Filed June 2, 1977

Joan Anderson Growe

Joan Anderson Growe

Secretary of State.

EXHIBIT NO. 15

DATE 9-13-77

NANCY J. DUEHN

CREDIT LIFE INSURANCE
CALENDAR YEARS 1972 THROUGH 1976
MINNESOTA BUSINESS ONLY

	Year	Mean In Force (000's Omitted)	Premiums Earned	Losses Incurred	Actual Loss Ratio	Mortality Cost	*Adjusted Loss Ratio
Total Minnesota Business							
	1972	$ 1,406,040	$17,272,138	$ 6,485,375	37.55%	24.98¢	Not Available
	1973	1,632,116	18,887,867	7,214,797	38.20%	23.94	45.23%
	1974	1,762,564	20,144,819	7,596,096	37.71%	23.34	44.54%
	1975	1,819,197	20,530,677	6,933,604	33.77%	20.64	39.85%
	1976	1,910,406	22,529,195	7,143,478	31.71%	20.25	37.46%
5 Years Combined		$ 8,530,323	$99,364,696	$35,373,350	35.60%	22.46¢	Not Available
1972, 1973, 1974 Combined		$ 4,800,720	$56,304,824	$21,296,268	37.82%	24.03¢	Not Available
1973, 1974, 1975 Combined		$ 5,213,877	$59,563,363	$21,744,497	36.51%	22.59¢	43.14%
1974, 1975, 1976 Combined		$ 5,492,167	$63,204,691	$21,673,178	34.29%	21.38¢	40.49%
Business Written at Prima Facie Rates							
	**1973	$ 1,094,855	$14,691,245	$ 4,677,503	31.84%	23.14¢	39.80%
	1974	1,109,491	15,446,402	4,941,438	31.99%	24.12	39.99%
	1975	1,141,473	15,649,034	4,431,217	28.32%	21.03	35.40%
	1976	1,224,911	17,300,993	4,569,303	26.41%	20.21	33.01%
4 Years Combined		$ 4,570,730	$63,087,674	$18,619,461	29.51%	22.07¢	36.89%
1973, 1974, 1975 Combined		$ 3,345,819	$45,786,681	$14,050,158	30.69%	22.75¢	38.36%
1974, 1975, 1976 Combined		$ 3,475,875	$48,396,429	$13,941,958	28.81%	21.73¢	36.01%
Business Written Below Prima Facie Rates							
	1973	$ 537,261	$ 4,196,622	$ 2,537,294	60.46%	25.58¢	N/A
	1974	653,073	4,698,417	2,654,658	56.50%	22.01	N/A
	1975	677,724	4,881,643	2,502,387	51.26%	20.00	N/A
	1976	685,495	5,228,202	2,574,175	49.24%	20.34	N/A
4 Years Combined		$ 2,553,553	$19,004,884	$10,268,514	54.03%	21.78¢	N/A

**Includes total writings of Gamble Alden Life Insurance Company and Foremost Life Insurance Company.

(Continued on Page 2)

CREDIT LIFE INSURANCE
CALENDAR YEARS 1972 THROUGH 1976
MINNESOTA BUSINESS ONLY

Year	Mean In Force (000's Omitted)	Premiums Earned	Losses Incurred	Actual Loss Ratio	Mortality Cost	*Adjusted Loss Ratio
1973, 1974, 1975 Combined	$ 1,868,058	$13,776,682	$ 7,694,339	55.85%	22.31¢	N/A
1974, 1975, 1976 Combined	2,016,292	$14,808,262	$ 7,731,220	52.21%	20.77¢	N/A

*The Adjusted Loss Ratio is computed by dividing the losses incurred by 80% of the premiums earned written at prima facie rates.

NOTE: In calendar year 1976, 85 insurance companies wrote credit life insurance in Minnesota. The ten largest volume writers wrote 61.59% of the total premiums earned.

Mortality Cost is the premium required to be charged for each $100 of decreasing term credit life insurance for a one year period to pay only the actual amount of death claims occurring during that year.

Exhibit ____

Ins Div EXHIBIT NO. 16

DATE 9-13-77

NANCY J. DUEHN

CREDIT ACCIDENT AND HEALTH INSURANCE
CALENDAR YEARS 1972 THROUGH 1976
MINNESOTA BUSINESS ONLY

Year	Premiums Earned	Losses Incurred	Actual Loss Ratio	*Adjusted Loss Ratio
1972	$ 8,109,545	$ 3,748,492	46.22%	42.02%
1973	9,493,009	4,629,202	48.76%	44.33%
1974	12,092,520	6,025,623	49.83%	45.30%
1975	11,831,500	6,565,393	55.49%	50.45%
1976	13,775,934	7,736,022	56.16%	51.05%
Years Combined	$55,302,508	$28,704,732	51.90%	47.19%
1972, 1973, 1974 Combined	$29,695,074	$14,403,317	48.50%	44.09%
1973, 1974, 1975 Combined	$33,417,029	$17,220,218	51.53%	46.85%
1974, 1975, 1976 Combined	$37,699,954	$20,327,038	53.92%	49.02%

*The Adjusted Loss Ratio is computed by dividing the Losses Incurred by 110% of the Premiums Earned.

NOTE: In calendar year 1976, 72 insurance companies wrote credit accident and health insurance in Minnesota. The 10 largest volume writers wrote 64.88% of the total premiums earned.

Exhibit 13

Credit Insurance Statistical Review

Ins. Div. EXHIBIT NO. 17
DATE 9-13-77
NANCY J. DUEHN

by Lillian O'Connor, Statistical Editor

As an annual statistical feature, The SPECTATOR presents Credit Life and Credit A & H results for 1972.

The companies filing with The SPECTATOR use the Standard NAIC Credit Insurance Reporting supplement to the annual statement.

Those individual companies reporting represent approximately 80% of the total Credit Life and A & H volume written in the United States.

Group Credit insurers account for 86% of the total Credit Life premiums. Individual credit insurers write 14% of the total.

The aggregates shown present the broad industry results. Individual company exhibits are shown on the pages that follow.

Credit Life and A & H coverages aid in strengthening our entire economy. Borrowers are protected against illness and death as they make major credit purchases. The vitality of our economy is based on consumer spending. The availability of Credit Insurance protection creates a confident consumer who will buy.

For complete industry totals, the 1973 Institute of Life Insurance "Fact Book" shows $108.8 billion of Credit Life in force as of the year end—1972.

Group coverage totalled $90.8 billion represented by 71.0 million certificates issued under 89,130 master policies. In addition $18.0 billion was in force under 9.0 million individual policies.

CREDIT LIFE INSURANCE – DIRECT 1972

	264 GROUP COMPANIES	% *	110 INDIVIDUAL COMPANIES	% *	374 TOTAL COMPANIES	% *
Direct Gross Premiums Less Returned Premiums	911,039,289		143,636,306		1,054,675,595	
Increase in Reserve Liability	62,811,435		10,757,769		73,569,204	
Net Premiums	848,227,854	100.0	132,878,537	100.0	981,106,391	100.0
Losses – Death Benefits & Other	419,724,308	49.5	38,057,203	28.6	457,781,511	46.7
Commissions	184,422,145	21.7	67,073,491	50.5	251,495,636	25.6
General Insurance & Loss Expense	60,992,032	7.2	9,606,900	7.2	70,598,932	7.2
Taxes, Licenses & Fees	21,545,782	2.5	2,984,266	2.3	24,530,048	2.5
Net Gain Before Dividends	161,543,587	19.1	15,156,677	11.4	176,700,264	18.0
Dividends & Retrospective Rate Credits	72,404,122	8.5	320,446	0.2	72,724,568	7.4
Amount of Insurance in Force – 1972	76,213,329,055		8,281,834,675		84,495,163,730	
% Increase – Insurance in Force		11.9		17.2		12.4
Amount of Insurance in Force – 1971	68,119,142,340		7,068,836,051		75,187,978,391	

*Ratios to Net Premiums

CREDIT ACCIDENT & HEALTH INSURANCE – DIRECT 1972

	185 GROUP COMPANIES	% *	99 INDIVIDUAL COMPANIES	% *	284 TOTAL COMPANIES	% *
Direct Gross Premium Less Returned Premium	363,538,887		80,232,971		443,771,858	
Increase in Unearned Premium Reserve	66,504,351		14,762,985		81,267,336	
Earned Premiums	297,034,536	100.0	65,469,986	100.0	362,504,522	100.0
Losses	168,240,733	56.6	25,603,620	39.1	193,844,353	53.5
Commissions	80,997,095	27.3	31,706,354	48.4	112,703,449	31.1
General Insurance & Loss Expense	32,371,886	10.9	6,399,412	9.8	38,771,298	10.7
Taxes, Licenses & Fees	8,814,284	3.0	1,845,335	2.8	10,659,619	2.9
Other Reserve Increase	-1,230,661	-0.4	1,064,137	1.6	-166,524	...
Net Gain Before Dividends	7,841,199	2.6	-1,148,872	-1.7	6,692,327	1.8
Dividends and Retrospective Rate Credit	12,632,486	4.2	505,767	0.7	13,138,253	3.6

*Ratios to Earned Premiums

Credit Insurance Statistical Review

By Lillian O'Connor, Statistical Editor

As an annual statistical feature, The SPECTATOR presents Credit Life and Credit A & H results for 1973.

The companies filing with The SPECTATOR use the Standard NAIC Credit Insurance Reporting supplement to the annual statement.

Those individual companies reporting represent approximately 80% of the total Credit Life and A & H volume written in the United States.

Group Credit insurers account for 83.4% of the total Credit Life premiums. Individual credit insurers write 16.6% of the total.

The aggregates shown present the broad industry results. Individual company exhibits are shown on the pages that follow.

The nation's vast private credit structure could not have grown to its present proportions without the protection provided by consumer credit insurance. Credit and credit insurance have brought within the reach of everyone willing and able to work the high American standard of living, envied throughout the world. The availability of this insurance creates a more confident consumer and fosters economic stability in unique fashion.

For complete industry totals, the 1974 Institute of Life Insurance "Fact Book" shows $101.2 billion of Credit Life in force as of the year end—1973.

CREDIT LIFE INSURANCE — DIRECT 1973

	284 GROUP COMPANIES	% *	123 INDIVIDUAL COMPANIES	% *	407 TOTAL COMPANIES	% *
Direct Gross Premiums Less Returned Premiums	979,467,853		194,687,648		1,174,155,501	
Increase in Reserve Liability	59,381,047		13,845,712		73,226,759	
Net Premiums	920,086,806	100.0	180,841,936	100.0	1,100,928,742	100.0
Losses—Death Benefits & Other	439,447,552	47.8	50,472,046	27.9	489,919,598	44.5
Commissions	201,186,442	21.9	88,269,579	48.8	289,456,021	26.3
General Insurance & Loss Expense	70,761,619	7.7	12,240,139	6.7	83,001,758	7.5
Taxes, Licenses & Fees	21,598,953	2.3	3,931,815	2.2	25,530,768	2.3
Net Gain Before Dividends	187,092,240	20.3	25,928,357	14.4	213,020,597	19.4
Dividends & Retrospective Rate Credits	81,944,411	8.9	542,653	0.3	82,487,064	7.5
Amount of Insurance in Force—1973	85,632,173,578		10,447,229,719		96,079,403,297	
% Increase—Insurance in Force		11.5		10.7		11.4
Amount of Insurance in Force—1972	76,804,509,736		9,437,782,102		86,242,291,838	

*Ratios to Net Premiums

CREDIT ACCIDENT & HEALTH INSURANCE — DIRECT 1973

	208 GROUP COMPANIES	% *	108 INDIVIDUAL COMPANIES	% *	316 TOTAL COMPANIES	% *
Direct Gross Premiums Less Returned Premiums	511,763,491		113,263,738		625,027,229	
Increase in Unearned Premium Reserve	98,430,514		21,344,989		119,775,503	
Earned Premiums	413,332,977	100.0	91,918,749	100.0	505,251,726	100.0
Losses	248,950,225	60.2	38,968,518	42.4	287,918,743	57.0
Commissions	108,584,986	26.3	46,483,732	50.6	155,068,718	30.7
General Insurance & Loss Expense	42,441,196	10.3	7,519,584	8.2	49,960,780	9.9
Taxes, Licenses & Fees	11,786,939	2.8	2,368,574	2.6	14,155,513	2.8
Other Reserve Increase	2,451,532	0.6	1,509,140	1.6	3,960,672	0.8
Net Gain Before Dividends	—881,901	—0.2	—4,930,799	—5.4	—5,812,700	—1.2
Dividends and Retrospective Rate Credit	17,629,238	4.3	47,346	0.1	17,676,584	3.5

*Ratios to Earned Premiums

Credit Insurance Statistical Review

by Lillian O'Connor, Statistical Editor

As an annual statistical feature, The SPECTATOR presents Credit Life and Credit A & H results for 1974.

The companies filing with The SPECTATOR use the Standard NAIC Credit Insurance Reporting supplement to the annual statement.

Those individual companies reporting represent approximately 80% of the total Credit Life and A & H volume written in the United States.

Group Credit insurers account for 86.1% of the total Credit Life premiums. Individual credit insurers write 13.9% of the total.

The aggregates shown present industry results. Individual company exhibits are shown on the pages that follow.

Consumer credit life and disability insurance volume declined as the economy's recessionary trend continued to exact its toll on consumer spending.

CREDIT LIFE INSURANCE—DIRECT 1974

	274 GROUP COMPANIES	% *	113 INDIVIDUAL COMPANIES	% *	387 TOTAL COMPANIES	+ *
Direct Gross Premiums Less Returned Premiums	947,893,250		151,342,796		1,099,236,046	
Increase in Reserve Liability	31,178,987		2,976,163		34,155,150	
Net Premiums	916,714,263	100.0	148,366,633	100.0	1,065,080,896	100.0
Losses—Death Benefits & Others	446,439,668	48.7	47,240,569	31.8	493,680,237	46.3
Commissions	185,684,384	20.3	67,025,502	45.2	252,709,886	23.7
General Insurance & Loss Expense	79,075,320	8.6	10,520,080	7.1	89,595,400	8.4
Taxes, Licenses & Fees	18,603,718	2.0	3,310,472	2.2	21,914,190	2.1
Net Gain Before Dividends	186,911,173	20.4	20,270,010	13.7	207,181,183	19.5
Dividends & Retrospective Rate Credits	74,132,255	8.1	144,462	0.1	74,276,717	7.0
Amount of Insurance in Force—1974	**90,030,710,612**		**8,767,212,491**		**98,797,923,103**	

*Ratios to Net Premiums

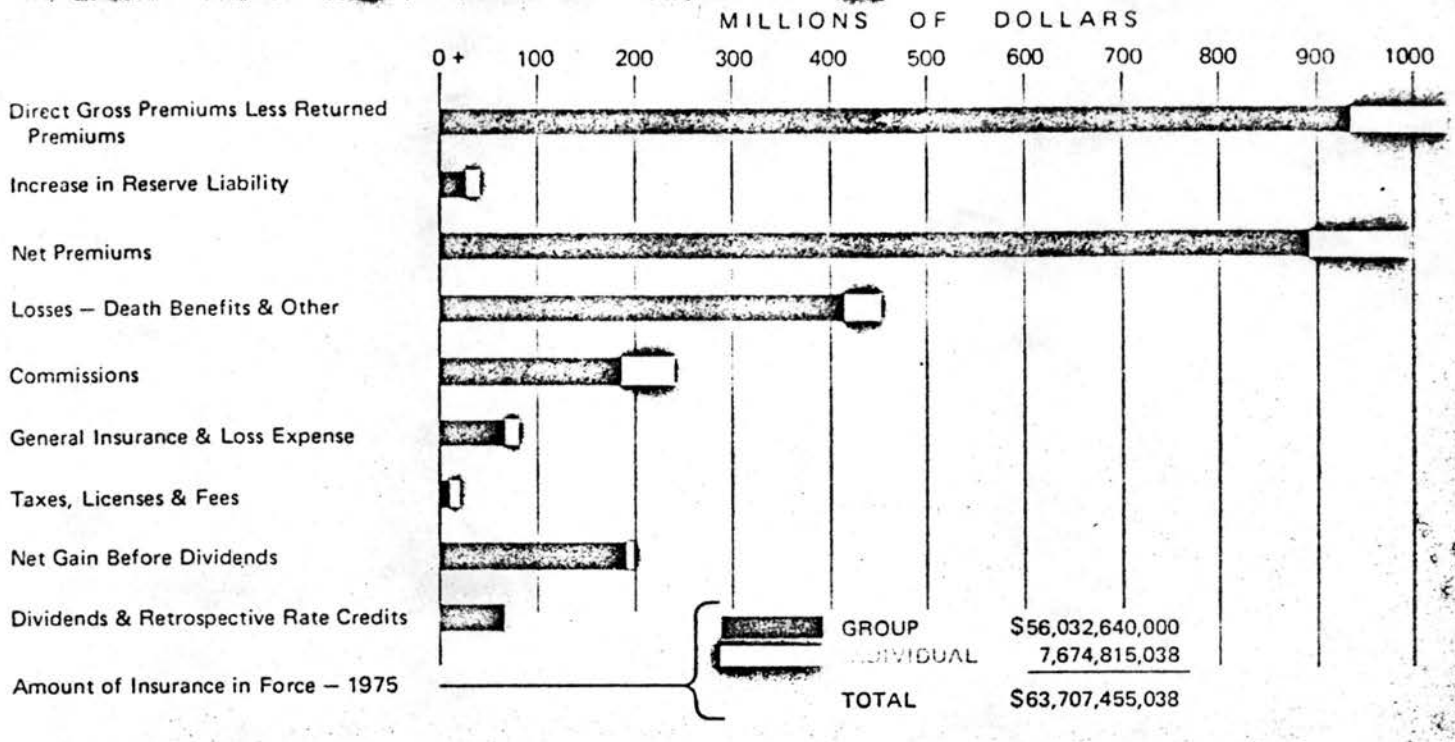
CREDIT ACCIDENT & HEALTH INSURANCE—DIRECT 1974

