CHAPTER 2760
DEPARTMENT OF COMMERCE
CREDIT LIFE, ACCIDENT, HEALTH INSURANCE

2760.0010 PURPOSE.

The purpose of this chapter is to protect the interests of debtors and the public in this state by providing a system of rate, policy form, and operating standards for the transaction of credit life and credit accident and health insurance. This chapter interprets and implements Minnesota Statutes, sections 62B.01 to 62B.14.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0020 DEFINITIONS.

Subpart 1. **Scope.** The terms used in this chapter have the meanings given them in this part.

Subp. 2. **Account.** "Account" means the aggregate coverage for a single plan of insurance written under one agreement through one or more creditors by the insurer, whether coverage is written on a group or individual policy basis.

Subp. 3. **Average number of life years.** "Average number of life years" means the average number of group certificates or individual policies in force during a period times the number of years in the period.

Subp. 4. **Claims.** "Claims" means benefits payable on death or disability, including any accrued interest but excluding loss adjustment expense, claims settlement costs, or other additions of any kind.

Subp. 5. **Closed-end credit.** "Closed-end credit" means a credit transaction that does not meet the definition of open-end credit.

Subp. 6. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subp. 7. **Credibility factor.** "Credibility factor" means the factor calculated by using the credibility table in part 2760.0090.

Subp. 8. **Critical period accident and health coverage.** "Critical period accident and health coverage" means credit accident and health coverage that provides a maximum benefit period of a specified number of monthly benefits or to the end of a coverage period, whichever is less.

Subp. 9. **Earned premiums.** "Earned premiums" means the total gross premiums received during a period reduced by premiums refunded and adjusted for changes in premium reserves as described in the Credit Insurance Experience Exhibit instructions published by the National Association of Insurance Commissioners.

Subp. 10. **Effective date of coverage.** "Effective date of coverage" is the date of initial indebtedness, except that for each part of the insurance attributable to a different advance or a charge to the account it is the date on which the advance or charge occurs.

Subp. 11. **Evidence of individual insurability.** "Evidence of individual insurability" means a statement furnished by the debtor, as a condition of insurance becoming effective, that relates specifically to the health status or the health or medical history of the debtor.

Subp. 12. **Incurred claims.** "Incurred claims" means claims paid during a period, adjusted for the change in claim reserves from the beginning to the end of that period as described in the Credit Insurance Experience Exhibit instructions published by the National Association of Insurance Commissioners.

Subp. 13. **Loss ratio.** "Loss ratio" means incurred claims divided by earned premiums.

Subp. 14. **Open-end credit.** "Open-end credit" means credit extended by a creditor under an agreement in which:

A. the creditor reasonably contemplates repeated transactions;

B. the creditor imposes a finance charge from time to time on an outstanding unpaid balance; and

C. the amount of credit that may be extended to the debtor during the term of the agreement up to any limit set by the creditor is generally made available to the extent that any outstanding balance is repaid.

Subp. 15. **Plan of insurance.** "Plan of insurance" means any of the following:

A. credit life insurance on a single premium basis, including single and joint life coverage, and including decreasing and level insurance;

B. credit life insurance on a monthly premium basis, including single and joint life coverage;

C. credit accident and health insurance on a single premium basis, including single and joint coverage; or

D. credit accident and health insurance on a monthly premium basis, including single and joint coverage.

Subp. 16. **Preexisting condition.** "Preexisting condition" means any condition for which the insured debtor received medical advice, consultation, or treatment within six months before the effective date of the coverage.

Subp. 17. **Prima facie rates.** "Prima facie rates" means the starting rates shown in parts 2760.0050 and 2760.0060 and any subsequent rates as adjusted for a later time period pursuant to part 2760.0080.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0030 RIGHTS AND TREATMENT OF DEBTORS.

Subpart 1. **Multiple plans of insurance.** If a creditor makes available to the debtors more than one plan of credit life insurance or credit accident and health insurance, every debtor must be informed of each plan for which the debtor is eligible and of the premium or insurance charge for each.

Subp. 2. **Substitution.** When a creditor requires insurance as additional security for a debt, the debtor shall be given the option of furnishing the required amount of insurance through existing policies of insurance owned or controlled by the debtor or of procuring and furnishing the required coverage through any insurer authorized to transact insurance business in this state. If this subpart is applicable, the debtor shall be informed by the creditor of the right to provide alternative coverage before the transaction is completed.

Subp. 3. **Termination of group consumer credit insurance policy.**

A. If a debtor is covered by a group consumer credit insurance policy providing for the payment of single premiums to the insurer, or any other premium payment method which prepays coverage beyond one month, then provision shall be made by the insurer that in the event of termination of the policy for any reason, insurance coverage with respect to any debtor insured under the policy shall be continued for the entire period for which the premium has been paid or until the debtor's insured loan otherwise ends.

B. If a debtor is covered by a group consumer credit insurance policy providing for the payment of premiums to the insurer on a monthly basis, then the policy shall provide that, in the event of termination of the policy, termination notice shall be given to the insured debtor at least 30 days before the effective date of termination except where replacement of the coverage by the same or another insurer in the same amount, the same benefits, and the same rates takes place without lapse of coverage. The insurer shall provide or cause to be provided this required information to the debtor.

Subp. 4. **Remittance of premiums.** If the creditor adds identifiable insurance charges or premiums for consumer credit insurance to the debt, and any direct or indirect finance, carrying, credit, or service charge is made to the debtor on the insurance charges or premiums, the creditor must remit and the insurer shall collect the premium within 60 days after it is added to the debt.

Subp. 5. **Refinancing of debt.** If the debt is discharged due to refinancing before the scheduled end of coverage, the insurance in force shall be terminated before any new insurance is issued in connection with the refinanced debt. In all cases of termination before scheduled maturity, a refund of unearned premium or unearned insurance charges paid by the debtor shall be paid or credited to the debtor as provided in part 2760.0070. In any refinancing of the debt, the effective date of the coverage as respects any policy provision shall be deemed to be the first date on which the debtor became insured under the policy with respect to the debt which was refinanced, at least to the extent of the amount and term of the debt outstanding at the time of refinancing of the debt.

Subp. 6. **Open-end credit benefit amount.** If a debtor has opened an educational, agricultural, or horticultural open-end credit account for which credit life insurance has been issued on a nondecreasing or level term plan for the amount of the loan commitment, in the event of the death of the debtor the insured amount due is the amount of the loan commitment against which premium was last charged.

Subp. 7. **Maximum aggregate provisions.** If an insurer issues multiple certificates of insurance to an insured under the same group policy which together exceed the maximum amount of life insurance shown in any certificate schedule, the insurance shall remain in effect unless the insurer cancels the excess insurance and refunds or credits the associated premium plus any additional finance charges related to the excess insurance.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0040 DETERMINATION OF REASONABLENESS OF BENEFITS IN RELATION TO PREMIUM.

Premium rates charged for credit insurance shall not be excessive in relation to the benefits. The requirement is satisfied if the premium rate charged develops or is reasonably expected to develop a loss ratio of 50 percent or such different loss ratio as calculated under part 2760.0080. With the exception of deviations approved under part 2760.0090, the rates shown in parts 2760.0050 and 2760.0060, as adjusted pursuant to part 2760.0080, shall be conclusively presumed to be reasonable.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0050 CREDIT LIFE INSURANCE RATES.

Subpart 1. **Initial prima facie rates.** Subject to the conditions and requirements in subpart 2 and part 2760.0090, the initial prima facie rates in this subpart meet the requirements of part 2760.0040 and are the maximum rates to be used without further proof of reasonableness, until the effective date of any adjustment under part 2760.0080.

A. If the premium is charged on a monthly outstanding balance (MOB) basis, the initial prima facie rate is $0.615 per month per $1,000 of outstanding insured debt on single life.

B. If the premium is charged on a single premium basis, the rate shall be computed according to the following formula or according to a formula approved by the commissioner which produces rates actuarially consistent with the following formula:

$$SP = \frac{OP}{10} \times \sum_{t=1}^{n} \frac{I_t}{I_0}$$

where: OP = Prima facie life rate per $1,000 per month

n = Term of insurance coverage (months)

I_t = Scheduled amount of insurance for month t

SP = Single premium prima facie rate per $100 initial amount of insured loan amount

Note: I_t includes any additional monthly payments covered in the benefit but not more than 1 for n <= 63 months and 2 for n > 63 months

For purposes of calculating the single premium credit life rate, the initial value of OP is $0.615.

C. If the life coverage is sold on a joint basis involving two debtors, the rate for the joint coverage shall be 167 percent of the applicable single rate.

D. If the insurer provides benefits more restrictive than specified in subpart 2, the insurer must file and use rates that are actuarially equivalent and must receive approval from the commissioner as meeting the requirements of part 2760.0040 before use. If the insurer provides benefits less restrictive than specified in subpart 2, the insurer shall either use the rates specified or rates that are actuarially equivalent, in which case the insurer must receive approval from the commissioner as meeting the requirements of part 2760.0040 before use.

Subp. 2. **Application to certain contracts.** The premium rates in subpart 1 shall apply to contracts providing credit life insurance that are offered to all eligible debtors electing to purchase coverage within 30 days of the date the debtor becomes eligible and that conform to the following provisions.

A. Coverage for death by whatever means caused, unless coverage excludes death resulting from:

(1) war or any act of war;

(2) suicide within six months after the effective date of the coverage or later advance; or

(3) subject to provisions of item B, a preexisting condition or conditions.

B. For the purpose of item A, subitem (3), no preexisting condition exclusion shall apply unless death is caused by or substantially contributed to by the preexisting condition and unless death occurs within six months following the effective date of coverage or later advance.

C. The insurer has the option to include in lieu of a preexisting condition exclusion on insurance written in connection with open-ended credit account, a provision to limit the amount of insurance payable on death due to natural causes to the balance as it existed six months before the date of death if there has been one or more increases in the outstanding balance during the six-month period and if evidence of individual insurability has not been required in the six-month period before the date of death. This provision applies only if and to the extent that the amount of coverage to which it would otherwise apply in the absence of this limitation exceeds $1,000.

D. An age restriction providing that no insurance will become effective on debtors on or after the attainment of age 70 and that all insurance will terminate upon attainment by the debtor of age 70.