	199 GROUP COMPANIES	% *	100 INDIVIDUAL COMPANIES	% *	299 TOTAL COMPANIES	% *
Direct Gross Premiums Less Returned Premiums	526,522,603		92,160,555		618,683,158	
Increase in Unearned Premium Reserve	43,346,166		961,325		44,307,491	
Earned Premiums	483,176,437	100.0	91,199,230	100.0	574,375,667	100.0
Losses	322,851,592	66.8	46,231,099	50.7	369,082,691	64.3
Commissions	113,118,742	23.4	40,882,205	44.8	154,000,947	26.8
General Insurance & Loss Expense	49,480,789	10.2	7,308,571	8.0	56,789,360	9.9
Taxes, Licenses & Fees	11,155,914	2.3	2,133,663	2.3	13,289,577	2.3
Other Reserve Increase	2,673,483	0.6	—1,474,938	—1.6	1,198,545	0.2
Net Gain Before Dividends	—16,104,083	—3.3	—3,881,370	—4.2	—19,985,453	—3.5
Dividends and Retrospective Rate Credits	13,292,893	2.8	35,387	—	13,328,280	2.3

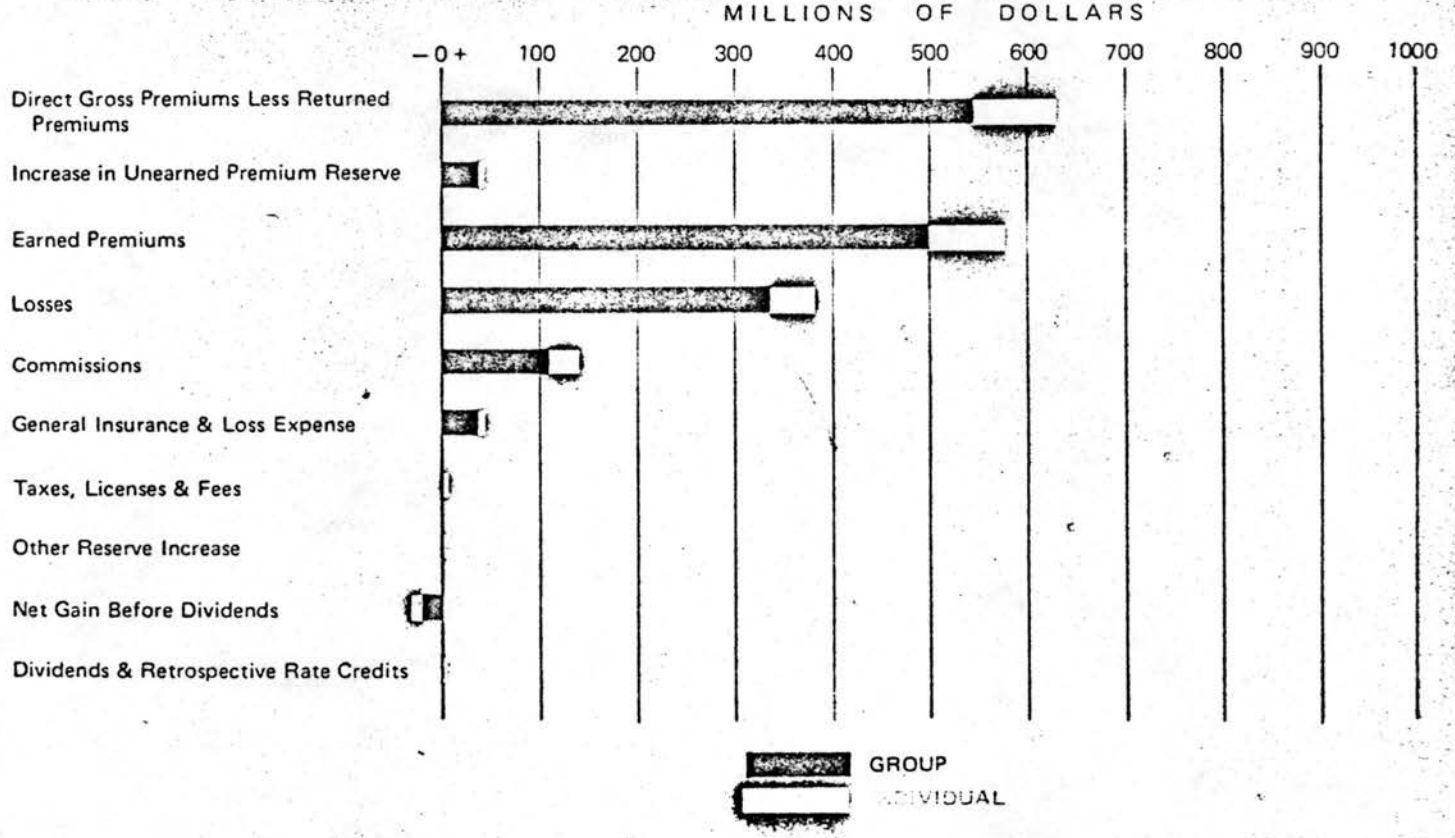
*Ratios to Earned Premiums

Credit Insurance Statistical Review

Credit Life Insurance – Direct 1975



Credit Accident and Health Insurance – Direct 1975



FILED

JUL 13 1977

JOSEPH P. LANASA, CLERK

By _____ Deputy

STATE OF MINNESOTA

COUNTY OF RAMSEY

DISTRICT COURT

SECOND JUDICIAL DISTRICT

Old Republic Life Insurance Company, an Illinois corporation, et al.,

Plaintiffs-Petitioners,

v.

Berton Heaton, Commissioner of Insurance of the State of Minnesota, et al.,

and

Department of Commerce of the State of Minnesota,

Defendants.

STIPULATION

File No. 398257
Cal. No. 763-032

IT IS HEREBY STIPULATED by and between the parties to the above-entitled action through their respective attorneys that the Court may enter the attached Order herein.

WARREN SPANNAUS
ATTORNEY GENERAL, STATE OF MINNESOTA

By: _____
William Howard
SPECIAL ASSISTANT ATTORNEY GENERAL
Attorneys for Defendants
5th Floor, Metro Square Building
7th and Robert Streets
St. Paul, Minnesota 55101

LARKIN, HOFFMAN, DALY & LINDGREN, Ltd.

By: _____
James P. Larkin
Attorneys for Plaintiffs
1500 Northwestern Financial Center
7900 Xerxes Avenue South
Minneapolis, Minnesota 55431
835-3800

Ins. Div. EXHIBIT NO. 18

DATE 9-13-77

NANCY J. DUEHN

FILED

JUL 13 1977

JOSEPH P. LAMASA, CLERK

By _____ Deputy

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Old Republic Life Insurance Company, an Illinois corporation, et al.,

Plaintiffs-Petitioners,

vs.

Berton Heaton, Commissioner of Insurance of the State of Minnesota, et al.,

and

Department of Commerce of the State of Minnesota,

Defendants.

ORDER

File No. 398257
Cal. No. 763-032

Pursuant to stipulation of the parties herein, and the Court being duly advised in the premises, and upon all the files, records and proceedings herein,

IT IS HEREBY ORDERED:

1. That the Defendant Commissioner of Insurance of the State of Minnesota may proceed, pursuant to Chapter 62B, Minnesota Statutes, to adopt in the form attached hereto as Exhibit "A", Amended Rule Ins. 9

2. That Amended Rule 92 in the form previously promulgated by Defendant Commissioner of Insurance which was to have taken effect July 8, 1974, and the enforcement of which was stayed by Order of this Court dated July 2, 1974, is hereby declared void and of no force and effect, nunc pro tunc, as of the date of adoption of said Rule.

3. That upon adoption of Amended Rule 92 as set forth in Exhibi "A", attached hereto, the proceedings for withdrawal of approval of policies, forms and rates previously stayed by Order of this Court dated July 2, 1974, shall be dismissed.

4. That upon adoption of Amended Rule 92 in the form set forth

in Exhibit "A" attached hereto, either party, by filing proof of adoption by the Court, may cause judgment to be entered by the Clerk of Ramsey County District Court in form pursuant to the terms of this Order.

Dated this 13 day
of July, 1977.

BY THE COURT:

Stephen L. Maxwell

Stephen L. Maxwell
Judge of Ramsey County District Court

CONSUMER CREDIT INSURANCE ASSOCIATION
307 NORTH MICHIGAN AVENUE CHICAGO, ILLINOIS 60601 (312) 726-9895

November 28, 1973

The Honorable Berton W. Heaton
Commissioner of Insurance
Department of Commerce
State of Minnesota
210 State Office Bldg.
St. Paul, Minnesota 55101

Re: Regulation of Consumer Credit Insurance by the National Association of Insurance Commissioners, 1952 - 1973.

Dear Commissioner Heaton:

As you know, consumer credit insurance is one of the most extensively regulated forms of insurance protection available. But until the publication of the enclosed monograph, no documented history of the regulation of consumer credit insurance by the National Association of Insurance Commissioners was readily available.

Now, this regulation has been chronicled by Paul F. Boyer, Household Life Insurance Vice President and a Director of the Consumer Credit Insurance Association. Mr. Boyer has traced the development of NAIC regulation of consumer credit insurance from 1952 to 1973.

A copy of Mr. Boyer's history is enclosed. We hope you will find it useful.

Very truly yours,

Lawrence F. Harr

LAWRENCE F. HARR
General Counsel

LFH:mm
Enclosure

Mrs. Duehn EXHIBIT NO. 19

DATE 9-13-77

NANCY J. DUEHN

CONSUMER CREDIT INSURANCE

1952-1973

Paul F. Boyer

ABOUT THIS PUBLICATION AND ITS AUTHOR . . .

This history was authored by Paul F. Boyer, Vice President of Household Life Insurance Company, and it was published by the Consumer Credit Insurance Association, a trade association of insurance companies writing coverage in connection with credit transactions.

The chronicling by Paul F. Boyer of the regulation of consumer credit insurance by the National Association of Insurance Commissioners (NAIC) fills a substantial gap in the history of the consumer credit insurance industry. The Consumer Credit Insurance Association is grateful to Mr. Boyer for so eloquently bridging this information gap.

Mr. Boyer has been active in consumer credit insurance matters since 1952 when he participated in the first hearing before the NAIC on the then proposed Model Regulations. He participated actively in the subsequent NAIC meetings which lead to the development of the NAIC Model Bill in 1960.

Paul F. Boyer is Vice President - Law of Household Finance Corporation, Chairman of the Subcommittee on Consumer Credit Insurance of the National Consumer Finance Association Legal Forum, and a Director of the Consumer Credit Insurance Association.

REGULATION OF CONSUMER CREDIT INSURANCE BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, 1952-1973

The first effort of the National Association of Insurance Commissioners (NAIC) to regulate credit life and credit disability insurance occurred at the 1952 Annual (Summer) Meeting in Chicago when a subcommittee (of the Life Committee) To Study Rules and Regulations Governing Sale of Credit Life and Credit Accident and Health Insurance was created. The subcommittee was instructed to promulgate rules and regulations as indicated by its title.

The action of the subcommittee at the Mid-Winter Meeting of the NAIC in December, 1952 was well summarized by the Official Report thereof found on pages 184-5 of the Proceedings.

> *"It is the opinion of the Subcommittee that definite rules and regulations governing the sale of credit life and credit accident and health insurance be proposed with respect to (1) the sale of health and accident insurance on an individual basis in connection with loans, and (2) the sale of life insurance in connection with loans when sold on an individual basis but under such circumstances as to result in the writing of an actual group but on an individual basis. It is recommended that the Subcommittee be continued for the purpose of making a survey as to what regulations presently exist and to see to what degree of uniformity may be accomplished preliminary to a definite proposal to your Committee at a later meeting."*

Further discussion on the subject occurred at the Summer Meeting in San Francisco in June, 1953 but no action was taken by the committee.

At the December, 1953 meeting in Miami Beach the subcommittee enunciated nine general principles which the committee believed "should receive consideration". These were as follows:

> *"(1) All policies or certificates shall clearly state the term thereof, the premium therefor, the benefits payable, and exceptions, if any.*
>
> *(2) Policies, certificates or other evidence of insurance shall be mailed or delivered to the insured without unreasonable delay.*
>
> *(3) Policy exceptions shall be a minimum consistent with the rate structure, and rates shall be reasonable in relation to the benefits provided for.*
>
> *(4) All policies shall protect the creditor and the insured and/or second beneficiary. Each should benefit under the policy as its interest may appear.*
>
> *(5) Policies shall be noncancellable by the company for the term written. If a policy is cancelled at the request of the insured, the insured shall receive prompt payment of any return premium due.*
>
> *(6) The term of the insurance shall not extend beyond the scheduled maturity date of the indebtedness.*

(7) All claims shall be filed directly with the company with or without the assistance of the selling agent.

(8) All losses under policies shall be paid promptly and directly by the company in accordance with policy terms.

(9) Credit insurance shall be sold only through admitted companies and accredited agents."

The subcommittee also proposed the adoption of definite rules regulating the sale of consumer credit insurance. These rules bear a superficial resemblance to the Model NAIC Bill which was finally promulgated in 1958, except that they contained only the following language dealing with premium rates:

"Section IV, A. The premium rate for credit life and credit accident insurance shall be filed with the Commissioner of Insurance."

The failure to put more teeth into this rule is inexplicable in view of the Principle #3 (above) recommended by the same subcommittee, particularly the last clause thereof that "rates shall be reasonable in relation to the benefits provided for."

In other respects the rules attempted to deal with many of the abuses which had been charged against consumer credit insurance, i.e., the amount of insurance should not exceed the original face amount of the indebtedness, the term of coverage should not extend beyond the maturity date of the indebtedness, a policy should be delivered to the insured at the time the indebtedness is incurred, claims should be settled by the insurer and not by the creditor, etc. In other words the proposed rules generally sought to meet the nine general principles previously enunciated except on the key point of the cost to the debtor.

The Life Committee approved the report of the subcommittee but in the plenary session a motion was made to delay action on the report until the next meeting.

At the 1954 Annual (June) Meeting in Detroit the model rules were again before what came to be known as the Credit Life and Credit A&H Subcommittee and in substantially the same form as originally proposed six months earlier. Sec. IV.A still read "The premium rates . . . shall be filed with the Commissioner of Insurance." The Subcommittee approved the adoption of the rules, as proposed, as did the parent Life Committee and the Plenary Session of all Commissioners. The Life Committee thereupon discharged the Subcommittee and many interested parties heaved a sigh of relief at the apparent solution of the problem.

During the next four years there was constant skirmishing between three groups:

1. A group of reformers which was urging the NAIC to adopt model legislation designed to eliminate alleged abuses of credit insurance in the credit field. The claimed abuses were overcharging, excess coverage, coercion, non-disclosure, pyramiding, etc. but the key abuse was alleged to be overcharging, which, this group contended, could only be solved by some sort of rate regulation.

2. A group of "specialty" companies which generally wrote only credit insurance and which maintained that the claimed abuses were exaggerated. Many of these companies were members of the recently formed Consumer Credit Insurance Association (CCIA).

3. Several large eastern mutual companies who wrote considerable quantities of credit life insurance on a group basis and who deplored the abuses publicized by the first group but was not willing to accept the remedy proposed by it, i.e. rate regulation, because of a fear that it would spill over into the ordinary life field. This view was also shared by representatives of the Life Insurance Association of America (LIAA). At this time the other two trade associations: the American Life Convention (ALC) and the Health Insurance Association of America (HIAA) tended to support the position of the CCIA. The companies and trade association in group three were ambivalent about the problem. They bewailed the abuses but they bemoaned the only apparent effective remedy, (i.e. rate regulation), even more. Their most fervent wish was that the problem would just disappear. This group was also highly sensitive to the threat of federal regulation of the industry.