E. The insurer does not require evidence of individual insurability if the initial amount financed or open-end credit account limit is $15,000 or less and the applicant elects to purchase coverage within 30 days of the effective date of the indebtedness.

Subp. 3. **Other reasonable rates.**

A. If the insurer uses a form that does not exclude preexisting conditions, a rate equal to 105 percent of the prima facie rate shall be considered reasonable.

B. If the insurer, its agent, or the application form for credit life insurance requests or requires that the debtor provide evidence of individual insurability and the initial amount financed or open-end credit account limit available is above $15,000 or the applicant elects to purchase coverage more than 30 days after the effective date of the indebtedness, then the premium rates considered reasonable will be the prima facie rates in subpart 1. For policies insuring open-end lines of credit, the insurer may require evidence of individual insurability for advances which increase the outstanding debt above $15,000.

Subp. 4. **Insurance application forms.** Insurers' use of the same application forms for credit life and credit accident and health insurance is permitted whether or not the underwriting questions are asked pursuant to subpart 3.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0060 CREDIT ACCIDENT AND HEALTH INSURANCE RATES.

Subpart 1. **Initial prima facie rates.** Subject to the conditions and requirements in subpart 2 and part 2760.0090, the initial prima facie rates in this subpart meet the requirements of part 2760.0040 and are the maximum rates to be used without further proof of reasonableness until the effective date of any adjustment under part 2760.0080.

A. If premiums are payable on the basis of a premium rate per month per thousand of outstanding insured debt, the prima facie rate shall be computed according to one of the following tables:

Premium Charge Based on Gross Insured Debt

(Total of Payments) per $1,000 per Month

	14-Day		30-Day	
Original Term of Coverage in Months	Retro	Non-Retro	Retro	Non-Retro
1	-	-	-	-
2	-	-	-	-
3	5.95	3.60	3.55	1.55
4	5.32	3.36	3.48	1.68
5	4.80	3.13	3.30	1.67
6	4.37	2.91	3.11	1.66
7	4.03	2.73	2.93	1.63
8	3.71	2.56	2.76	1.58
9	3.48	2.40	2.60	1.54
10	3.25	2.27	2.45	1.47
11	3.05	2.17	2.33	1.43

12	2.89	2.06	2.23	1.37
13	2.74	1.97	2.13	1.34
14	2.61	1.89	2.04	1.29
15	2.49	1.81	1.95	1.26
16	2.38	1.74	1.88	1.22
17	2.28	1.68	1.81	1.19
18	2.19	1.62	1.75	1.15
19	2.12	1.57	1.68	1.12
20	2.05	1.52	1.64	1.10
21	1.97	1.48	1.59	1.07
22	1.91	1.44	1.54	1.04
23	1.85	1.40	1.50	1.02
24	1.80	1.36	1.46	1.00
25	1.75	1.33	1.42	0.98
26	1.70	1.30	1.39	0.97
27	1.66	1.26	1.36	0.95
28	1.62	1.24	1.32	0.93
29	1.59	1.21	1.31	0.92
30	1.55	1.19	1.28	0.90
31	1.52	1.17	1.25	0.89
32	1.48	1.15	1.22	0.87
33	1.45	1.13	1.20	0.86
34	1.42	1.11	1.18	0.85
35	1.39	1.09	1.16	0.84
36	1.37	1.07	1.15	0.83
37	1.35	1.05	1.13	0.82
38	1.32	1.04	1.11	0.81
39	1.30	1.03	1.10	0.80
40	1.28	1.01	1.07	0.80
41	1.26	1.00	1.06	0.79
42	1.24	0.99	1.05	0.77
43	1.22	0.97	1.03	0.76
44	1.20	0.96	1.02	0.76
45	1.19	0.94	1.00	0.75
46	1.17	0.94	0.99	0.74
47	1.15	0.93	0.98	0.74
48	1.14	0.91	0.97	0.73
49	1.13	0.91	0.96	0.72
50	1.11	0.90	0.95	0.72
51	1.10	0.89	0.94	0.71

52	1.09	0.88	0.93	0.71
53	1.07	0.87	0.92	0.70
54	1.06	0.86	0.91	0.70
55	1.05	0.85	0.90	0.69
56	1.04	0.85	0.89	0.69
57	1.03	0.84	0.88	0.68
58	1.02	0.83	0.88	0.68
59	1.01	0.82	0.87	0.67
60	1.00	0.82	0.86	0.67
61	0.99	0.81	0.85	0.67
62	0.98	0.80	0.85	0.66
63	0.98	0.80	0.84	0.66
64	0.97	0.79	0.83	0.66
65	0.96	0.79	0.83	0.65
66	0.95	0.78	0.82	0.65
67	0.94	0.78	0.82	0.65
68	0.94	0.77	0.81	0.64
69	0.93	0.77	0.81	0.64
70	0.92	0.76	0.80	0.64
71	0.91	0.76	0.80	0.63
72	0.91	0.75	0.79	0.63
73	0.90	0.75	0.79	0.63
74	0.90	0.74	0.78	0.63
75	0.89	0.74	0.78	0.62
76	0.88	0.74	0.77	0.62
77	0.88	0.73	0.77	0.62
78	0.87	0.73	0.76	0.62
79	0.87	0.73	0.76	0.62
80	0.86	0.72	0.76	0.61
81	0.86	0.72	0.75	0.61
82	0.85	0.72	0.75	0.61
83	0.85	0.71	0.74	0.60
84	0.84	0.71	0.74	0.60
85	0.83	0.70	0.74	0.60
86	0.83	0.70	0.73	0.60
87	0.83	0.70	0.73	0.60
88	0.82	0.70	0.73	0.60
89	0.82	0.69	0.72	0.59
90	0.81	0.69	0.72	0.59
91	0.81	0.69	0.72	0.59