The group which supported NAIC sponsorship of legislation was aided considerably by two catch phrases which appeared about this time and which had considerable publicity and propaganda value. These were the terms (which we still find occasionally in preambles of current state regulations) "reverse competition" and "captive market".

The term "reverse competition" came about

because the initial purchaser of the insurance who was the credit supplier had no incentive to seek a high quality product carrying a low price, as would a normal purchaser in a free market. This was because his profit was normally the difference between the ultimate price ("identifiable charge") paid by the borrower and the amount of claims paid out by the insurance company. The credit supplier took this difference in any one of several ways, i.e., front-end commission, dividends or retrospective rate credits, or underwriting profit from reinsurance. Whatever the method, the bulk of the difference between the total premiums and total claims eventually found its way back to the finance companies. The reform group described this process as "reverse competition", a phrase which has stuck to the industry to this day.

The "captive market" arose because of the nature of the credit transaction. Credit insurance must obviously be tailored to fit the amount and term of the credit transaction and this can be conveniently arranged only simultaneously with the extension of credit. This means that the purchaser must contemporaneously arrange his insurance coverage at the time the credit transaction is negotiated and concluded. This, of course, prevents him from shopping elsewhere for the insurance coverage and led to the "captive market" concept. Each of these phases had considerable propaganda value and were of great assistance to the reform group.

Although the adoption of the model regulations at the June 1954 meeting in Detroit appeared to have solved the problem, the preamble of the Subcommittee report at the Detroit meeting had contained the following paragraph:

> *"Your subcommittee has made a thorough study of the need for rules and regulations governing the sale of credit life and credit accident and health insurance. It seems well, however, at the beginning to indicate the scope of this study as it did not cover certain areas which are fundamental to the existence of this type of insurance. In our deliberations, we did not concern ourselves with the legality of the sale of such insurance in connection with a lending or credit transaction, nor did we consider its sale in relationship to fair trade or anti-trust laws. It is our opinion that these two points were not within the purview of our deliberation."*

Commissioner Donald Knowlton of New Hampshire who now (November, 1954) was President of the NAIC and who had publicly expressed his reservations as to the work of the Subcommittee [It was he who had blocked adoption of the rules in the Plenary Session a year earlier at Miami Beach] called for reinstatement of the Subcommittee in his President's Address. He said:

> *"While the Life Committee recommended, and the Association adopted, an excellent statement of principles and suggested rules and regulations governing the sale of credit life and credit accident and health insurance, I feel that there are still some questions in connection with this problem which deserve further consideration, particularly in connection with the sale of such insurance in lending transactions and the relationship of the Fair Trade Practice acts and anti-trust laws to such sale. While it may be that legislation is needed in other fields than the field of insurance in order to furnish a complete solution, I think the Life Committee could profitably give further consideration to the problem."*

The following day the minutes of the Life Committee read as follows:

> *"The Chairman acknowledged the recommendations made by Commissioner Knowlton in his President's Address of November 30, 1954, with respect to proposed further study of problems arising out of Credit Life and Accident and Health insurance transactions. Commissioner Sullivan spoke in support of such recommendations and stated that he expected to propose the appointment of a Subcommittee for that purpose."*

Two things appear to have motivated Commissioner Knowlton: first – his openly declared concern that the proposed rules had not solved the critical problem of overcharges, and second – the awakened interest of the federal government in the problem and the possibility that lack of effective regulation by the states would open the door to federal intervention through the McCarran Act (also known as Public Law 15) (15 U.S.C. 1011-1013) which exempts insurance from the federal anti-trust acts so long as the business is "regulated by state law".

A congressional committee headed by Senator William Langer (North Dakota) had held two days of hearings in Topeka, Kansas in September 1954 on the adequacy of state regulation of consumer credit insurance, and had just announced a hearing to be held in Raleigh, North Carolina two weeks later.

This led to the following remark by Commissioner Thomas Pansing, chairman of the Life

Committee:

"I should like to say just one thing unofficially, although on the record. Due to the fact that the industry people involved in this credit life and accident and health problem must within the next few days meet with Senator Langer's representatives, they requested that I, as Chairman, act promptly in the appointment of this new Subcommittee to deal with these problems as recommended by President Knowlton. Accordingly . . . it is my intention to appoint the following Subcommittee as soon as the report is adopted. It may be assumed, I think, that they are appointed from this time on: Commissioner Larson as Chairman, and the four other members will be Commissioner Frank Sullivan, Commissioner Goebel, Commissioner Gillooly, and Commissioner Miller."

The subcommittee was reactivated but did not make a formal report at the 1955 Annual (June) meeting at Los Angeles. The bombshell came six months later (December, 1955) in New York City when the Life Insurance Association of America and the American Life Convention admitted that some control on the price paid by the debtor was necessary but recommended that such control be effected by limiting the compensation that could be received by the creditor, Key portions of the LIAA-ALC statement are as follows:

"We start from the basic premise that the primary aims of any rules, regulations or laws in the credit insurance field should include the following:

(1) To make credit life and credit accident and health insurance available to as many borrowers and purchasers as desire it;

(2) To promote the operation of free competition between the various carriers offering credit insurance, either group or individual;

(3) To avoid any action which would tend to undermine the agency system;

(4) To protect the borrower or purchaser from excessive charges for such insurance, under whatever guise.

We believe that the first three of the principles are preserved by the existing N.A.I.C. model credit insurance regulations. However, considerable strengthening is needed in the fourth area of protecting the borrower or purchaser from excessive charges, under whatever guise. Your present regulations do protect the borrower or purchaser from excessive charges arising from overinsurance, by restricting the amount of the insurance to the amount of the loan and the term of the insurance to the term of the loan. However, they do not necessarily protect the borrower from excessive charges resulting from excessive compensation paid the lender for his services in furnishing the insurance. Such excessive compensation may arise, under certain circumstances, because competition between insurance carriers for credit life and credit accident and health insurance business can sometimes operate in the reverse of the way competitive bidding normally operates. Specifically, it can take the form of bidding for the business of the lender, with the lender favoring the insurance carrier offering him the highest compensation, rather than bidding for the lowest premium rate to the borrower associated with a necessarily lower compensation to the lender.

We propose to your subcommittee for incorporation in model legislation the establishment of a fixed limit expressed in dollars and cents per $100 of initial indebtedness, on the compensation a lender may receive for his services in marketing credit life and credit accident and health insurance. To preclude the possibility that compensation may be paid by means other than commissions, we would propose that this limit apply also to dividends, premium adjustments, policy writing fees, underwriting gains, etc. Specifically, we propose that the N.A.I.C. rules be reduced to model legislation which, with respect to credit life and credit accident and health insurance written by or through a creditor, its affiliate, associate, or subsidiary, or a director, officer or employee of any of them, in connection with an indebtedness of $500 or less, will limit the compensation for writing such insurance to such creditor, affiliate, associate, subsidiary, director, officer or employee, in whatever form, including commission, dividend, premium adjustment, policy writing fee, or underwriting gain, to 40¢ per annum per $100 of initial indebtedness in the case of credit life insurance, to 60¢ per $100 of initial indebtedness in the case of credit accident and health insurance with a 14 day non-retroactive elimination period on an indebtedness of one year's duration, and to consistent amounts in the case of other credit accident and health insurance.

It will be observed that the proposal suggested above is limited in this application to loans of $500 or less. This restriction is suggested for two reasons. First, the credit insurance abuses which have been so publicized in this field have, by and large, been confined to small loans. Second, we believe that limitations with respect to loans of $500 or less will have a pace-setting effect on the maximum compensation paid for larger loans, without standardizing the compensation rate to the lender at a floor higher than the lender may require or the forces of competition may produce on these larger loans where the borrower can be more selective in his choice of lender.

****

While our organizations have agreed upon recommending the foregoing principles, we have not yet had time to reduce them to model legislation. We would like nevertheless to offer them to your subcommittee for its consideration at this time, having fully in mind that you will wish to consult with other organizations, lenders, etc., having a direct interest in this particular subject."

Because of lack of time the Subcommittee did not consider the proposal.

In May of 1956 the NAIC met in St. Louis at which time the ALC and the LIAA presented the proposed model bill which had not been ready at the preceding meeting and which would limit the compensation of the creditor. The proposed model bill was explained as follows:

"Last November we presented to your sub - committee, on behalf of our two organizations, a new proposal for regulating credit life and credit accident and health insurance. Briefly, the plan was to regulate the amount of compensation which a lender may receive for credit insurance marketed through him. The statement was made that such regulation would go to the root of the abuse problem manifest in some quarters of the credit insurance field.

We have now prepared a preliminary draft bill based on this principle, and we submit it herewith but with a reservation noted below. In the bill we have also provided for limitation of the amount of credit insurance to the amount of the indebtedness, and the term of credit insurance to the term of the indebtedness. These two further regulatory principles are already included in the present N.A.I.C. rules on credit insurance. They, too, are basic to the problem of control of abuse in the field of credit insurance, so that we have included them with our own proposal but with minor editorial changes to reflect certain distinctions between group and individual policy coverage. Other less important features of the present N.A.I.C. rules would, under our proposal, continue to be left to the field of administrative regulation.

We call your attention to the fact that our proposed statutory limitation on the compensation of the lender does not extend to compensation on loans or installment purchases in amounts in excess of $500. Also, there may be some difficulty, in practice, in limiting indirect compensation to a lender when the lender owns the insurance carrier (the so-called "captive company"), a problem which may not be effectively met by the simple provisions of our proposed model bill. Both these issues deserve further study. With this reservation as to the completeness of our proposed bill, we submit it to you for such assistance as it may give you in your efforts to deal with the regulation of credit life and credit accident and health insurance."

The first five sections of the proposed bill resemble the prior model regulation and the present Model Bill. The key section was #6 which read as follows:

"6. COMPENSATION TO THE LENDER

A lender, or its affiliate, associate or subsidiary, or a director, officer or employee of any of them by or through whom credit life or credit accident and health insurance is written, may not receive and retain, for writing such insurance in connection with loans of $500 or less, compensation in any form including commission, dividend, premium adjustment, policy writing fee or underwriting gain, in excess of 40¢ per annum per $100 of initial indebtedness in the case of credit life insurance, of 60¢ per $100 of initial indebtedness in the case of credit accident and health insurance with a 14-day non-retroactive elimination period on an indebtedness of one year's duration, and of consistent amounts in the case of other credit accident and health insurance. Any excess so received by the lender from the insurer, with respect to all debtors or debtors of a particular class determined by the lender according to conditions pertaining to the debt, over the foregoing limits shall be applied by the lender to reduce insurance costs to future debtors of the same class or otherwise applied for the benefit of debtors of such class."

The subcommittee took no action on the proposal, but did recommend that it be dissolved and that a new Standing Committee be created (not subservient to the Life Committee) to deal with this important problem.

At the next meeting (December, 1956, Miami Beach, Florida) the committee heard arguments for and against the LIAA-ALC proposed bill but took no action. The Consumer Credit Insurance Association (CCIA) offered to draft a model bill built upon 12 enumerated principles plus two general concepts (lettered A & B below). Although the CCIA proposal modestly states that its 12 principles are only a restatement of principles previously adopted by the NAIC (December, 1953) actually it contained several additional regulatory features and, except for the concept of premium regulation – see point #4 – embodies all the key features of the 1958 Model Bill. The CCIA statement is reproduced here in full:

"PROPOSED MODEL BILL OF THE CONSUMER CREDIT INSURANCE ASSOCIATION

The proposed Model Bill of the Consumer Credit Insurance Association will provide for and regulate the writing of both individual and group credit life insurance, and individual and group credit accident and health insurance, which will contain the following principles:

1. *The amount of credit life insurance shall not exceed the amount of the contract of indebtedness in connection with which it is written, provided, that where the indebtedness is repayable in substantially equal installments, the amount of insurance shall not exceed the approximate scheduled unpaid balance of the indebtedness.*

2. *The total indemnities provided under the terms of credit accident and health coverage shall not exceed the amount of the initial indebtedness.*

3. *The term of such coverages shall be limited to the approximate term of the contract of indebtedness in connection with which it is written.*

4. *Premium rates shall be filed with the Commissioner of Insurance.*

5. *If indebtedness is discharged prior to the scheduled maturity date, cancellation of the insurance in force shall be mandatory before any new insurance can be written.*

6. *In the event of cancellation, the return premium shall be paid to the person entitled thereto. The formula for computing the amount of such return premium shall be filed with and approved by the Commissioner of Insurance.*

7. *All claims shall be processed and paid by the Insurance Company and shall be settled strictly in accordance with policy terms.*

8. *Identifiable charges for group credit insurance shall be consistent with premiums provided for in the group policy issued to the creditor.*

9. *All credit insurance sold shall be evidenced by a Policy, Certificate or Statement of Insurance, which shall be delivered to the insured. Such policy, certificate or statement shall contain a description of the coverage and fully disclose the amount and term of the coverage, and the cost thereof.*

10. *All policies, certificates, statements and other forms constituting a part of the Insurance Contract shall be filed with and approved by the Commissioner of Insurance of the State in which the policy is issued.*

11. *Where insurance is required as additional security, the debtor shall have the right to furnish as security an existing policy, or to procure necessary coverage through any insurer authorized to transact business within the state.*

12. *All policies shall be issued through licensed agents.*

The above mentioned principles are those heretofore adopted by the NAIC in its model regulations pertaining to Credit Life and Accident and Health Insurance.

In addition to the foregoing, our proposed Bill would include the following principles:

A. *It will provide for and place a limit on the compensation which may be received by the creditor or its affiliate, associate or subsidiary, or a director, officer or employee of any of them, expressed in dollars and cents, and be similar to the proposal made in joint statement heretofore submitted to the N.A.I.C. by the A.L.C. and L.I.A.A.*

B. *Provision will be made for enforcement in the same manner as is provided in the Model Fair Trade Practice Act. In the individual states there may be variations required because of local administrative procedure laws and similar statutes.*

We believe that the point has been reached where a Model Credit Insurance Statute can be drafted and enacted, so that Credit Insurance can be effectively regulated and thereby provide such insurance to the public at a reasonable cost, and be free of abuse.

It is essential that jurisdiction over the Credit Insurance Industry should be under a single government official, and it would seem logical and proper that such person should be the Insurance Commissioner."

It is thus seen that by this date (December, 1956) all of the key regulatory features were agreed to – save one – rate regulation – and this was to prove a source of disagreement and debate for two more years. As previously indicated the large mutual companies whose stake in consumer credit insurance was minor were ambivalent: they opposed premium regulation because of a fear that it would spread into the cash-value field; yet the spectre of federal regulation haunted them. Nor did the so-called "specialty" companies whose business was almost entirely credit insurance embrace rate regulation –

they feared that it could have a far-reaching competitive impact upon their business.

How, then, did the first draft of the Model Bill with its controversial section 7B providing that the Commissioner could disapprove any filed policy form "if the benefits provided therein are not reasonable in relation to the premium charge" get placed before the committee at the December 1957 meeting in New York? By the concentrated action of a group of dedicated commissioners who made the matter an item of first priority. Commissioner Joseph Navarre (Michigan) then (June, 1957-June, 1958) NAIC President indicated in the strongest language that he wanted the problem solved during his term of office. Superintendent Leffert Holz (New York) was chairman of the subcommittee by then bearing the august name Insurance Problems in Connection with Installment Sales & Loans. The Subcommittee met August 6 at the offices of the New York Insurance Department; October 16, 1957 at the Edgewater Beach Hotel in Chicago; November 14 & 15 at the Balmoral Hotel, Miami Beach, Florida; and it was at the last meeting that the "loss ratio" approach supported by Commissioners Bennett (Iowa), Parker (Virginia) and Gerber (Illinois) was finally accepted so that when the subcommittee report was made (and adopted) December 4, 1957 in New York City the proposed Model Bill was substantially in its present form.

It is probable that an influencing factor in the adoption of the "loss ratio" approach was a study of consumer credit rates and loss ratios which was released at the December, 1957 meeting (but whose findings had probably been available to the subcommittee at some earlier date). The study covered the policy years 1955 and 1956 and showed that the ratio of incurred claims to earned premiums was as follows:

	Life	
	1956	1955
Group	57.6	53.8
Individual decreasing term	24.7	22.5

	A&H	
	1956	1955
Group	35.2	34.6
Individual	26.6	27.1

The study also attempted to determine "pure mortality costs" from the data available. This was done by applying the loss ratio figures for group insurance to the average insurance in force at an assumed cost of 50¢ per year per $100 of initial amount of indebtedness. The mortality costs were thus tentatively determined to be 27¢ for 1955 and 28½¢ for 1956.

One year later (December, 1958) at the New Orleans meeting a revised proposed Model Bill was presented and adopted. Most of the changes were in the nature of removing ambiguity and providing clearer language but two changes of substance were made: the addition of sub-sections (d) and (e) to section 8. The first read:

> *"The amount charged by the creditor to the debtor for any credit life or credit health and accident insurance shall not exceed the premium rate filed with the Commissioner for the coverage provided."*

The second read:

> *"Nothing in this Act shall be construed to authorize any payments for insurance now prohibited under any statute or rule governing credit transactions."*

The importance of the first amendment is obvious. What point is there to regulating the premium the insurer charges if the creditor is free to increase it? The second amendment was to prevent the NAIC Bill being construed as an implied repealer of provisions in credit laws regulating the sale of credit insurance by licensees under such laws.

The acceptance of the Model Bill by state legislatures was excellent. Two states: Michigan and New Jersey adopted it in 1958; thirteen states: Arkansas, California, Connecticut, Idaho, Illinois, Montana, Nebraska, Nevada, New Hampshire, Ohio, Rhode Island, South Dakota and Vermont adopted it in 1959; three in 1960: Alaska, Georgia and Virginia (but the last state without section 7B); and eight in 1961: Arizona, Indiana, Maine, Oregon, Pennsylvania, Utah, Washington and Wyoming. The present total is forty-five.

At the December 1959 meeting in Miami the Committee adopted the following resolution:

> *"The Committee in Executive Session recommends to all insurance supervisors that a rate for Credit Life or Credit Accident & Health, producing a loss ration of under 50% should be considered to be excessive."*

Note that the Committee did not say that a

premium which produced a 50% loss ratio was "reasonable", but the resolution has been so interpreted and is probably subject to no other interpretation. No reason is perceived why the Committee stated its finding in the negative instead of in the words of the Model Bill. At this meeting there were also presented numerous amendments to the Model Bill but because the participants had seemingly expended all their available energy in the debate on loss ratios they were held over for further consideration. Nor were the proposed amendments considered at the June 1960 meeting in San Francisco. However, the Committee had a special meeting in Chicago on October 12 and met again in New York City in executive session prior to regularly scheduled Mid-Winter Meeting which began November 27, 1960. At this time it adopted several amendments suggested by industry and by committee members. The important additions were:

1. Sec. 2, A.1 – The Act does not apply to isolated transactions.

2. Sec. 7, F – Group policies qualified in other states need only file the certificate form and a rate schedule in local state but premium rates may not exceed local approvals.

3. Sec. 8, D – Changed to limit the creditor to premiums "charged by the insurer as computed at the time the charge to the debtor is determined."

Two proposals which were *not* accepted by the committee involved sec. 7B:

1. Substitute "premium rates charged or to be charged are excessive in relation to benefits" for existing "benefits provided therein are not reasonable in relation to the premium charge."

2. The addition of the following at the end of sec. 7B:

> *"In determining whether to disapprove any such forms the Commissioner shall give due consideration to past and prospective loss experience within and outside this state, to underwriting practice and judgment to the extent appropriate, and to all other relevant factors within and outside this state."*

It was at this meeting that the New York Department first unveiled its "decremental" rate structure which was a key feature of Regulation 27A promulgated five months later. The unveiling was accomplished in a long paper submitted by the Department in a discussion of the proposed amendments to the Model Bill. In opposing the general language of sec. 7B and the 50% loss ratio the paper said:

> *"The rate standards method urged here has the virtue of administrative simplicity. If rate standards are announced in advance, the industry is given an opportunity to avoid the possibility of long drawn-out individual determinations on each of the hundreds, and possibly thousands of individual policy forms submitted by the many insurers writing credit life and credit accident and health insurance. Since rate standards are not mandatory, an insurer is not precluded from using higher rates if it can demonstrate that higher charges are reasonable in relation to the benefits provided.*
>
> *In developing premium rate standards for credit life insurance, consideration may be given to the experience data developed by the 1957 N.A.I.C. study, and corresponding net premiums under the CSO table. The pure mortality costs developed by the 1957 N.A.I.C. study for loans repayable in 12 equal monthly installments was 28 cents per hundred dollars of initial indebtedness. Applying this 28 cents cost factor to the following proposed premium rate standards, the following loss ratios and margins are indicated where* premiums are paid in one sum *on a loan repayable in 12 monthly installments.*

Average Amount of Insurance In Force on All Debtors of a Creditor	*Single Premium Rate Per $100 of Initial Indebtedness*	*N.A.I.C. Experience Claim Cost*	*Loss Ratio*	*Balance of Premium Available for Commissions, Allowances, Expenses, Dividends, Profits, etc.*
Less than $250 M	*$.64*	*$.28*	*44%*	*$.36*
$250 M-$1 million	*.54*	*.28*	*52*	*.26*
$1-5 millions	*.49*	*.28*	*57*	*.21*
$5 million and over	*.44*	*.28*	*64*	*.16*

> *The loss ratios indicated above are presented solely for guidance in evaluating the adequacy and reasonableness of the rate standards. A recent experience study of insurers doing business in New York indicates the adequacy of the pure mortality cost factor developed by the N.A.I.C. The study covered the four-year period, 1956-1959, with an aggregate exposure for group credit life insurance of $28.7 billion of insurance in force, and death claims of $145 million. For individual credit life insurance, the total exposure was $1.5 billion, with death claims of $7.5 million. The pure mortality cost developed by the study, per $100 of initial indebtedness in the case of a loan repayable in 12 equal monthly installments, ranged from 24.2 cents to 28.7 cents, with an average of 27.5 cents for the six reporting companies."*

The next four meetings (two years) of the NAIC were uneventful but in December 1962 at Chicago

a resolution requiring a group policyholder to remit premiums to the insurer on a single premium basis if it

> *". . . collects a single identifiable insurance charge in advance from the debtor or includes said amount in the total amount of the indebtedness upon which an interest or finance charge is made to the debtor . . ."*

was not adopted.

At the Seattle meeting (June 1963) the subcommittee adopted a new name: Credit Life and Credit Accident and Health Insurance (dropping the "Model Bill Legislation" from its title). A new subcommittee: To Study Mortality and Morbidity Experience of Credit Life and Credit Accident & Health Insurance was created and it appointed an Industry Advisory Committee of Actuaries from seven companies writing considerable coverage in the field. It was agreed that the calendar years 1960-62 would constitute the time scope of the study and that data would be solicited from all companies having a credit life in force of $10,000,000 at the end of 1962 or whose earned premiums from A & H for that year exceeded $100,000.

One year later at Minneapolis (June, 1964) the Mortality and Morbidity Subcommittee reported that

> *". . . no significant or consistent results could be extracted from the accident and health data . . . (because) a credible volume of experience was contributed for only a limited number of plans of benefits."*

and it asked the assistance of the Industry Advisory Committee to

> *"... try to devise records to be set up prospectively by these companies from which at some future date meaningful statistics on the experience for credit accident and health can be obtained."*

Information from 141 companies with 29 plus billion dollars of credit life in force on December 31, 1962 (estimated to be 77% of the total in force in the U.S.) indicated (per $100, 12 month credit extension):

mortality cost	*29.3¢*
loss ratio	*58.5%*
earned premium	*53.7¢*
Mortality costs (by type of creditor)	
Bank	*30.1¢*
Sales Finance Co.	*30.9¢*
Dealer, Retail Vendor	*35.9¢*
Small Loan Co.	*33.2¢*
Production Credit	*32.6¢*
All others	*28.0¢*

This report was presented to the subcommittee as a "Final Report," (as contrasted with a Preliminary Report distributed in May). Industry voiced vigorous opposition to its acceptance but the subcommittee did accept it "in view of its factual nature." During the ensuing six months, however, the Arizona, Florida, Indiana, and Massachusetts departments challenged an "Analysis of Results of Study" dated June 5, 1964 which accompanied the report and which was the work product of the New Jersey department. This analysis sought to arrive at a prima facie rate (based upon the 50% loss ratio concept) from the mortality figures produced by the report and to establish a deviation procedure for extraordinary cases; a key dispute on the latter point was a proper "credible" experience period over which the insurer would have to document losses higher than the average. At the December 1964 meeting the subcommittee took no action on a proposed report of the subcommittee (prepared by Chief Actuary Bittel of the New Jersey department on the basis of the Analysis of six months earlier).

During the next year the Mortality and Morbidity subcommittee continued its efforts to produce a viable research vehicle for accident and health morbidity and to enlist company support for the project but both the June and December 1965 meetings were without incident.

At the June 1966 meeting in Richmond a resolution presented by the Consumer Credit Insurance Association and supported by the A.L.C., L.I.A.A., and the H.I.A.A. was adopted. Inasmuch as the proper interpretation of this resolution was a source of debate and some friction for several years it is reprinted here in full.

> *"WHEREAS the NAIC has gone on record in favor of the application of a 50% minimum loss ratio benchmark in implementing the requirement of Section 7B of the Model Bill For the Regulation of Credit Life and Credit Accident and Health Insurance that there be a reasonable relationship between benefits and premiums; and*
>
> *WHEREAS in adopting the Model Bill the NAIC*

rejected recommendations that compensation to creditors, in connection with credit life and credit accident and health insurance covering debtors of such creditors, be limited and instead adopted the requirement of Section 7B of the Model Bill that there be a reasonable relationship between benefits and premiums; and

WHEREAS questions have been recently raised concerning the propriety of implementing Section 7B of the Model Bill and the 50% minimum loss ratio benchmark by placing limits upon the amount of compensation to creditors and/or agents by way of commissions, dividends, retrospective rate credits, experience rating refunds and all other forms of compensation to creditors; and

WHEREAS such limitations may appear to have merit, but have been found to be ineffective in implementing Section 7B of the Model Bill and the 50% minimum loss ratio benchmark and therefore ineffective in protecting the public's interest and on the contrary have been found in practice to have unintended and undesirable consequences,

NOW THEREFORE the National Association of Insurance Commissioners recommends to the Commissioners of the Individual states;

1. *Enactment of the NAIC Model Bill to Provide for the Regulation of Credit Life and Credit Accident and Health Insurance in all states where it has not been enacted.*

2. *The implementation of Section 7B of the Model Bill by the adoption of the 50% minimum loss ratio benchmark and its enforcement.*

3. *As a simplified method of achieving and enforcing the 50% minimum loss ratio benchmark, concurrently and dependently, both*

   (a) the promulgation by the Commissioner of each state, after notice and hearing, of prima facie acceptable rates applicable to specified plans of benefits, terms of coverage and conditions under which the coverage is made available, which all insurers will be permitted to charge until such rates are changed, and

   (b) the adoption of a reasonable and simple procedure under which a deviation from such prima facie acceptable rates may be obtained, including a reasonable system for review of such deviations. Such procedure shall take into consideration an insurer's own experience or its expected experience on a case, or a class of business, or assumptions based on the comparable experience of other insurers in supporting expected experience.

4. *As a means of achieving control of the operation of the prima facie acceptable rates and the deviation procedure, the use of information now available in the Credit Life and Accident and Health Exhibit of each company and other relevant information. Insurers which produce loss ratios of less than 50% should be required to explain the reasons therefore.*

5. *The periodic review of credit insurance statistics becoming available in future NAIC studies and other relevant studies or statistics and of the information developed under 4 above. Based upon such reviews, the Commissioner, after notice and hearing, should adjust as necessary.*

   (a) the level of prima facie acceptable rates and/or the plans of benefits, terms of coverage and conditions under which the coverage is made available to which such prima facie acceptable rates are applicable.

   (b) the procedure under which deviations from such prima facie rates may be obtained,

so that loss ratios consistent with the 50% minimum loss ratio benchmark will be maintained.

IT IS URGED, in view of the extreme importance of this matter, that the foregoing recommendations be promptly implemented.

WHEREAS the Commissioners have available the credit life insurance statistics from the NAIC 1964 Study and other relevant studies or statistics it is urged that they be utilized as a basis for determining prima facie acceptable rates for credit life insurance.

WHEREAS the NAIC 1964 Study did not produce credible morbidity statistics for credit accident and health business.

IT IS URGED for credit accident and health insurance that:

(i) The NAIC Subcommittee to Study Mortality and Morbidity Experience of Credit Life and Credit Accident and Health Insurance continue its current efforts to obtain such statistics at the earliest possible date.

(ii) As an interim measure, pending the availability of such statistics, that the Commissioner of each state promulgate prima facie acceptable rates at levels consistent with the 50% minimum loss ratio benchmark, taking into consideration such relevant statistics as are available."

Much of the debate centered around the word "minimum" in recommendation #2. Commissioners who felt that rates were too high maintained that this was adequate authority for them to require loss ratios of 70% and 80% -- particularly before granting a requested deviation. Some Commissioners, and most of industry contended that it meant only that the loss ratio should not go below 50%.

Of probably greater importance, however, was the fact that it was the first official NAIC recognition of the propriety of *prima facie* rates and the necessity for adequate and accurate loss statistics upon which to base such rates.

In Dallas (December, 1966) the subcommittee approved the questionnaire designed by the Industry Advisory Committee to obtain morbidity data. The period of the survey was the calendar years 1965 and 1966 and, although it was expected that a large proportion of the data would be received from the 23 larger companies who had already agreed to submit data, companies of all sizes were invited to participate.

The subcommittee also approved a Credit Life Reporting Form recommended by the ALC and LIAA which broke down experience by method of premium payment and type of institution granting credit. A suggested A&H Reporting Form was referred to a special committee, which, reporting at the Boston meeting (June 1967) recommended the adoption of the form with minor changes, and the A&H form was then also adopted.

It was also at the Boston Meeting that a new subcommittee of the Laws and Legislation Committee was created to study credit insurance on transactions longer than five years with the idea of amending the Model Bill to provide coverage of the longer period. An Industry Advisory Committee was authorized but was not appointed until six months later at Honolulu.

At the Mid-Winter 1967 Meeting in Honolulu the Industry Advisory Committee on Morbidity reported the results of its study. The foreword reads in part:

> *". . . this restudy deals with pure claim costs without reference to other aspects of financial experience or to the level of premium rates used by the various contributors."*

In the absence of loss ratios or pure morbidity costs stated in dollars of benefits paid the Commissioners seemed at a loss as to what use to make of the voluminous statistics. The following extract from the Proceedings (p.143) indicated the dilemma:

> *". . . Commissioner Hunt then requested a response by the Industry Advisory Committee as to whether they could provide a further memorandum indicating the manner in which Insurance Commissioners might use the data contained in the report without further graduation or continuation of the study. Co-chairman Watkins stated such a concensus (sic) memorandum probably could not be developed. Co-chairman Stanley Gingery responded that such a memorandum might be possible by working with crude claim costs directly, but a majority of the Industry Advisory Committee might not agree. Commissioner Hunt thereupon moved that the Industry Advisory Committee be requested to provide the Subcommittee with a memorandum on the manner in which claim costs could be used from the report as received by the Subcommittee. The motion was duly seconded and carried unanimously . . . .*
>
> *It was then moved and properly seconded that the NAIC or the Industry Advisory Committee be instructed to compile nationwide data on Credit Life and Credit Accident and Health Insurance from the NAIC Credit Life and Credit Accident and Health Insurance Exhibit which is a supplement to the Annual Convention Statement. After discussion from the floor . . . as to the desirability and use of such a compilation, as well as discussions by members of the Subcommittee, with the consent of the mover of the motion, the Chairman deferred this question to the Executive Session of the Subcommittee.*
>
> **********
>
> *The Subcommittee then went into Executive Session. The previous suggestion concerning the compilation of data from the NAIC Credit Life and Credit Accident and Health Insurance Exhibit was taken up for consideration. After due discussion thereupon the vote was called for on the question with four members voting aye and three against."*

A special meeting of Subcommittee and the parent committee was held in Las Vegas, Nevada, February 26 and 27, 1968 for the purpose of

> *"preparing the definitive interpretation of that part of the Richmond Resolution dealing with the minimum loss ratio also known as the 50% benchmark."*

Representatives of Industry and the Trade Associations spoke at length on the matter. The American Life Convention stated the case well for those who contended that the use of the word "minimum"

did not imply NAIC blessing to higher loss ratios:

"In presenting our views about 'interpreting' the 50% minimum loss ratio, we should say at the outset that there is only one interpretation possible, in view of the facts surrounding its adoption and its unqualifiedly accepted meaning over the ensuing years. We also believe it essential to point out that no question has been raised before the NAIC previously as to the interpretation of this benchmark. As a matter of fact, except for very recently no one thought there was any need for 'interpreting' what was apparently thought to be plain and unambiguous.