92	0.80	0.68	0.71	0.59
93	0.80	0.68	0.71	0.59
94	0.80	0.68	0.71	0.59
95	0.79	0.68	0.70	0.58
96	0.79	0.67	0.70	0.58
97	0.79	0.67	0.70	0.58
98	0.78	0.67	0.70	0.58
99	0.78	0.67	0.69	0.58
100	0.78	0.67	0.69	0.58
101	0.77	0.66	0.69	0.57
102	0.77	0.66	0.69	0.57
103	0.77	0.66	0.68	0.57
104	0.76	0.66	0.68	0.57
105	0.76	0.65	0.68	0.57
106	0.76	0.65	0.68	0.57
107	0.75	0.65	0.67	0.57
108	0.75	0.65	0.67	0.57
109	0.75	0.65	0.67	0.56
110	0.74	0.64	0.67	0.56
111	0.74	0.64	0.67	0.56
112	0.74	0.64	0.66	0.56
113	0.74	0.64	0.66	0.56
114	0.73	0.64	0.66	0.56
115	0.73	0.63	0.66	0.56
116	0.73	0.63	0.66	0.56
117	0.73	0.63	0.65	0.56
118	0.72	0.63	0.65	0.55
119	0.72	0.63	0.65	0.55
120	0.72	0.63	0.65	0.55
Composite Term	1.55	1.19	1.28	0.90

Premium Charge Based on Net Insured Debt
(Outstanding Loan Balance) per $1,000 per Month

	14-Day		30-Day	
Original Term of Coverage in Months	Retro	Non-Retro	Retro	Non-Retro
1	-	-	-	-
2	-	-	-	-
3	6.03	3.65	3.60	1.57
4	5.41	3.42	3.54	1.71

5	4.89	3.19	3.36	1.70
6	4.47	2.98	3.18	1.69
7	4.13	2.79	3.00	1.67
8	3.81	2.63	2.83	1.62
9	3.59	2.47	2.68	1.59
10	3.36	2.35	2.54	1.52
11	3.16	2.25	2.42	1.49
12	3.01	2.14	2.32	1.42
13	2.86	2.05	2.22	1.40
14	2.73	1.98	2.13	1.35
15	2.61	1.90	2.04	1.32
16	2.50	1.83	1.98	1.29
17	2.40	1.77	1.91	1.25
18	2.31	1.71	1.85	1.21
19	2.25	1.66	1.78	1.19
20	2.17	1.62	1.74	1.16
21	2.10	1.58	1.69	1.14
22	2.04	1.54	1.64	1.11
23	1.98	1.50	1.61	1.09
24	1.93	1.46	1.57	1.07
25	1.89	1.43	1.53	1.06
26	1.84	1.40	1.50	1.05
27	1.79	1.37	1.47	1.03
28	1.76	1.35	1.44	1.01
29	1.73	1.32	1.42	1.00
30	1.69	1.29	1.39	0.99
31	1.66	1.28	1.37	0.98
32	1.62	1.26	1.34	0.96
33	1.59	1.24	1.32	0.95
34	1.56	1.22	1.30	0.94
35	1.54	1.21	1.28	0.93
36	1.52	1.19	1.27	0.92
37	1.50	1.17	1.25	0.91
38	1.47	1.16	1.23	0.90
39	1.45	1.14	1.22	0.89
40	1.43	1.13	1.20	0.89
41	1.41	1.12	1.19	0.88
42	1.40	1.11	1.18	0.87
43	1.38	1.10	1.16	0.86

44	1.36	1.09	1.15	0.86
45	1.35	1.07	1.14	0.85
46	1.34	1.06	1.13	0.85
47	1.32	1.05	1.12	0.84
48	1.30	1.05	1.11	0.84
49	1.29	1.04	1.10	0.83
50	1.28	1.03	1.10	0.83
51	1.27	1.02	1.09	0.82
52	1.26	1.02	1.07	0.82
53	1.24	1.01	1.06	0.81
54	1.23	1.00	1.06	0.81
55	1.22	0.99	1.05	0.81
56	1.21	0.99	1.04	0.80
57	1.21	0.98	1.03	0.80
58	1.20	0.98	1.03	0.80
59	1.18	0.97	1.02	0.79
60	1.18	0.96	1.02	0.79
61	1.17	0.96	1.01	0.79
62	1.17	0.95	1.00	0.79
63	1.16	0.95	1.00	0.78
64	1.15	0.95	0.99	0.78
65	1.14	0.94	0.99	0.78
66	1.14	0.94	0.99	0.78
67	1.13	0.93	0.98	0.78
68	1.13	0.93	0.98	0.77
69	1.12	0.93	0.97	0.77
70	1.11	0.92	0.97	0.77
71	1.11	0.92	0.97	0.77
72	1.10	0.92	0.96	0.77
73	1.10	0.91	0.96	0.77
74	1.09	0.91	0.95	0.77
75	1.09	0.91	0.95	0.76
76	1.08	0.91	0.95	0.76
77	1.08	0.90	0.95	0.76
78	1.07	0.90	0.94	0.76
79	1.07	0.90	0.94	0.76
80	1.07	0.89	0.94	0.76
81	1.06	0.89	0.93	0.76
82	1.06	0.89	0.93	0.76

83	1.06	0.89	0.93	0.76
84	1.05	0.89	0.93	0.75
85	1.05	0.88	0.93	0.75
86	1.04	0.88	0.92	0.75
87	1.04	0.88	0.92	0.75
88	1.04	0.88	0.92	0.75
89	1.04	0.88	0.92	0.75
90	1.03	0.88	0.92	0.75
91	1.03	0.87	0.91	0.75
92	1.03	0.87	0.91	0.75
93	1.03	0.87	0.91	0.75
94	1.02	0.87	0.91	0.75
95	1.02	0.87	0.91	0.75
96	1.02	0.87	0.91	0.75
97	1.02	0.87	0.90	0.75
98	1.01	0.87	0.90	0.75
99	1.01	0.86	0.90	0.75
100	1.01	0.87	0.90	0.75
101	1.01	0.86	0.90	0.75
102	1.01	0.86	0.90	0.75
103	1.00	0.86	0.90	0.75
104	1.00	0.86	0.90	0.75
105	1.00	0.86	0.89	0.75
106	1.00	0.86	0.89	0.75
107	1.00	0.86	0.89	0.75
108	1.00	0.86	0.89	0.75
109	0.99	0.86	0.89	0.75
110	0.99	0.86	0.89	0.75
111	0.99	0.86	0.89	0.75
112	0.99	0.86	0.89	0.75
113	0.99	0.86	0.89	0.75
114	0.99	0.86	0.89	0.75
115	0.99	0.86	0.89	0.75
116	0.98	0.86	0.89	0.75
117	0.98	0.85	0.89	0.75
118	0.98	0.85	0.89	0.75
119	0.98	0.86	0.89	0.75
120	0.98	0.85	0.88	0.75
Composite Term	1.69	1.29	1.39	0.99

B. If premiums are payable on a single-premium basis for the duration of the coverage, the prima facie rate shall be computed according to the following table:

Premium Charge Based on Gross Insured Debt

(Total of Payments) per $100 per Term

	14-Day		30-Day	
Original Term of Coverage in Months	Retro	Non-Retro	Retro	Non-Retro
1	0.40*	0.13*	0.00*	0.00*
2	0.87*	0.46*	0.43*	0.13*
3	1.19	0.72	0.71	0.31
4	1.33	0.84	0.87	0.42
5	1.44	0.94	0.99	0.50
6	1.53	1.02	1.09	0.58
7	1.61	1.09	1.17	0.65
8	1.67	1.15	1.24	0.71
9	1.74	1.20	1.30	0.77
10	1.79	1.25	1.35	0.81
11	1.83	1.30	1.40	0.86
12	1.88	1.34	1.45	0.89
13	1.92	1.38	1.49	0.94
14	1.96	1.42	1.53	0.97
15	1.99	1.45	1.56	1.01
16	2.02	1.48	1.60	1.04
17	2.05	1.51	1.63	1.07
18	2.08	1.54	1.66	1.09
19	2.12	1.57	1.68	1.12
20	2.15	1.60	1.72	1.15
21	2.17	1.63	1.75	1.18
22	2.20	1.66	1.77	1.20
23	2.22	1.68	1.80	1.22
24	2.25	1.70	1.83	1.25
25	2.28	1.73	1.85	1.28
26	2.30	1.75	1.88	1.31
27	2.32	1.77	1.90	1.33
28	2.35	1.80	1.92	1.35
29	2.38	1.82	1.96	1.38
30	2.40	1.84	1.98	1.40
31	2.43	1.87	2.00	1.43
32	2.44	1.89	2.02	1.44
33	2.46	1.92	2.04	1.47

34	2.48	1.94	2.07	1.49
35	2.51	1.97	2.09	1.51
36	2.53	1.98	2.12	1.53
37	2.56	2.00	2.14	1.56
38	2.58	2.03	2.16	1.58
39	2.60	2.05	2.19	1.60
40	2.62	2.07	2.20	1.63
41	2.64	2.09	2.22	1.65
42	2.67	2.12	2.25	1.66
43	2.69	2.14	2.27	1.68
44	2.71	2.16	2.29	1.71
45	2.74	2.17	2.31	1.73
46	2.76	2.20	2.33	1.75
47	2.77	2.22	2.35	1.77
48	2.79	2.24	2.38	1.79
49	2.82	2.27	2.40	1.81
50	2.84	2.29	2.43	1.84
51	2.86	2.31	2.45	1.85
52	2.88	2.33	2.46	1.88
53	2.90	2.35	2.48	1.89
54	2.92	2.37	2.51	1.92
55	2.94	2.39	2.53	1.94
56	2.96	2.42	2.55	1.96
57	2.99	2.43	2.56	1.98
58	3.01	2.46	2.59	2.00
59	3.02	2.47	2.61	2.02
60	3.05	2.49	2.63	2.04
61	3.07	2.51	2.65	2.07
62	3.10	2.53	2.67	2.09
63	3.12	2.56	2.69	2.11
64	3.14	2.58	2.71	2.13
65	3.16	2.60	2.74	2.15
66	3.18	2.62	2.76	2.17
67	3.20	2.64	2.78	2.20
68	3.23	2.66	2.80	2.22
69	3.25	2.69	2.82	2.24
70	3.27	2.71	2.84	2.26
71	3.29	2.73	2.87	2.28
72	3.31	2.75	2.89	2.30
73	3.33	2.77	2.91	2.33