Obviously, the NAIC has the power and right to adopt a different benchmark, or change the percentage in this benchmark, if it sees fit to do that by appropriate action. It is our feeling, very simply, however, that the benchmark should not be changed by 'interpretation.' If the benchmark is to be superseded or changed, that should be accomplished by direct and frank action, not by attributing to it a new, unjustified meaning – one which was never intended at its adoption or which is contrary to its application and use in all of the over eight years since its adoption."

This position was supported by the CCIA, the HIAA, and the American National Insurance Company of Galveston.

Supporters of the opposing view (L.I.A.A. & Prudential Insurance Company of America) did not bother to attempt to prove a contrary interpretation but contended directly that insurance charges were too high and that permitting higher loss ratios was the only way to lower them. The LIAA representative presented a Resolution of the Board of Directors dated May 19, 1967 pertinent parts of which read as follows:

"III. That in supporting the implementation of the June, 1966, Resolution of the NAIC, the staff be authorized to indicate to the appropriate state authorities that average national claim rate statistics of the 1964 NAIC Mortality Study indicate that a prima facie rate of 60¢ per $100 per year for credit life insurance would be consistent with the 50% loss ratio 'benchmark.'

IV. That opposition be expressed to any proposed or promulgated prima facie credit life or credit health insurance premium rate in excess of that contemplated by the 50% loss ratio 'benchmark' adopted by NAIC. This means that on the basis of the 1964 NAIC Mortality Study the Association would oppose any prima facie rate for credit life insurance in excess of 60¢ per $100 per year."

The Prudential was no less specific:

"Our preference has been and is the promulgation of prima facie maximum rates based on the decremental scale principle as exemplified by the New York, New Jersey or Vermont regulation.

Despite our preference for the decremental scale, however, and in a spirit of compromise, we have supported the 50% loss ratio as a minimum. We have done so in the belief it represented a step in the right direction, and in the belief its adoption would not prevent a state from adopting prima facie maximum rates which would produce loss ratios higher than 50%. We understood the Richmond Resolution to mean minimum. But for that understanding, the Richmond Resolution would not have had our support nor the support of others. The clear intention was to establish a 50% floor under loss ratios, not a 50% ceiling over them.

In our judgment, it would be a crippling blow to the cause of state regulation if the NAIC were to take the position that no insurer may be required to return more than 50¢ of the credit insurance premium dollar to the debtor public as claims . . ."

On the second day the Subcommittee adopted unanimously what came to be known as the Las Vegas Resolution:

"WHEREAS it has been urged that there be a definitive interpretation of that part of the resolution known as the Richmond Resolution (ref: 1966 Proc. VOL. II pp. 402-403) dealing with the 50% minimum loss ratio benchmark for credit life and credit accident and health insurance adopted by the NAIC at the June, 1966 Meeting in Richmond, Virginia; and WHEREAS it is also desirable to provide additional guidance regarding achievement of that benchmark,

NOW, THEREFORE, the National Association of Insurance Commissioners hereby takes the following action.

1. Reaffirms the Richmond Resolution and urges its prompt implementation by each and every state as the proper and appropriate means of protecting the public against abuses in the conduct of the credit insurance business.

2. Confirms that the promulgation by an individual state of a prima facie acceptable rate or system of rates which produces a loss ratio greater than 50% in the aggregate is not prohibited by the Richmond Resolution or by the NAIC Resolution adopted at the December, 1959 Meeting (ref: 1960 Proc. VOL. I p. 176), reading as follows:

'The Committee in Executive Session recommends to all insurance supervisors that a rate for Credit Life or Credit Accident and Health producing a loss ratio of under 50% should be considered to be excessive.' "

A quorum of the parent Life and Accident and Health Committee was also present and approved the action.

At the Annual Meeting in Portland, Oregon (June 1968) the Subcommittee considered the report of the Industry Advisory Committee (on the Morbidity Study) which had concluded

"by a vote of 6 to 2, that the results of the study could be presented in a single Basic Table that could be used to determine consistent claim costs by plan of benefit, elimination period and duration of indebtedness."

The report continued:

"The Committee wishes to point out that . . . there were apparent inconsistencies in claim costs among the various plans . . . and an apparent range of considerable magnitude in claim costs as among the various companies contributing to the study . . . The Basic Table therefore represents as nearly as possible a mechanical 'averaging' of rather diverse underlying components."

This was known as the 1968 Basic Table Single Claim Cost per $100 Initial Indebtedness. It was made available to Committee members shortly before the Portland Meeting and Commissioner Hunt (Vermont) observed that the costs shown "were significantly less than the crude data results [reported at Honolulu December 1967] for 14-day plans and significantly higher for the 30-day plans" and suggested that a composite of the two tables might produce a more equitable result. This composite "two table" approach was reported to the committee.

The Report was approved by the Subcommittee and the Industry Advisory Committee directed to proceed with the Mortality (credit life) study for the year 1969 previously authorized at the Honolulu meeting.

The so-called Long Term Credit Insurance subcommittee (of the Laws & Legislation Committee) created at Boston recommended that section 2A (2) be amended to read as follows:

"All life insurance and all accident and health insurance in connection with loans or other credit transactions shall be subject to the provisions of this Act, [except such insurance in connection with a loan or other credit transaction of more than five years duration;] except such insurance as is written in connection with real estate first mortgage loan transaction; *nor shall insurance be subject to the provisions of this Act where the issuance of such insurance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor."*

However, the parent committee rejected the recommendation and simply changed the word "five" to "ten". A key consideration apparently was that this action was consistent with the recently promulgated Uniform Consumer Credit Code.

At the December 1968 (Los Angeles) meeting the Michigan Department led by William Conley, Chief Life Actuary, began an attack on the Accident and Health rating structure that was to continue up to the present time. Mr. Conley's first position was that the A&H reporting form (adopted at Boston, June 1967) not be used for rate making purposes. The matter was referred jointly to the E2b (Statistical Data for A&H Insurance) Subcommittee and the Industry Advisory Committee (to study morbidity).

The two groups met in Las Vegas February 10 and 11, 1969 and Actuary Conley restated his position that the previously approved reporting forms were deficient because they do not "provide for experience data by duration of coverage" and that the morbidity studies recently completed should be used. The Industry Advisory Committee presented a substantial revision of the reporting form and the committee adopted it unanimously, subject to approval of the full (Life and Accident and Health) committee.

It was also at this meeting that the Prudential Insurance Company first advocated the inappropriateness of the 50% loss ratio for credit A&H, claiming that because of the large number of insuring plans available creditors were able to select the type of waiting (or elimination) period designed to give them the biggest dollar return and recommending that the loss ratio should vary according to the amount and term of the credit extension in such a way as to produce approximately the same return to the creditor regardless of the plan of coverage used.

Director Neff (Nebraska) suggested that the Richmond Resolution be amended to require that upward deviations should not be granted on business written at prima facie rates if its loss ratio is less than 60%.

All of these matters were held over to the June meeting at Philadelphia at which time: (1) The Prudential suggestion was referred to a new subcommittee (E2c) (2) Director Neff's proposal to amend the Richmond Resolution was adopted (3) A proposal by the Consumer Credit Insurance Association that deviations and reductions should only be approved or required when at least a 5% charge in rate is involved and recommending procedures for establishing "prima facie" rates, credibility factors for determining deviations, etc. was "retained for further study".

At the 1969 Winter Meeting (New Orleans) the Industry Advisory group reported to the Morbidity Subcommittee its findings as to single claim costs for periods exceeding five years but not exceeding ten years. Such figures were obtained by extending the data originally obtained and the Industry group issued the usual caveat that such an extension "may not reflect the true cost of insurance." Nevertheless, the report was accepted.

At the meeting of the Modification of 50% Loss Ratio Benchmark Subcommittee an Industry Advisory Group reported as follows:

> *"The Industry Advisory Committee of the (E2c) Subcommittee of the NAIC has studied that proposal known as the Prudential Proposal and finds, with the possible exception of that part of the Proposal relating to upward rate deviations, the Prudential Proposal does not justify further consideration. With respect to that portion of the Prudential Proposal relating to deviation procedures, the Committee recommends further consideration."*

Commissioner Blaine (Idaho) chairman of the E2 Committee stated that there would be an interim meeting of the committee prior to the Annual Meeting in June and the Industry Advisory group was instructed to have its further recommendations available at that time. It also approved an amendment to section 3(b) of the Richmond Resolution as follows:

> *"Additional amounts of compensation to the creditor, except for identifiable expenses incident to the higher claim rate, should not be considered as a relevant factor in the granting of upward deviations."*

On March 24 and 25, 1970 the E2 Subcommittee met in Sun Valley, Idaho. There were almost as many proposals as there were spokesmen. The LIAA and ALC proposed amendments to the Richmond Resolution specifying (in Appendices) procedures for obtaining deviations on life risks where the present loss ratio exceeds 60% and standards of credibility (size of case) are met and recommending that the loss ratio on the portion of the deviated rate in excess of the prima facie rate should be 75%. A substantial segment of the Industry felt that this second loss ratio should be 66-2/3%, so the Industry Advisory Committee refused to take a position on this point.

The Michigan Department (Life Actuary Conley) recommended that the loss ratios on accident and health coverages vary from 75% for a 7-day retroactive plan to 50% for a 30-day non-retroactive plan, but the LIAA-ALC found this objectionable because shorter elimination periods are generally found in loans of smaller amounts and shorter duration and therefore the distributable funds are lower without the necessity of increasing the required loss ratio.

The ALC made it clear that it did not agree with three of the positions taken by LIAA: (1) the 50% loss ratio was a minimum (2) the 50% loss ratio automatically translates into a 60¢ rate (for life) (3) the decremental scale of life prima facie rates should be supported.

The subcommittee decided to recommend to the parent committee that all reference to accident and health insurance be deleted from the Richmond Resolution and that a new resolution be developed dealing solely with A&H.

At the June 1970 meeting (Cleveland) the Credit Life and Credit A&H Insurance Subcommittee reported that it had forwarded to the parent Life Committee reports and recommendations taken by E2 at Sun Valley but no action was taken by the Life Committee during the meeting.

During the ensuing six months the ALC and the LIAA devoted enormous amounts of time and talent to developing a new "Chicago Resolution" (so named in anticipation of approval at the Chicago Meeting (December 1970) dealing with rate-making of credit accident and health and refining the deviation procedure for credit life previously suggested. Three principles emerged as to credit

life: (1) the 50% loss ratio is meaningful only in the establishment of prima facie rates (2) no upward deviation is permitted until loss ratios reach 60% (3) a loss ratio of 75% is required for that portion of the deviated rate above the prima facie rate. But the efforts of the ALC-LIAA were scuttled by an "O'Hare Resolution" which was presented as a recommendation of a Credit Insurance Task Force (composed of Commissioners – or representatives – of the Departments of California, Idaho, Michigan, New Jersey, New York, and Pennsylvania) but seems to have been mainly the work product of Actuaries Conley (Michigan) and Bittel (New Jersey). The "O'Hare Resolution" read as follows:

"WHEREAS when the National Association of Insurance Commissioners adopted the 'NAIC Richmond Resolution', it did not have before it credible information relating to net premiums or claim costs of credit accident and health insurance; and

WHEREAS there is now available credible credit accident and health experience and the Commissioners also have available credit accident and health statistics from the 1968 study sponsored by the NAIC; and

WHEREAS for reasons specified in prior NAIC resolutions, direct limitations on compensation to creditors are not feasible and have been found to be ineffective in implementing Section 7B of the Model Bill and that the most effective method of regulating credit accident and health insurance is to specify certain minimum loss ratio benchmarks;

NOW THEREFORE the National Association of Insurance Commissioners by this resolution modifies the 'Richmond Resolution' (commencing on page 770 of the 1969 NAIC Proceedings) so that henceforth it shall be interpreted to apply only to credit life insurance; and furthermore, the National Association of Insurance Commissioners recommends to the Commissioners of the individual states, as the best means of regulating credit accident and health insurance:

1. *Enactment of the NAIC Model Bill to Provide for the Regulation of Credit Life and Credit Accident and Health Insurance in all states where it has not been enacted.*

2. *The adoption and enforcement of minimum loss ratio benchmarks for credit accident and health insurance which will be considerably higher for many plans of benefits and terms of coverage than the benchmark adopted for credit life insurance. In no instance shall any benchmark for credit accident and health insurance be less than the benchmark adopted for credit life insurance. The amount of such increases or the formula for their determination shall be recommended by the Subcommittee on Credit Insurance prior to the June 1971, NAIC Meeting.*

3. *As a simplified method of achieving and enforcing the loss ratio benchmarks to be determined pursuant to 2, above.*

   a. *the promulgation by the Commissioner of each state, after notice and hearing, of prima facie acceptable rates which all insurers will be permitted to charge until such rates are changed, except as provided in 4 below, and*

   b. *the adoption of a reasonable and practical procedure under which an upward deviation from such prima facie acceptable rates may be obtained, including a reasonable system for review of such deviations, provided that a loss ratio of less than 10 percentage points greater than the loss ratios to be determined pursuant to 2, above, shall not be considered for purposes of such deviation.*

4. *The use of information now available in the 1968 Credit Accident and Health Insurance Study sponsored by the NAIC and other relevant information. Insurers which produce loss ratios of less than the loss ratios to be determined pursuant to 2, above, should be required to make appropriate rate reductions or show cause why their premium rates should not be adjusted so as to produce loss ratios of at least the loss ratio to be determined pursuant to 2, above. If the premium rate for a particular case as a consequence is required to be reduced, the reduction shall continue, whether the case remains with the insurer or is transferred to another insurer, until a showing is made to and accepted by the Commissioner that the reduction is no longer appropriate.*

5. *As more credit accident and health insurance statistics become available in future NAIC studies and other relevant studies, the Commissioner should adjust, as necessary, the level of prima facie acceptable rates."*

The Task Force directed its chairman to obtain technical assistance from an Actuarial Task Force which would aid the Commissioners Task Force in

"providing for varying rates and loss ratios for credit accident and health insurance by plan and class of business and amount and duration of indebtedness".

It was also at this meeting (Chicago, December 1970) that a controversy over the adequacy of the

"Rule of 78th" refund formula as a method of refunding credit life and accident and health insurance charges to insured debtors upon prepayment of the obligation, which had been debated at the previous three meetings, was finally put to rest by being tabled in executive session.

The Industry Advisory Committee on mortality made its final report on the results of the claim costs for credit life for the year 1969. The results were not drastically different from those of the 1964 study (involving policy years 1961 and 1962):

Table 1A – Experience by Type of Creditor's Business With Maximum Amount of Insurance $15,000 or Less

	Death Benefits Only	**	Death and Lump Sum Disability Benefits			
		Claim **		Claim Costs		
	Exposure in $1,000's	Cost. ** Mor- ** tality	Exposure in $1,000's	Mor- tality	Dis- ability	Total
Credit Union Business	$ 2,043,914	21.2	$7,404,330	22.5	9.5	32.0
Small Loan Business	5,441,359	37.4	26,813	36.2	14.2	50.4
Bank	12,065,982	28.3	1,718,719	31.8	3.2	35.0
Sales Finance, Motor Veh.	6,272,794	30.8	30,479	51.4	7.7	59.1
Sales Finance, Other	904,526	31.1	308,105	37.7	8.2	45.9
Dealer, Retail Vendor	771,569	22.9	30,715	29.6	0.0	29.6
Open End Credit	2,005,779	34.5	8,808	24.7	18.7	43.4
Production Credit Association	95,107	73.6	—	—	—	—
Federal Land Bank Business	3,788	38.4	—	—	—	—
All Other Business	1,664,282	30.4	127,373	27.7	1.7	29.4
**Total	31,269,102	30.5	9,655,342	24.8	8.2	33.0

It was also at this meeting that the Executive Secretary's office of the NAIC presented a controversial document entitled "A Background Study of the Regulation of Credit Life and Disability Insurance", dated November, 1970, subsequently reprinted in a 190 page booklet. A devastating attack by a member of Industry upon the objectivity of the document showed that by the booklet's own recitals (p.87) only 133 complaints regarding consumer credit insurance had been received by all reporting Insurance Departments during the period of a year.

A special meeting of the Credit Insurance (C2) Subcommittee [renamed and renumbered at the Chicago meeting] was held in San Francisco April 1 & 2, 1971 at which time:

(1) the Committee heard a presentation by Dr. Harry Blythe of Ohio University of the premium rate proposals made in its Study of Consumer Credit Life Insurance. Dr. Blythe proposed a rate structure consisting of five items:

(life) claim cost – 30¢ per $100 of initial indebtedness
acquisition cost – $1.50
servicing cost – 66¢ per year
creditor pre-tax profit – 15% of premium
insurer retention – 10% of premium

This structure is designed to make each transaction (regardless of size or duration) profitable to both creditor and insurer. However, since this would result in unacceptably high charges for small credit transactions, these costs would have to be spread equitably over the larger credit extensions. The presentation failed to evoke any enthusiasm in the Committee.

(2) Both ALC-LIAA and CCIA recommended that the new A&H rate structure vary loss ratios (and the premiums) by *amount* of credit extension as well as by duration and type of plan of benefits.

(3) Instructed the Actuarial Task Force (which had presented a "draft" New York Resolution setting forth minimum loss ratio benchmarks, single claim costs, and prima facie single premium rates plus Deviation procedures and credibility standards) to:

(a) utilize the "two table" approach to determine morbidity.

(b) build A&H *prima facie* premium rates upon 125% of claim costs plus a 60¢ constant.

The Actuarial Task Force followed directions and at the Annual Meeting in New York City (June, 1971) the proposed New York Resolution was presented. The ALC-HIAA urged that the prima facie rate should be 133% of claim costs plus a 65¢ constant and that in filing for deviations the insurer be permitted to use state, rather than national, experience so long as the insurer was consistent. The latter proposal was accepted by the Committee.

The Committee also presented a Revised Richmond Resolution which eliminated all mention of accident and health insurance, thereby confining it to life. This Resolution also contained detailed deviation Procedures and Credibility Tables. [Because the two Resolutions fill 16 pages of the Proceedings they are not reproduced.]

At the executive session of the Committee considerable discussion ensued as to the complexity of the regulatory scheme and its failure to take account of the original amount of the indebtedness.

Commissioner Barger (California) stated bluntly that he preferred a rate based on type of creditor and amount of indebtedness. Despite some dissatisfaction with details the Committee adopted the Resolution.

At the Winter Meeting, 1971 (Miami) the Committee proposed the appointment of a Task Force "to develop model regulations, particularly relating to the operation of the deviation procedures which are specified in the Resolutions." This proposal was accepted and the Chairman appointed Actuaries Conley (Michigan) and Bittel (New Jersey), Ass't. Commissioner O'Regan (California), and Deputy Sheehy (Pennsylvania) as members, Conley to serve as chairman.

The Committee also moved forward on its projected 1971-72 (two year) Morbidity Study by approving the outline of procedures to be followed by Industry Advisory Committee.

The Commissioners Task Force apparently approached its assignment with dispatch and zeal because on May 22, 1972 it distributed to members of the Committee and the interested trade associations a proposed model regulation containing 21 pages of text plus 34 pages of appendixes and tables.

At the meeting in Denver (June 1972) the Task Force was directed to have a complete proposal for the December meeting.

At the Atlanta meeting (December 1972) the Task Force presented the Model Regulation in a "preliminary exposure draft" and requested Industry comments by February 1, 1973. The new proposal was even longer than the May 22 draft considered at Denver. Perhaps this was due to the fact that it provided "three alternative methods of computing *prima facie* rates" for credit life and two methods for accident and health.

The Task Force met at Ann Arbor, Michigan, April 10-12, 1973 to consider comments by Industry, and on May 21 the C2 subcommittee met in San Antonio, Texas to consider the final draft. Not all members were present but those attending indicated no dissent with the Task Force proposal. It is not surprising, therefore, that three weeks later at the Annual Meeting in Washington, D.C. that the C2 subcommittee recommended adoption by a 5 to 4 vote. However, the Parent Life (c) committee voted 10 to 4 to return it for further study. Notwithstanding this action, the Executive Committee intervened and presented the matter to the Plenary Session where the Model Regulation was adopted.

Whether or not this is the end line of NAIC action on Credit Life and Credit Accident and Health is impossible to say. At previous times the Commissioners have apparently thought that the problem was solved and that they could forget about consumer credit insurance. The adoption of the Model Bill, the 50% loss ratio Resolution, The Richmond Resolution, the New York Resolution, all seemed to be landmark actions that could well signal the final solution; in the opinion of some of the more zealous Commissioners none did so, and this group crusaded for the adoption of the Model Regulation as the final solution. Query, is it even a solution? The Model Regulation is long (the draft finally approved is 16 pages of text plus 9 pages of appendices) and complicated. Replete with complex algebraic formulas it is an actuary's delight. Critics have charged that is is so intricate as to be unworkable except by few generously - financed, heavily-manned state insurance departments.

One serious disadvantage is that the Model Regulation may weaken the NAIC position that federal action is unnecessary, and this is because it, apparently, adds one more regulatory device as a requisite to adequate state regulation. Yet the opposite was probably the purpose of the small group of Commissioners who worked so tirelessly for adoption of the Model Regulation; it was their intent, presumably, to create a regulatory system which would forever deter federal action. If so, they missed the key point that it is not what the NAIC does that determines adequate regulation within the meaning of the McCarran Act (15 USC 1011-1013) but what the states do.

And the states, by and large, had been responsive to the previous recommendations of the NAIC. Forty-five states have enacted the NAIC Model Bill – or its substantial equivalent (sometimes as Article IV of the Uniform Consumer Credit Code). Most of these states where the law is mature (Iowa and Kansas were added to the list in 1973) have adopted prima facie rates and the 50% loss ratio benchmark. None of the prima facie life rates is as high as $1.00 per $100 per annum, which was the "going" rate in 1952 when the NAIC first manifested interest in such insurance; all but three are at 75¢ or less, and three are as low as 44¢. Some

states have already moved in the direction of the New York Resolution (higher loss ratios for A&H).

Critics of the industry must understand that there is an inevitable time lag between NAIC recommendation and state action. State legislatures are ponderous bodies and subject to innumerable pressures during their sessions. Many socially-desirable bills are overlooked or bypassed. Many of the Insurance Commissioners are handicapped by inadequate budgets and too few personnel. Some are waiting for loss statistics to mature (attain "credibility") in order to justify further rate adjustments. There are a host of problems at the state level not apparent to impatient bureaucrats in Washington.

It is the writer's contention that the states have moved, in deliberate haste, to regulate consumer credit insurance in the interests of the consumer and have done so adequately and responsibly.

EXHIBIT

APPENDIX B

MODEL RULES AND REGULATIONS FOR CREDIT INSURANCE ADOPTED BY THE NAIC IN 1954*

SECTION I. — DEFINITION AND SCOPE

A. On and after _____, the following rules and regulations shall govern the sale of Credit Life and Credit Accident and Health Insurance. Provided, however, that these regulations shall not apply to life or accident and health insurance sold on an individual contract basis in connection with real estate loans of more than 36 months duration.

B. Credit insurance is defined as follows:

1. Credit Life Insurance is that form of insurance under which the life of a borrower of money or a purchaser of goods is insured in connection with a specific loan or credit transaction.
2. Credit Accident and Health Insurance is that form of insurance under which a borrower of money or a purchaser of goods is indemnified in connection with a specific loan or credit transaction against loss of time resulting from accident or sickness.

SECTION II. — AMOUNT OF INSURANCE

A. Credit Life Insurance
The amount of credit life insurance written under one or more policies shall not exceed by more than $5.00 the original face amount of the specific contracts of indebtedness in connection with which it is written, provided, however, that where the indebtedness if repayable in installments the amount of insurance shall never exceed the approximate unpaid balance of the loan.

B. Credit Accident and Health Insurance
The total indemnities provided under the terms of credit accident and health coverage shall not exceed by more than $5.00 the amount of the initial indebtedness.

SECTION III. — TERM OF INSURANCE

The term of such coverages shall not extend more than fifteen (15) days beyond the term of the indebtedness except where extended without additional cost to the insured borrower or purchaser.

SECTION IV. — PREMIUM FOR INSURANCE

A. The premium rates for Credit Life and Credit Accident and Health Insurance shall be filed with the Commissioner of Insurance.

B. If through prepayment, renewal or refinancing, the indebtedness is discharged prior to the scheduled maturity date, cancellation of the credit insurance then in force shall be mandatory. In the event of cancellation, the return premium shall be promptly paid to the person entitled thereto. The formula to be used in computing the amount of return premium shall be filed with and approved by the Commissioner of Insurance. The policy form shall contain a termination clause in accordance with the foregoing provision. The responsibility for the enforcement of these conditions shall be upon the agent and company alike and failure on the part of the agent to enforce the provisions of this section shall be cause for the cancellation of such agent's license.

C. No company shall execute any contract or agreement with any person, firm or corporation which permits such persons, firm or corporations to retain

* II *NAIC Proc.* 299 (1954).

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any portion of the premium for payment of losses incurred or to be incurred under policies or certificates of insurance issued by said company.

D. Where an identifiable charge for group credit insurance is made to insured borrowers or purchasers such charge shall be consistent with the premium provided for in the group policy issued to the creditor.

SECTION V. — POLICIES AND POLICY PROVISIONS

A. All Credit Insurance sold shall be evidenced by a policy, certificate or statement of insurance which shall be delivered to the insured borrower or purchaser.

B. Said policy, certificate or statement shall describe the amount and term of the coverage, the amount of the premium and a description of the coverage including any exceptions, limitations or restrictions.

C. Said policy, certificate or statement shall be delivered to the insured borrower or purchaser at the time the indebtedness is incurred except as hereinafter provided.

D. If said policy, certificate or statement is not delivered to the insured borrower or purchaser at the time the indebtedness is incurred, a copy of the application for such policy or certificate shall set forth the amount of the premium, the amount and term of the coverage provided, and a brief description thereof, which shall be delivered to the purchaser at the time of such application. Upon approval of such application and within thirty (30) days of the date upon which the indebtedness is incurred, the insurance company shall cause to be delivered to the insured borrower or purchaser the policy or certificate. Said application shall serve as a binder and the coverage provided shall become effective as of the date the indebtedness is incurred.

E. If the policy certificate or statement is not delivered to the insured borrower or purchaser at the time the indebtedness is incurred, and if no application is taken, then the insured borrower or purchaser shall be furnished at the time the indebtedness is incurred a statement setting forth a brief description of the coverage provided. Said statement may be made a part of the contract of indebtedness. Said statement shall serve as a binder, and the coverage provided shall become effective as of the date the indebtedness is incurred.

F. All policies, certificates, binders or statements of insurance, applications, endorsements, riders and other forms constituting a part of the contract or contracts of insurance with the insured borrower or purchaser shall be filed with or approved by the Commissioner of Insurance of the state in which the policy is issued.

G. Where insurance is required as additional security, the debtor shall have the right to furnish as security an existing policy or to procure the necessary coverage through any insurer authorized to transact business within the state.

SECTION VI. — LICENSED AGENT OR BROKER

It shall be required that all policies be issued through licensed agents.

SECTION VII. — SETTLEMENT OF CLAIMS

A. All claims shall be promptly reported to the insurance company or its designated claim agent or representative by the agent and the company shall maintain adequate claim files.

B. All claims shall be settled strictly in accordance with policy terms.

C. All claims shall be paid either by draft drawn upon the company or by check of the company to the order of the claimant to whom payment of

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the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified. In the case of Credit Life Insurance, separate payments shall be made to the creditor beneficiary and to the named second beneficiary, if any, as their interests may appear. If the policy contains no provision for the designation of a second beneficiary, then it shall contain a facility of payment clause authorizing the company to pay any insurance in excess of the unpaid balance of the indebtedness of the estate, wife, husband, children, or other blood relative, or other person equitably entitled thereto as determined by the company.

D. No plan or arrangement shall be used whereby any person, firm or corporation other than the company or its designated claim agent or representative shall be authorized to settle or adjust claims. Agents, brokers, or persons affiliated with a creditor may not be designated as claim agents or representatives for the insurance company in adjusting claims. Provided, that a group creditor policy may, by arrangement with the Group insurer, draw drafts or checks in payment of claims due to the creditor-policy holder subject to audit and review by the insurance company.

Taken from Vol. I of the National Association of Insurance Commissioner's 1971 regular meeting.

EXHIBIT

APPENDIX C

N.A.I.C. MODEL BILL TO PROVIDE FOR THE REGULATION OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE

As Revised December 1960

BE IT ENACTED BY THE STATE OF _____
(adapt caption and formal portions to local requirements and statutes)

1. PURPOSE:

The purpose of this Act is to promote the public welfare by regulating credit life insurance and credit accident and health insurance. Nothing in this Act is intended to prohibit or discourage reasonable competition. The provisions of this Act shall be liberally construed.

2. SCOPE AND DEFINITIONS:

A. CITATION AND SCOPE

(1) This Act may be cited as "The Model Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance."

(2) All life insurance and all accident and health insurance in connection with loans or other credit transactions shall be subject to the provisions of this Act, except such insurance in connection with a loan or other credit transaction of more than five* years duration; nor shall insurance be subject to the provisions of this Act where the issuance of such insurance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor.

B. DEFINITIONS

For the purpose of this Act:

(1) "Credit life insurance" means insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction;

* Amended to "ten years" in 1968. See II *NAIC Proc.* 499 (1968).

Ins. Dir. EXHIBIT NO. 21

DATE 9-13-72

NANCY J. DUEHN

(2) "Credit accident and health insurance" means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy;

(3) "Creditor" means the lender of money or vendor or lessor of goods, services, or property, rights or privileges, for which payment is arranged through a credit transaction, or any successor to the right, title or interest of any such lender or lessor, and an affiliate, associate or subsidiary of any of them or any director, officer or employee of any of them or any other person in any way associated with any of them;

(4) "Debtor" means a borrower of money or a purchaser or lessee of goods, services, property, rights or privileges for which payment is arranged through a credit transaction;

(5) "Indebtedness" means the total amount payable by a debtor to a creditor in connection with a loan or other credit transaction;

(6) "Commissioner" means _____ (Insurance Supervisory Authority of the State).

3. FORMS OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE:

Credit life insurance and credit accident and health insurance shall be issued only in the following forms:

A. Individual policies of life insurance issued to debtors on the term plan;

B. Individual policies of accident and health insurance issued to debtors on a term plan or disability benefit provisions in individual policies of credit life insurance;

C. Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

D. Group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies to provide such coverage.

4. AMOUNT OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE

A. Credit Life Insurance

(1) The initial amount of credit life insurance shall not exceed the total amount repayable under the contract of indebtedness and, where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater.

(Note: If desired the following provisions may be added as subsections (2) and (3)).

(2) Notwithstanding the provisions of the above paragraph, insurance on agricultural credit transaction commitments, not exceeding one year in duration may be written up to the amount of the loan commitment, on a non-decreasing or level term plan.

(3) Notwithstanding the provisions of Paragraph A (1) of this or any other subsection, insurance on educational credit transaction commitments may be written for the amount of the portion of such commitment that has not been advanced by the creditor.

B. Credit Accident and Health Insurance

The total amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not

exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments.

5. TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE:

The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to such indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and such evidence is furnished more than thirty (30) days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of such insurance shall not extend more than fifteen days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor. If the indebtedness is discharged due to renewal or refinancing prior to the scheduled maturity date, the insurance in force shall be terminated before any new insurance may be issued in connection with the renewed or refinanced indebtedness. In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in Section 8.

6. PROVISIONS OF POLICIES AND CERTIFICATES OF INSURANCE: DISCLOSURE TO DEBTORS:

A. All credit life insurance and credit accident and health insurance shall be evidenced by an individual policy, or in the case of group insurance by a certificate of insurance, which individual policy or group certificate of insurance shall be delivered to the debtor.

B. Each individual policy or group certificate of life insurance, and/or credit accident and health insurance shall, in addition to other requirements of law, set forth the name and home office address of the insurer, the name or names of the debtor or in the case of a certificate under a group policy, the identity by name or otherwise of the debtor, the premium or amount of payment, if any, by the debtor separately for credit life insurance and credit accident and health insurance, a description of the coverage including the amount and term thereof, and any exceptions, limitations and restrictions, and shall state that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and, wherever the amount of insurance may exceed the unpaid indebtedness, that any such excess shall be payable to a beneficiary, other than the creditor, named by the debtor or to his estate.

C. Said individual policy or group certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred except as hereinafter provided.

D. If said individual policy or group certificate of insurance is not delivered to the debtor at the time the indebtedness is incurred a copy of the application for such policy or a notice of proposed insurance, signed by the debtor and setting forth the name and home office address of the insurer, the name or names of the debtor, the premium or amount of payment by the debtor, if any, separately for credit life insurance and credit accident and health insurance, the amount, term and a brief description of the coverage provided, shall be delivered to the debtor at the time such indebtedness is incurred. The copy of the application for, or notice of proposed insurance, shall also refer exclusively to insurance coverage, and shall be separate

and apart from the loan, sale or other credit statement of account, instrument or agreement, unless the information required by this subsection is prominently set forth therein. Upon acceptance of the insurance by the insurer and within thirty (30) days of the date upon which the indebtedness is incurred, the insurer shall cause the individual policy or group certificates of insurance to be delivered to the debtor. Said application or notice of proposed insurance shall state that upon acceptance by the insurer, the insurance shall become effective as provided in Section 5.

E. If the named insurer does not accept the risk, then and in such event the debtor shall receive a policy or certificate of insurance setting forth the name and home office address of the substituted insurer and the amount of the premium to be charged, and if the amount of premium is less than that set forth in the notice of proposed insurance an appropriate refund shall be made.