74	3.36	2.79	2.93	2.35
75	3.38	2.82	2.95	2.37
76	3.40	2.84	2.97	2.39
77	3.42	2.86	3.00	2.41
78	3.44	2.88	3.02	2.43
79	3.46	2.90	3.04	2.46
80	3.48	2.92	3.06	2.48
81	3.51	2.94	3.08	2.50
82	3.53	2.97	3.10	2.52
83	3.55	2.99	3.12	2.54
84	3.57	3.01	3.15	2.56
85	3.59	3.03	3.17	2.58
86	3.61	3.05	3.19	2.61
87	3.64	3.07	3.21	2.63
88	3.66	3.10	3.23	2.65
89	3.68	3.12	3.25	2.67
90	3.70	3.14	3.28	2.69
91	3.72	3.16	3.30	2.71
92	3.74	3.18	3.32	2.74
93	3.77	3.20	3.34	2.76
94	3.79	3.23	3.36	2.78
95	3.81	3.25	3.38	2.80
96	3.83	3.27	3.41	2.82
97	3.85	3.29	3.43	2.84
98	3.87	3.31	3.45	2.87
99	3.90	3.33	3.47	2.89
100	3.92	3.36	3.49	2.91
101	3.94	3.38	3.51	2.93
102	3.96	3.40	3.54	2.95
103	3.98	3.42	3.56	2.97
104	4.00	3.44	3.58	3.00
105	4.02	3.46	3.60	3.02
106	4.05	3.48	3.62	3.04
107	4.07	3.51	3.64	3.06
108	4.09	3.53	3.66	3.08
109	4.11	3.55	3.69	3.10
110	4.13	3.57	3.71	3.12
111	4.15	3.59	3.73	3.15
112	4.18	3.61	3.75	3.17
113	4.20	3.64	3.77	3.19

114	4.22	3.66	3.79	3.21
115	4.24	3.68	3.82	3.23
116	4.26	3.70	3.84	3.25
117	4.28	3.72	3.86	3.28
118	4.31	3.74	3.88	3.30
119	4.33	3.77	3.90	3.32
120	4.35	3.79	3.92	3.34

* To be used for refunding premiums only.

C. If the coverage provided is a constant maximum indemnity for a given period of time, the rate shall be computed according to a formula approved by the commissioner which produces rates actuarially consistent with the rates in item A or B.

D. If the coverage provided is a combination of a constant maximum indemnity for a given period of time after which the maximum indemnity begins to decrease in even amounts per month, the rate shall be computed according to a formula approved by the commissioner that produces rates actuarially consistent with the rates in item A or B.

E. If the accident and health coverage is sold on a joint basis, involving two debtors, the rate for the joint coverage shall be 180 percent of the applicable single rate.

F. If the insurer provides benefits more restrictive than specified in subpart 2, the insurer must file and use rates that are actuarially equivalent, and must receive approval from the commissioner as meeting the requirements of part 2760.0040 before use. If the insurer provides benefits less restrictive than subpart 2, the insurer shall either use the rates specified or rates that are actuarially equivalent, in which case the insurer must receive approval from the commissioner as meeting the requirements of part 2760.0040 before use.

Subp. 2. **Application to certain contracts.** Premium rates in subpart 1 apply to contracts providing accident and health insurance that are offered to all eligible debtors and that conform to the following provisions.

A. Coverage for disability by whatever means caused, unless coverage excludes disabilities resulting from:

(1) normal pregnancy;

(2) war or any act of war;

(3) intentionally self-inflicted injury;

(4) foreign travel or residence;

(5) flight in any aircraft other than a commercial scheduled aircraft; and

(6) a preexisting condition from which the insured debtor becomes disabled within six months after the effective date of coverage.

B. A definition of disability providing that for the first 12 months of a disability, total disability shall be defined as the inability to perform the essential functions of the insured's own occupation. Thereafter, it shall mean the inability of the insured to perform the essential functions of any occupation for which the insured is reasonably suited by virtue of education, training, or experience.

C. An employment requirement that is no more restrictive than one requiring that the debtor be employed full time on the effective date of coverage and for at least 12 consecutive months before the effective date of coverage. "Full time" means a regular work week of not less than 30 hours.

D. An age restriction providing that no insurance will become effective on debtors on or after the attainment of age 70 and that all insurance will terminate upon attainment by the debtor of age 70.

E. A daily benefit of not less than 1/30th of the monthly benefit payable under the policy.

F. The insurer does not require evidence of individual insurability if the initial amount financed or open-end credit account limit available is $15,000 or less and the applicant elects to purchase coverage within 30 days of the effective date of the indebtedness.

Subp. 3. **Other reasonable rates.**

A. If the insurer uses a form that does not exclude preexisting conditions, a rate equal to 105 percent of the prima facie rate shall be considered reasonable.

B. If the insurer, its agent, or the application form for credit accident and health insurance requests or requires that the debtor provide evidence of individual insurability and the initial amount financed or open-end credit account limit available is above $15,000 or the applicant elects to purchase coverage more than 30 days after the effective date of the indebtedness, then the premium rates considered reasonable will be the prima facie rates in subpart 1. For policies insuring open-end lines of credit, the insurer may require evidence of individual insurability for advances which increase the outstanding debt above $15,000.

Subp. 4. **Insurance application forms.** Insurers' use of the same application forms for credit life and credit accident and health insurance is permitted whether or not the underwriting questions are asked pursuant to subpart 3.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0070 REFUNDS OF UNEARNED PREMIUM.

Subpart 1. **Charges on single premium consumer credit insurance contract.** In the event of termination of a single premium contract, no charge for consumer credit insurance may be made for the first 15 days of a month and a full month may be charged for 16 days or more of a month.

Subp. 2. **Fulfillment of refund formula filing requirement.** The requirements of Minnesota Statutes, section 62B.08, subdivision 2, that refund formulas be filed with the commissioner, shall be considered fulfilled if the refund methods are set forth in the individual policy or group certificate filed with the commissioner. For single premium credit life insurance, the refund shall be the single premium for the remaining term of coverage calculated according to the premium rate schedule in effect on the effective date of coverage, or an alternative method. The refund under the alternative method is the original premium multiplied by a ratio, where the numerator of the ratio is the sum of the scheduled monthly amounts of insurance for the remaining term of the loan, and the denominator of the ratio is the sum of the scheduled monthly amounts of insurance at the time of issue. For single premium credit disability insurance that is not critical period coverage, the refund shall be the single premium for the remaining term of coverage calculated according to the premium rate schedule in effect at the time of the effective date of coverage, or the average of the "Rule of 78" and "pro-rata" methods. For single premium credit disability insurance that is critical period coverage, the refund shall be the single premium for the remaining term of coverage calculated according to the premium rate schedule in effect at the time of the effective date of coverage, or the "pro-rata" method.

Subp. 3. **Refund or credit on the termination of certain single premium credit insurance.** When single premium credit insurance terminates as a result of a request of the insured debtor, the creditor or third-party originator receiving the request shall refund or credit the unearned premium due or provide notice to the insurer and upon receipt of the notice the insurer shall refund or credit the unearned premium due. For purposes of this part, the third-party originator is a dealer, merchant, or other person who originated the loan or retail installment sale contract and sold the related credit insurance to the insured debtor.

When single premium credit insurance terminates as a result of the termination of the indebtedness before its scheduled maturity date, other than by performance of the insurer's obligation under the policy or certificate, the creditor shall promptly refund or credit any unearned premium due. If insurance was originated by a third party, the creditor shall promptly provide notice of termination of the indebtedness to the third-party originator as permitted by Minnesota Statutes, section 62B.05. In the event the creditor gives written notice to the third-party originator, upon receipt of the notice the third-party originator shall refund or credit any unearned premium due or provide notice to the insurer who shall refund or credit any unearned premium due to the person entitled to the refund or credit. A creditor satisfies its notice obligation by sending notice directly to the third-party originator or insurer or alternatively by sending notice to the debtor with instructions on how to obtain a refund from the third-party originator or insurer. In any event, upon receipt of proof of payoff of the entire indebtedness, the insurer shall provide a refund or credit of any unearned premium due that has not otherwise been refunded.

An insurer shall include language in the insurer's insurance forms or in a separate notice provided with the forms at time of issue that explains to the debtor how to obtain a refund when insurance is terminated before its scheduled expiration date. The language must be approved by the commissioner.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0080 EXPERIENCE REPORTS AND ADJUSTMENT OF PRIMA FACIE RATES.

Subpart 1. **Experience report filing.** Each insurer doing insurance business in this state shall annually file in electronic form with the National Association of Insurance Commissioners a report of credit insurance written on a calendar year basis. The report shall utilize the Credit Insurance Supplement - Annual Statement Blank as approved by the National Association of Insurance Commissioners, and shall contain data separately for each state, rather than an allocation of the company's countrywide experience. The filing shall be made in accordance with and no later than the due date in the Instructions to the Annual Statement.

Subp. 2. **Rate review and adjustment.** The commissioner will, on a triennial basis, for each plan, review the loss ratio in part 2760.0040 and the prima facie rates in parts 2760.0050 and 2760.0060, and determine therefrom the rate of expected claims on a statewide basis, compare the rate of expected claims with the rate of actual claims for the preceding three calendar years determined from the incurred claims reported in the Credit Insurance Supplement - Annual Statement Blank or other available source, and publish the adjusted actual statewide prima facie rates for that plan to be used by insurers until the next revision. For each plan, the rates will reflect the difference between the actual claim cost based on experience and the expected claim cost based on the loss ratio in part 2760.0040, applied to adjust the prima facie rates in parts 2760.0050 and 2760.0060. However, there will be no change to the prima facie rates for any plan if the computed increase or decrease is less than five percent.