7. FILING, APPROVAL AND WITHDRAWAL OF FORMS:

A. All policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders delivered or issued for delivery in this State and the schedules of premium rates pertaining thereto shall be filed with the Commissioner.

B. The Commissioner shall within thirty (30) days after the filing of any such policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the benefits provided therein are not reasonable in relation to the premium charge, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the Insurance Code or of any rule or regulation promulgated thereunder.

C. If the Commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for such insurer to issue or use such form. In such notice, the Commissioner shall specify the reason for his disapproval and state that a hearing will be granted within twenty (20) days after request in writing by the insurer. No such policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of thirty (30) days after it has been so filed, unless the Commissioner shall give his prior written approval thereto.

D. The Commissioner may, at any time after a hearing held not less than twenty (20) days after written notice to the insurer, withdraw his approval of any such form on any ground set forth in subsection B above. The written notice of such hearing shall state the reason for the proposed withdrawal.

E. It is not lawful for the insurer to issue such forms or use them after the effective date of such withdrawal.

F. If a group policy of credit life insurance or credit accident and health insurance

(i) has been delivered in this State before the effective date of this Act, or

(ii) has been or is delivered in another State before or after the effective date of this Act,

the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this State as specified in subsections B and D of Section 5 of this Act and such forms shall be approved by the Commissioner if they conform with the requirements specified in said subsections and if the schedules of premium rates applicable to the insurance evidenced by such certificate or notice are not in excess of the insurer's schedules of premium rates filed with the Commissioner; provided,

however, the premium rates in effect on existing group policies may be continued until the first policy anniversary date following the date this Act becomes operative as provided in Section 12.

G. Any order or final determination of the Commissioner under the provisions of this section shall be subject to judicial review.

8. PREMIUMS AND REFUNDS:

A. Any insurer may revise its schedules of premium rates from time to time, and shall file such revised schedules with the Commissioner. No insurer shall issue any credit life insurance policy or credit accident and health insurance policy for which the premium rate exceeds that determined by the schedules of such insurer as then on file with the Commissioner.

B. Each individual policy or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto; provided, however, that the Commissioner shall prescribe a minimum refund and no refund which would be less than such minimum need be made. The formula to be used in computing such refund shall be filed with and approved by the Commissioner.

C. If a creditor requires a debtor to make any payment for credit life insurance or credit accident and health insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to such debtor and shall promptly make an appropriate credit to the account.

D. The amount charged to a debtor for any credit life or credit health and accident insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined.

(Note: Where a state prohibits payments for insurance by the debtor in connection with credit transactions, the following paragraph may be included.)

E. Nothing in this Act shall be construed to authorize any payments for insurance now prohibited under any statute, or rule thereunder, governing credit transactions.

9. ISSUANCE OF POLICIES:

All policies of credit life insurance and credit accident and health insurance shall be delivered or issued for delivery in this state only by an insurer authorized to do an insurance business therein, and shall be issued only through holders of licenses or authorizations issued by the Commissioner.

10. CLAIMS:

A. All claims shall be promptly reported to the insurer or its designated claim representative, and the insurer shall maintain adequate claim files. All claims shall be settled as soon as possible and in accordance with the terms of the insurance contract.

B. All claims shall be paid either by draft drawn upon the insurer or by check of the insurer to order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified.

C. No plan or arrangement shall be used whereby any person, firm or corporation other than the insurer or its designated claim representative shall be authorized to settle or adjust claims. The creditor shall not be designated as claim representative for the insurer in adjusting claims; provided, that

a group policyholder may, by arrangement with the group insurer, draw drafts or checks in payment of claims due to the group policyholder subject to audit and review by the insurer.

11. EXISTING INSURANCE — CHOICE OF INSURER:

When credit life insurance or credit accident and health insurance is required as additional security for any indebtedness, the debtor shall, upon request to the creditor, have the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by him or of procuring and furnishing the required coverage through any insurer authorized to transact an insurance business within this state.

12. ENFORCEMENT:

The Commissioner may, after notice and hearing, issue such rules and regulations as he deems appropriate for the supervision of this Act. Whenever the Commissioner finds that there has been a violation of this Act or any rules or regulations issued pursuant thereto, and after written notice thereof and hearing given to the insurer or other person authorized or licensed by the Commissioner, he shall set forth the details of his findings together with an order for compliance by a specified date. Such order shall be binding on the insurer and other person authorized or licensed by the Commissioner on the date specified unless sooner withdrawn by the Commissioner or a stay thereof has been ordered by a court of competent jurisdiction. The provisions of Sections 5, 6, 7 and 8 of this Act shall not be operative until ninety (90) days after the effective date of this Act, and the Commissioner in his discretion may extend by not more than an additional ninety (90) days the initial period within which the provisions of said sections shall not be operative.

13. JUDICIAL REVIEW:

Any party to the proceeding affected by an order of the Commissioner shall be entitled to judicial review by following the procedure set forth in .....
.....

14. PENALTIES:

In addition to any other penalty provided by law, any person, firm or corporation which violates an order of the Commissioner after it has become final, and while such order is in effect, shall, upon proof thereof to the satisfaction of the court, forfeit and pay to the State of .....
a sum not to exceed $250.00 which may be recovered in a civil action, except that if such violation is found to be willful, the amount of such penalty shall be a sum not to exceed $1,000.00. The Commissioner, in his discretion, may revoke or suspend the license or certificate of authority of the person, firm or corporation guilty of such violation. Such order for suspension or revocation shall be upon notice and hearing, and shall be subject to judicial review as provided in Section 13 of this Act.

15. SEPARABILITY PROVISION:

If any provision of this Act, or the application of such provision to any person or circumstances, shall be held invalid, the remainder of the Act, and the application of such provision to any person or circumstances other than those as to which it is held invalid, shall not be affected thereby.

EXHIBIT NO. 23
DATE 9-13-72
NANCY J. DUEHN

150

adopted in 1946, modified

APPENDIX D

RICHMOND RESOLUTION

As Amended June, 1969*

WHEREAS the NAIC has gone on record in favor of the application of a 50% minimum loss ratio benchmark in implementing the requirement of Section 7B of the Model Bill For the Regulation of Credit Life and Credit Accident and Health Insurance that there be a reasonable relationship between benefits and premiums; and

WHEREAS in adopting the Model Bill the NAIC rejected recommendations that compensation to creditors, in connection with credit life and credit accident and health insurance covering debtors of such creditors, be limited and instead adopted the requirement of Section 7B of the Model Bill that there be a reasonable relationship between benefits and premiums; and

WHEREAS questions have been recently raised concerning the propriety of implementing Section 7B of the Model Bill and the 50% minimum loss ratio benchmark by placing limits upon the amount of compensation to creditors and/or agents by way of commissions, dividends, retrospective rate credits, experience rating refunds and all other forms of compensation to creditors; and

WHEREAS such limitations may appear to have merit, but have been found to be ineffective in implementing Section 7B of the Model Bill and the 50% minimum loss ratio benchmark and therefore ineffective in protecting the public's interest and on the contrary have been found in practice to have unintended and undesirable consequences.

NOW THEREFORE the National Association of Insurance Commissioners recommends to the Commissioners of the individual states:

1. Enactment of the NAIC Model Bill to Provide for The Regulation of Credit Life and Credit Accident and Health Insurance in all states where it has not been enacted.
2. The Implementation of Section 7B of the Model Bill by the adoption of the 50% minimum loss ratio benchmark and its enforcement.
3. As a simplified method of achieving and enforcing the 50% minimum loss ratio benchmark, concurrently and dependently, both,
   (a) the promulgation by the Commissioner of each state, after notice and hearing, of prima facie acceptable rates applicable to specified plans of benefits, terms of coverage and conditions under which the coverage is made available, which all insurers will be permitted to charge until such rates are changed, and
   (b) the adoption of a reasonable and simple procedure under which a deviation from such prima facie acceptable rates may be obtained, including a reasonable system for review of such deviations, *provided that a loss ratio of less than 60% shall not be considered for purposes of an upward deviation.* Such procedure shall take into consideration an insurer's own experience or its expected experience on a case, or a class of business, or assumptions based on the comparable experience of other insurers in supporting expected experience.
4. As a means of achieving control of the operation of the prima facie acceptable rates and the deviation procedure, the use of information now available in the Credit Life and Accident and Health Exhibit of each company and other relevant information. Insurers which produce loss ratios of less than 50% *for any class of accounts* should be required *to make appropriate rate reduction or show cause why their premium rates should not be adjusted so as to produce loss ratios of at least 50%. If the premium rate for a particular*

* II *NAIC Proc.* 770 (1969).

account is as a consequence required to be reduced, the reduction shall continue, whether the account remains with the carrier or is transferred to another carrier, until a showing is made to and accepted by the Commissioner that the reduction is no longer appropriate.

5. The periodic review of credit insurance statistics becoming available in future NAIC studies and other relevant studies or statistics and of the information developed under 4 above. Based upon such reviews, the Commissioner, after notice and hearing, should adjust as necessary,
   (a) the level of prima facie acceptable rates and/or the plans of benefits, terms of coverage and conditions under which the coverage is made available to which such prima facie acceptable rates are applicable.
   (b) the procedure under which deviations from the prima facie rates may be obtained, so that loss ratios consistent with the 50% minimum loss ratio benchmark will be maintained.

IT IS URGED in view of the extreme importance of this matter that the foregoing recommendations be promptly implemented.

WHEREAS the Commissioners have available the credit life insurance statistics from the NAIC 1964 Study and other relevant studies or statistics it is urged that they be utilized as a basis for determining prima facie acceptable rates for credit life insurance.

WHEREAS the NAIC 1964 Study did not produce credible morbidity statistics for credit accident and health business,

IT IS URGED for credit accident and health insurance that:

(i) The NAIC Subcommittee to Study Mortality and Morbidity Experience of Credit Life and Credit Accident and Health Insurance continue its current efforts to obtain such statistics at the earliest possible date.

(ii) As an interim measure, pending the availability of such statistics, that the Commissioner of each state promulgate prima facie acceptable rates at levels consistent with the 50% minimum loss ratio benchmark, taking into consideration such relevant statistics as are available.

Taken from Vol. I of the National Association of Insurance Commissioner's 1971 regular meeting.

Las Vegas Resolution

EXHIBIT NO. 24

DATE 9-13-77

NANCY J. DUEHN

EXHIBIT

APPENDIX E

*LAS VEGAS RESOLUTION

WHEREAS it has been urged that there be a definitive interpretation of that part of the resolution known as the Richmond Resolution (ref: 1966 Proc. Vol. II pp. 402-403) dealing with the 50% minimum loss ratio benchmark for credit life and credit accident and health insurance adopted by the NAIC at the June, 1966 meeting in Richmond, Virginia; and WHEREAS it is also desirable to provide additional guidance regarding achievement of that benchmark.

NOW THEREFORE the National Association of Insurance Commissioners hereby takes the following action:

1. Reaffirms the Richmond Resolution and urges its prompt implementation by each and every state as the proper and appropriate means of protecting the public against abuses in the conduct of the credit insurance business.
2. Confirms that the promulgation by an individual state of a prima facie acceptable rate or system of rates which produces a loss ratio greater than 50% in the aggregate is not prohibited by the Richmond Resolution or by the NAIC Resolution adopted at the December, 1959 meeting (ref: 1960 Proc. Vol. I p. 176), reading as follows:

   "The Committee in Executive Session recommends to all insurance supervisors that a rate for Credit Life or Credit Accident and Health producing a loss ratio of under 50% should be considered to be excessive."

* II *NAIC Proc.* 575 (1968). Adopted June 1968.

STATE OF MINNESOTA

COMMERCE DEPARTMENT

COUNTY OF RAMSEY

INSURANCE DIVISION

IN THE MATTER OF THE WITHDRAWAL OF APPROVAL OF ALL CREDIT LIFE AND CREDIT ACCIDENT AND HEALTH INSURANCE FORMS AND RATES ON FILE AS OF JANUARY 1, 1978, AS REQUIRED BY LAW.

WAIVER OF HEARING AND WITHDRAWAL OF APPROVAL

The Commissioner of Insurance hereby gives notice that, pursuant to Minn. Stat. § 62B.07, subd. 4, he intends to withdraw approval of all credit life and credit accident and health policies which do not conform to the rate schedules set forth in proposed amended Rule 92 which hearings were held September 13 - 15, 1977.

The Commissioner of Insurance hereby seeks the conditional waiver of a right to a hearing on the proposed withdrawal of approval. Said waiver will be effective only in the event said proposed amended Rule 92 is effectively promulgated, otherwise said waiver and this notice shall have no force or effect whatsoever.

WHEREAS, Minn. Stat. § 62B.07, subd. 4, provides that a hearing be held pursuant to such withdrawal upon not less than a 20-day notice to an insurer; and

WHEREAS, the undersigned company agrees to said withdrawal of approval of all its credit life and credit accident and health insurance policies under the conditions set forth above.

IT IS THEREFORE STIPULATED AND AGREED, by the undersigned company, that the right to a hearing as provided by Minn. Stat. § 62B.07, subd. 4, is hereby conditionally waived and that the withdrawal of approval of all credit life and credit accident and health insurance forms and rates shall be effective as to the undersigned without said hearing under the conditions set forth above.

Dated:

Conditional Waiver of Hearing

S. Dept. EXHIBIT NO. 25

DATE 9-13-77

NANCY J. DUEHN

By_____

Title_____

Company_____

Public EXHIBIT No. A

DATE 9-13-77

NANCY J. DUEHN

My name is Lowell G. Wakefield, President of the First National Bank of Waconia. I appreciate having the opportunity to comment on the proposal to amend Ins Rule 92.

We have analyzed the installment loan accounts in our bank and have compiled the figures I have made available to you in support of the testimony I am about to give. The period of time involved to which these figures pertain is July, 1976 through July, 1977.

You will note from the data we have gathered that the average income per decreasing term credit life policy per month is $1.02. This is gross income and does not take into consideration fixed costs, administrative and processing expenses. For the 12-month period we are covering, the average monthly income from such credit life insurance has been $582.59 on a total of 566 policies which insured nearly 1-1/2 million dollars worth of loans. For the same period of time our income per month on 355 accident and health policies was $384.32 for an average of $1.08 per policy.

The insurance commissioner is now proposing a reduction of the presumptively reasonable rate for decreasing term credit life insurance from 75¢ to 60¢ which represents a 20 per cent decrease in premium. It is reasonable to presume that the 20 per cent decrease in premium will, however, result in a decrease in commission income to the lender. I estimate a 26 per cent decrease. My estimate is based on a projected commission base of 40%, which I understand credit life insurance companies in Minnesota are now estimating will be paid on average to lender-agents. Following through with these computations, we find even with the proposed 10 per cent increase in accident and health insurance premiums, the actual net result to the lender will equal a

monthly decrease of income of .02 per cent.

In applying these percentages to our figures for the last twelve months, we would have a monthly decrease in the amount of $160.00 or 16.5 per cent. This can be supported by taking our average monthly income of $582 and reducing it by 26 per cent, for a total of $430.00 Taking the accident and health average monthly income of $384 and decreasing it by .02 per cent, for a total of $376.00 per month. The average gross income per policy at this point has been reduced to 76¢ per month on credit life insurance and $1.06 per policy per month on accident and health insurance.

Therefore, because of the high claim losses, the lender-agent who is providing the services and processing the claims will realize a loss of income while his costs continue to rise. For example, the number of accident and health and life claims being processed is increasing continually. The costs involved in servicing these claims and administering these policies have also increased. In 1974, we found processing costs totaled $233 per month. In using the same formula, we now find in 1977 that our monthly cost for processing credit life and accident and health has increased to $274.58,for a 17.7 per cent increase. We also noted that in 1974 we had an average number of claims of seven per month; whereas in 1977 these claims have risen to nine claims per month.

Therefore, when reviewing the proposed amendments in terms of dollars and cents which a lender offering and servicing the product can reasonably expect, I can only conclude that the proposal will result in a significant decrease in net income. However, I believe the proposal will not significantly decrease the availability of the product. Lenders will attempt to partially offset the loss of income

by developing increased efficiencies in offering and servicing the product. Although no two states are exactly alike with respect to market penetration or claims experience, I believe one must recognize that the proposed amendment sets forth guidelines that are consistent with what is authorized in our neighboring states where I believe credit insurance continues to be a viable product. However, I am concerned that any further rate reduction will render a proportionately greater hardship on smaller lending institutions which could possibly lead to the unavailability of this product to a substantial number of otherwise eligible Minnesota consumers. I therefore urge the commissioner to continue his study through the accumulation of statistical data and insurance company reports in order to assure the continued availability of an effective, efficient and equitable credit insurance distribution system in Minnesota.