Subp. 3. **Publication and effective date of adjustments.** The commissioner will publish the adjustments computed in subpart 2 by bulletin no later than September 1 to become effective the following January 1.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0090 PREMIUM RATE DEVIATION.

Subpart 1. **Use of deviated rates.**

A. If the loss ratio of the insurer is 55 percent or more based on the most recent one to three calendar years' experience using the prima facie rates currently in use for any plan of coverage, the insurer may file for approval and use rates that are higher than those prima facie rates, reflecting the anticipated difference in claim cost.

B. If the loss ratio of the insurer is less than 42.5 percent based on the most recent three calendar years' experience using the prima facie rates currently in use for any plan of coverage, the insurer shall file for approval and use rates for that plan of coverage that are lower than prima facie rates, reflecting the anticipated difference in claim cost.

C. If deviated rates are to be filed under item A or B, the insurer may file rates for approval that will be:

(1) applied uniformly to all accounts of the insurer; or

(2) applied on an equitable basis approved by the commissioner to only one or more accounts of the insurer for which the experience has been more favorable or less favorable than expected.

For purposes of determining deviated rates under this subpart, rates for monthly premium plans may be determined separately for open-end and closed-end credit accounts.

Subp. 2. **Use of rates for accounts.** An insurer, by written notice to the commissioner of its election to do so, may file and use premium rates to be used to rate one or more of its accounts in this state.

A. An insurer may use a rate for an account not greater than the account rate as follows.

(1) The actual loss ratio (ALR) is the prima facie loss ratio of the account being filed for any plan of coverage. It is the ratio of the actual incurred claims to the premiums based on current prima facie rates.

(2) The credibility factor (Z) is determined from the table in item D.

(3) The credibility adjusted loss ratio (CLR) is calculated using the following formula where PFLR is the loss ratio from part 2760.0040:

$$CLR = [ALR * Z] + [PFLR * (1-Z)]$$

(4) The account rate (AR) is calculated according to the following formula, where PFR is the prima facie rate, and the result is rounded to two decimal places:

$$AR = PFR * [1 - PFLR * (1-(CLR/PFLR))]$$

(5) The requested rate will be equal to the previous account rate if the new account rate calculated by the formula in subitem (4) is within five percent of the previous account rate. Otherwise, the requested rate will be equal to the new account rate calculated by the formula in subitem (4).

B. An account rate will be in effect for a period of time not longer than five years. An insurer may file for a new account rate before the end of an account rate period, but not more often than once during any 12-month period.

C. If a creditor changes insurers, the account rate established under this part in effect for the account on the date of the change will continue to be in effect for the account with the succeeding insurer for the remainder of the account rate period or until a new account rate for this account is established.

D. Credibility table based on life years or incurred claim count:

CREDIBILITY TABLE

Average Number of Life Years					
Credit Life Plan	Credit Accident and Health Plans Retroactive and Non-Retroactive Waiting Period 7-Day	14-Day	30-Day	Incurred Claim Count	Credibility Factor Z
1	1	1	1	1	0.00
1,800	95	141	209	9	0.25
2,400	126	188	279	12	0.30

3,000	158	234	349	15	0.35
3,600	189	281	419	18	0.40
4,600	242	359	535	23	0.45
5,600	295	438	651	28	0.50
6,600	347	516	767	33	0.55
7,600	400	594	884	38	0.60
9,600	505	750	1,116	48	0.65
11,600	611	906	1,349	58	0.70
14,600	768	1,141	1,698	73	0.75
17,600	926	1,375	2,047	88	0.80
20,600	1,084	1,609	2,395	103	0.85
25,600	1,347	2,000	2,977	128	0.90
30,600	1,611	2,391	3,558	153	0.95
40,000	2,106	3,125	4,651	200	1.00

The integral numbers in this item represent the lower end of the bracket for each Z factor. The upper end is one less than the lower end for the next higher Z factor.

Statutory Authority: *MS s 62B.12*

History: *33 SR 1107*

2760.0100 [Repealed, 33 SR 1107]

2760.0200 [Repealed, 33 SR 1107]

2760.0300 Subpart 1. [Repealed, 33 SR 1107]

Subp. 2. [Repealed, 33 SR 1107]

Subp. 3. [Repealed, 33 SR 1107]

Subp. 4. [Repealed, 33 SR 1107]

Subp. 5. [Repealed, 33 SR 1107]

Subp. 6. [Repealed, 33 SR 1107]

Subp. 7. [Repealed, 33 SR 1107]

Subp. 8. [Repealed, 33 SR 1107]

Subp. 9. [Repealed, 33 SR 1107]

Subp. 10. [Repealed, 12 SR 2393]

Subp. 10a. [Repealed, 33 SR 1107]

Subp. 11. [Repealed, 33 SR 1107]

2760.0400 [Repealed, 33 SR 1107]

2760.0500 [Repealed, 33 SR 1107]

2760.0600 [Repealed, 33 SR 1107]

2760.0700 [Repealed, 33 SR 1107]

2760.0800 [Repealed, 33 SR 1107]

2760.0900 [Repealed, 33 SR 1107]

2760.9910 [Repealed, 33 SR 1107]

2760.9920 [Repealed, 33 SR 1107]