A C C I D E N T & H E A L T H

Number	Average Premium	Insurance Company (55%)	Agent - (45%)	Agent's Average Income Per Month Per Policy	Agent's Total Income Per Month For Group
40	$ 7.80	$ 4.29	$ 3.51	$ .38	$ 15.20
69	17.53	9.64	7.89	.55	37.95
98	39.92	21.95	17.96	.88	86.24
45	72.90	40.09	32.81	1.24	55.80
49	107.86	59.33	48.53	1.57	76.93
24	145.69	80.13	65.56	1.85	44.40
30	214.57	118.01	96.56	2.26	67.80
355					$ 384.32

$1.08 per policy per month all policies

C R E D I T L I F E

Loan Size	Total Amount	Average Term (Months)	Number	Average Premium	Insurance Company (55%)	Agent (45%)	Agent's Average Income Per Month Per Policy	Agent's Total Income Per Month For Group
0 - 500	$ 18,470.78	9.59	52	$ 3.30	$ 1.82	$ 1.48	$ .15	$ 7.80
501 - 1000	61,865.11	14.69	85	10.62	5.85	4.77	.32	27.20
1001 - 2000	199,365.78	19.35	137	27.85	15.32	12.53	.65	89.05
2001 - 3000	186,243.88	24.91	78	50.74	27.91	22.83	.91	70.98
3001 - 4000	294,904.81	31.76	85	81.93	45.06	36.87	1.16	98.60
4001 - 5000	244,991.39	36.88	54	122.09	67.15	54.94	1.49	80.46
Over 5000	489,520.81	31.50	75	194.87	107.18	87.69	2.78	208.50
	$1,495,362.56		566					$582.59

$1.02 per policy per month all policies

Public Exhibit No. B
File No. 78-002-6-B
Date 9/14/77

RECEIVED
SEP 16 1977
OFFICE OF HEARING EXAMINERS

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

In the Matter of the Proposed)
Adoption of Rules by the)
Insurance Division Relating)
to Credit Life and Credit)
Accident and Health Insurance)

COMMENTS OF THE MINNESOTA PUBLIC INTEREST RESEARCH GROUP

The rules proposed by the Insurance Division for credit life and credit accident and health insurance would make two important changes.

1. Would change the standard to be applied in existing credit insurance rates. While the existing rules require that anticipated loss ratios equal or exceed 50% the proposed change would require only that the commissioner give reasonable consideration to whether a loss ratio of 50% will be developed.

2. Would change the maximum rates allowable for credit insurance by lowering the maximum rates on credit life insurance and raising the maximum rates on credit accident and health insurance.

This hearing is the latest round in a series of actions by the Insurance Division regarding credit insurance. The series began in January, 1974, after MPIRG made public the fact that credit life insurance premiums in Minnesota were higher than the rates allowed by the regulation which is the subject of this amendment.

MPIRG is a research and advocacy organization supported by voluntary contributions of college and university students throughout the state of Minnesota. Students are affected particularly by credit insurance rates because they often have no credit ratings and can secure loans from lenders only on difficult terms. Thus, MPIRG's interest in credit insurance is substantial and of long standing.

Our action in 1973 uncovered the fact that high credit insurance premiums were costing Minnesota consumers millions of dollars. The prompt action of the Insurance Division to lower

credit insurance rates was opposed in court by the credit insurance industry with the result that there has been no change in the allowable rates and the overcharges have continued.

In 1974, the Insurance Division proposed to lower the allowable rates on credit life insurance by 27%. This seemed the minimum necessary to assure a loss ratio of 50% under market conditions at the time. We understand that the proposed rate decrease of some 20% from the pre-1974 level will yield a loss ratio approximately the same as that we found for credit life insurance in 1973 - 39%. Since the regulation (Insurance Rule 90) requires a loss ratio of at least 50% it is proposed to amend the regulation to allow for loss ratios below that level.

The proposed amendment to Insurance Rule 90 represents a very serious setback for consumers of credit life insurance. In 1973, when it was discovered that loss ratios for credit life insurance were so low, the Insurance Commissioner took quick action (and MPIRG secured a court order requiring such action) on the strength of this regulation which provides a clear standard to apply. The proposed change would leave no clear standard and make rate regulation difficult and cumbersome.

The proposed change represents a retreat from the standards of credit insurance regulation recommended by the National Association of Insurance Commissioners in 1966. The primary advantage of the 50% standard is its simplicity. In the area of credit insurance the Commissioner and his staff must judge the accounting practices of institutions over whom they have no control - lenders - in order to arrive at a rule which they can apply to the institutions they regulate - insurers. This job is difficult if not impossible to do without a figure to use as a benchmark.

The opportunities for abuse in the credit insurance system have been documented too many times to be discussed in detail here. However, most of them stem from the fact that credit insurance is offered to the consumer by the same institution which is lending him the money and requiring (in some cases) that he

procure credit life insurance. Since the insurance transaction is only a (seemingly) minor matter incidental to the loan itself the consumer is not disposed to shop around or quarrel. Since the lender commonly keeps a percentage of the premium as a commission, it is to his advantage to sell the insurance with the highest rates.

While the 50% rule may not be perfect as a regulatory tool, the proposed amendment will leave the commissioner with no specific regulatory standard at all except the requirement that he "consider" the loss ratio. This will not furnish a basis on whcih to lower rates and raise loss ratios to 50% in the future unless a real breakthrough occurs which enables the commissioner to disallow bookkeeping entries of lending institutions. Otherwise, how will the commissioner justify imposition of a 50% ratio when he is now permitting a 40% ratio? The more likely prospect is that once the 50% rule is lost from the regulation, it will take action by the legislature to get it back.

There can be only one valid reason for the proposed change in Insurance Rule 90, namely, that the current regulation is legally incompatible with the governing statute, M.S. §62B.07. Unless the Hearing Examiner is convinced that the current regulation exceeds the commissioner's authority, he should not recommend that Insurance Rule 90 be changed. It is difficult to believe that the mere presumption that rates are <u>not</u> excessive if the anticipated loss ratio is 50% or greater, supported by the research of both the NAIC and the Minnesota Insurance Division, exceeds the commissioner's statutory authority. Twenty-six states had adopted the 50% loss ratio in one form or another as of 1972.* It is difficult to believe that M.S. §62B.07 forbids the commissioner to use the 50% in view of all the evidence supporting it.

We understand that the proposed changes in credit accident

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*Table 9.1 <u>Consumer Credit Life and Disability Insurance,</u> College of Business Administration, Ohio University (1973).

and health insurance rates will still yield a loss ratio greater than 50% and therefore do not oppose them. Although the proposed reduction in credit life insurance rates is substantial and to be commended we are concerned that it will still yield a loss ratio well under 50%.

Date: September 16, 1977

Michael Milgrom

Michael Milgrom
Attorney for Minnesota Public Interest Research Group
3036 University Avenue S.E.
Minneapolis, MN 55414
(612) 376-7554

Public Exhibit No. C
File No. 2HR-78-002-GR
Date 9/30/77

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MACKALL, CROUNSE & MOORE

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September 16, 1977

Mr. George Beck
Hearing Examiner
Hearing Examiner's Office
1745 University Avenue
St. Paul, Minnesota 55104

Re: Credit Insurance Rule Making Proceedings.

Dear Examiner Beck:

This letter is intended to hopefully clarify our reasons for supporting the amendment to Rule Ins. 90.

The existing Rule 90 is phrased in such a manner that it would appear that the only test for determining whether rates are excessive in relation to benefits is the 50% loss ratio test. The rule has conflicted with the statute, §62B.07 Subd. 2, in the sense that §62B.07 Subd. 2, commands the Commissioner to apply a much broader test. The statute grants to the Commissioner the power and duty to determine whether rates are excessive in relation to benefits (which existing Rule 90 recognizes) but goes on to provide that, in making this determination, a varity of expense factors must be considered in addition to "all other factors and trends deemed to be relevant."

We have recognized that a loss ratio test is one of the "factors" which may be deemed relevant. However, §62B.07 Subd. 2 clearly indicates that a loss ratio test cannot legally be made the sole test -- as existing Rule 90 mistakenly attempts to do.

A loss ratio test, by its very definition, weighs only two factors -- premiums earned and claims incurred. These are important factors but under Minnesota law cannot be determinative.

Existing Rule 90 is wide open to legal challenges as being a misstatement of, and contrary to, §62B.07 Subd. 2. Obviously, an administrative rule cannot take precedence over the enabling statute. Existing Rule 90 has tended to mislead certain persons into believing that credit insurance rate determinations are to be based solely on the 50% loss ratio test.

The proposed amendment to Rule 90 is designed simply to make it clear that the Commissioner shall take his cue from §62B.07 Subd. 2 while, at the same time, recognizing the validity of a loss ratio criteria as one of the factors that can be considered. We believe that amendment will clear up legal and practical difficulties that have arisen in the past with respect to Rule 90.

In short, the amendment conforms Rule 90 to the enabling statute, §62B.07 Subd. 2.

Very truly yours,

MACKALL, CROUNSE & MOORE

By Clay R Moore
Clay R. Moore
Attorneys for the Minnesota Consumer Finance Conference and its Members

CRM/mm

STATE OF MINNESOTA)
(ss.
COUNTY OF RAMSEY)

INS-78-002-GB

AFFIDAVIT OF SERVICE

SUSAN WOJCIK, being first duly sworn, deposes and says that on the 7th day of October 1977, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice to Interested Persons

unstamped, by placing in the designated tray to be collected by messenger for delivery to the central mailing station as required by Minn. Stat., § 16.54 (1974), a true and correct copy thereof on all persons at the addresses shown on the Hearing Register who indicated thereon that they wished to be notified when the Examiner's Report was submitted to the Agency.

Susan Wojcik

Subscribed and sworn to before me
this 24th day of October, 1977.

Sandra A. Haven

SANDRA A. HAVEN
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
My Comm. Expires July 29, 1983

STATE OF MINNESOTA
OFFICE OF HEARING EXAMINERS
ROOM 300 - 1745 UNIVERSITY AVENUE
ST. PAUL, MINNESOTA 55104
(612) 296-6910

TO ALL INTERESTED PARTIES:

RE: In the Matter of the Proposed Adoption of Rules by the Insurance Division Relating to Credit Life and Credit Accident and Health Insurance.

The Report of the Hearing Examiner in the above-entitled matter will be submitted to the Commissioner of Insurance on October 14, 1977. Please note that the Report is a recommendation only and that the Commissioner may accept, modify or reject any part of it. However, the Commissioner may not take any final action on the proposed rule until at least five working days have expired after October 14, 1977. During that time, the Commissioner and the Office of Hearing Examiners will make a copy of the Report available for review by any interested individual. Copies will be furnished by the Office of Hearing Examiners for $3.40 each. Please use the enclosed order form.

A copy of the Report will also be filed with the Legislative Reference Library.

Yours very truly,

Susan K. Derus

SUSAN K. DERUS
Administrative Assistant

SKD/ nt
Enc. 1

AN EQUAL OPPORTUNITY EMPLOYER

TO: Office of Hearing Examiners
Room 300
1745 University Avenue
St. Paul, Minnesota - 55104

Please send me _____ copy(ies) of the Report of the Hearing Examiner in Docket No. INS-78-002-GB. I have enclosed a check in the amount of $_____ made payable to: State Treasurer - Hearing Examiners' account.

_____ (name)

_____ (address)

_____ (city)

(Please type or print the above information clearly.)

Mr. William Howard
Special Assistant Attorney General
Banking Division
Department of Commerce
500 Metro Square Building
Seventh and Robert Streets
Saint Paul, Minnesota 55101

6-13-1979

PLEASE PRINT CLEARLY	ADDRESS STREET NUMBER, CITY & ZIP	TELEPHONE	REPRESENTING	WISH TO BE NOTIFIED WHEN EXAMINER'S FINDINGS ARE SUBMITTED TO AGENCY (YOUR NAME AND ADDRESS MUST BE LEGIBLE!!)
CLAY R. MOORE	1000 1ST. NAT BK BLDG MPLS MINN.	333-1341	Minn. Consumer Finance Conference	X
JAMES LARKIN	1560 NFC Bldg Bloomington Minn.	835-3800	MCFC; Capital Life	
MIKE MEDLAND	P.O. Box 391 MADISON, WI 53701	(608)238 5851	CUNA Mutual Insurance Group	X
Michael H Burns	501 Park Ave MPLS, MN 55415	332-1441	Mpls Legal Aid	X
James C. Beckstrom	375 EAST 4TH STREET ST. PAUL, MN	227-8001	NORTH CENTRAL LIFE	X
Paul C. Lorenz	Standard American Life & Annuity Co. MPLS 55440	9203351	3801 W 80th Street Minneapolis 55410	X
Don Devens	6550 York Ave So Edina, Minn	920-0660	Occidental	X
Lee Sahr	332 Baker Bldg. Minneapolis Minn	338-7551	Minn Bankers Assoc.	X
Roger Pulkrabek	275 E 4th St. St. Paul Minnesota	227-8001	North Central Life	X
R E SCHOLLMEYER	2850 METRO DR SUITE 707 BLOOMINGTON, MINN 55420	854-7611	MN CONSUMER FINANCE CONF	X
EUGENE CONWAY	307 N. MICHIGAN CHICAGO ILL 60643	3127269895	CONSUMER CREDIT INSURANCE ASSN	X
David K. Craig	2650 Island Ave W Lakeville Minn 55044	469-4776	USLIFE CREDIT LIFE INS CO.	X
ROBERT L. SPENCER	501 GRAND AVE. THIENSVILLE, WISC 53092	414 242-0059	U.S. Life Credit Life Ins. Co.	X

NAME 9-13-1977

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D.C Mendele	1901 Fleur Chard Dr Eden Prairie Minn 55344	944-3900	Mutual Protective Life Ins Co	✓
Jack Hummel	5780 214th St W Excelsior, Minn	474-4259	Pacific Mut Life	✓
Robert C Kucera	1320 Northwestern Bldg Minneapolis, Minn	339-0054	Insurance Federation of Minnesota	X
ROBERT OLAFSON	345 CEDAR ST. ST PAUL MN 55101	298-3725	MINNESOTA MUTUAL LIFE INS. CO.	✓
Andy Myers	8141 Co Rd 4 N New Hope	370-8590	U.T. Miller Co.	✓
J T Miller	1000 Curtis Tustin	3708580	J T Miller Co	✓
A-F. Rossberg	1166 NW BANK BLDG MPLS	372-7688	BANCO LIFE INS CO	✓
W G McGuire	32nd Floor IDS Mpls	341 3800	Central National Ins Co	✓
R Barber	307 N Michigan Chicago	312 346 8102 ~~744~~	Old Republic Life	✓
G Conway	"	312 726 9895	Consumer Credit Ins Assn	✓
J Wise	2368 Wiedner Rd Excelsior Minn 55331	612 474 4421	Dealer Agency	✓
Jim Gordon/ Jim Fowler	2500 Fernbrook Rd Plymouth Minn 55441	474 8971	Security Benefit Life	X
Wil Rogers	1947 Autumn W St P MN 55115	645-3189	ITT Life	✓

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Ann Dora M. Peterson	540 Selby Ave St. Paul	222-3863	Legal Asst. Ramsey Co.	
C&R Cunningham	3101 W69th St	920-9270	Minnesota Consumer Finance Assn	
Hugh R. Conley	8919 Morgan Ave So Bloomington MN	370-5184	First Bank System Inc	X
Roger H. Fleming	1820 Queen Ave. N. Mpls MN 55427	544-7566	National Fidelity	X
James Ware	4564 Greenwood Dr Minnetonka, Minn 55364	4744421	Dealer Agency	X
Glen L. Gilbertson	525 Jeanette Thief River Falls	218 681-5405	I.T.T. Life Ins Co	

NAME PLEASE PRINT CLEARLY	ADDRESS STREET NUMBER, CITY & ZIP	TELEPHONE	REPRESENTING	WISH TO BE NOTIFIED WHEN EXAMINER'S FINDINGS ARE SUBMITTED TO AGENCY (YOUR NAME AND ADDRESS MUST BE LEGIBLE!!)
[illegible]	[illegible]	(303) 837-8249	STATE FARM LIFE INS. CO.	X
Lauren Hirschfield	First Nat. BK Wisconsin Dells 53387	448-2834	First Nat BK.	X

9-13-1977

Sign in Sheet

Name & Address	Organization	Do you wish to testify?
Liz Brantington, Allentown, Pa.	Prudential Life Ins. Co.	yes
George Birch	OHE 1745 Univ.	
Hugh R Conley, Bloomington Minn.	First Bank System Inc.	no
Ronald H Fleming MPLS	National Fidelity	No
Clay R Moore	Minn Coun. Fitness Campaign	yes
(John Johnson Lowell Wakefield)		