

Ins 3,6

Filed Jan 30, 1973
10:45 am

STATE OF WISCONSIN)
)ss.
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I. S. C. DuRose, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order repealing and amending a rule relating to credit life insurance and credit accident and sickness insurance was issued by this office on January 30, 1973.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the official seal of the Office of the Commissioner of Insurance in the City of Madison, State of Wisconsin, this 30th day of January, 1973.



S. C. DuRose
Commissioner of Insurance

STATE OF WISCONSIN
DEPARTMENT OF STATE
RECEIVED AND FILED

JAN 30 1973

ROBERT C. ZIMMERMAN
SECRETARY OF STATE

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

Adopting Rules

Pursuant to the authority vested in the Commissioner of Insurance by section 601.41 (3), Wis. Stats., the Commissioner of Insurance hereby repeals and amends rules as follows:

Section Ins 3.19 (3) of the Wisconsin Administrative Code is repealed.

Section Ins 3.25 (2) of the Wisconsin Administrative Code is amended by creating paragraph (c) to read:

(c) This rule shall not apply to an individual or group life insurance policy or an individual or group accident and sickness insurance policy which insures only debtors whose indebtedness to a creditor is for a term in excess of 5 years.

Section Ins 3.25 (4) (b) of the Wisconsin Administrative Code is amended to read:

(b) The total amount of periodic indemnity payable by credit accident and sickness insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic schedule of unpaid instalments of indebtedness, or \$10,000, whichever is less, and the amount of each periodic indemnity shall not exceed the original total amount of periodic indemnity divided by the number of periodic instalments.

Section Ins 3.25 (5) of the Wisconsin Administrative Code is amended by changing the third sentence to read:

The term of such insurance shall not extend more than fifteen (15) days beyond the scheduled maturity date of indebtedness except when extended without additional cost to the debtor or as an incident to a deferral, refinancing or consolidation agreement.

Section Ins 3.25 (6) is amended by creating paragraph (h) to read:

(h) Notice of the debtor's right to return the policy, certificate of insurance or notice of proposed insurance within 10 days of incurring

the indebtedness and to receive a refund of any premium paid if he is not satisfied with the insurance for any reason, as required by section 424.203 or in (4), Wis. Stats., shall be furnished with/the policy, certificate or notice of proposed insurance.

Section Ins 3.25 (8) (f) is amended to read:

(f) 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 premium schedule may prescribe a minimum refund of \$1.00 and no refund of a lesser amount need be made. The sum of the refunds due on all credit life insurance or credit accident and sickness insurance policies being terminated in connection with the indebtedness shall be used to determine if a refund is due. The formula to be used in computing such refund shall be filed with and approved by the commissioner.

Section Ins 3.25 (8) of the Wisconsin Administrative Code is amended by creating paragraph (h) to read:

(h) If an insured indebtedness is transferred to another creditor any group credit life insurance or group credit accident and sickness insurance issued on that indebtedness may be continued, but the creditor policyholder must advise the insurer of each transfer within 30 days of its effective date.

Section Ins 3.25 (12) of the Wisconsin Administrative Code is amended to read:

(12) PRIMA FACIE CREDIT LIFE INSURANCE PREMIUM RATE STANDARDS.

(a) The basic permissible loss ratio for credit life insurance shall be not less than 50%.

(b) The rate standard for premiums payable on the basis of monthly outstanding balances is \$0.923 per \$1,000 of insurance. The rates applicable to other methods of payment shall be actuarially equivalent.

(c) The rate standard for premiums payable on single premium decreasing term credit life insurance shall be computed according to the following formula:

$$P_n = \frac{[n]}{12} 0.60$$

Where P_n = Single premium rate per \$100 of initial insured indebtedness repayable in n equal monthly instalments

n = Original repayment period, in months

(d) The rate standard for premiums payable on single premium level term credit life insurance shall be computed according to the following formula:

$$P_n = \frac{[n]}{10} 0.923$$

Where P_n = Single premium rate per \$100 of level insured indebtedness repayable in n months

n = Original term of level indebtedness in months

(e) The rate standards for credit life insurance providing coverage on two lives with respect to a single indebtedness shall be 167% of the rate standards provided in subsections (b), (c), and (d) above.

(f) As an alternative to subsections (b), (c), or (d) above, where age data applicable to the insured debtors is available, rate standards may be based on such data, under a plan approved by the commissioner.

(g) The rate standards set forth herein shall be applicable for a plan of death benefits with or without requirements for evidence of insurability which contains:

1. no exclusions other than suicide within one year of the incurral of the indebtedness, and
2. no age restrictions, or only age restrictions making ineligible for 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.

Section Ins 3.25 (13), Wisconsin Administrative Code is amended by changing subsection (a) to read:

(a) If premiums are payable in one sum (single premium) for coverage for the entire duration of indebtedness, the premium rate standards for \$100 of initial amount of insured indebtedness repayable in equal monthly instalments are shown below. Premium rate standards for other benefit plans and for indebtedness repayable in instalments other than as shown shall be actuarially consistent with the indicated rate standards, but no individual policy of credit accident and sickness insurance or group policy of credit accident and sickness insurance shall be delivered or issued for delivery if the benefits are payable after a waiting period of less than 14 days, regardless of whether the payment of benefits are retroactive to the first day of disability.

<u>Original Number of Equal Monthly Instalments</u>	<u>14 Days</u>	<u>30 Days</u>
<u>Non-Retroactive Elimination Period</u>		
6	\$1.39	\$.69
12	1.95	1.18
18	2.27	1.50
24	2.52	1.69
30	2.74	1.82
36	2.93	1.93
42	3.10	2.03
48	3.26	2.12
54	3.41	2.21
60	3.55	2.29
Basic permissible loss ratio	59%	52%

Original Number
of Equal Monthly
Instalments

14 Days

30 Days

Retroactive Waiting Period

6	\$1.74	\$1.19
12	2.23	1.68
18	2.56	1.89
24	2.81	2.04
30	3.02	2.17
36	3.21	2.29
42	3.39	2.39
48	3.55	2.48
54	3.70	2.57
60	3.84	2.65
Basic permissible loss ratio	60%	57%

Section Ins 3.25 (14) (e) of the Wisconsin Administrative Code is amended to read:

(e) If the adjusted case ratio for credit life insurance is less than 1.00, the case rate is the product of the deviation factor h and the prima facie rate in subsection (12) where

$$h = (\text{Adjusted Case Ratio})$$

Section Ins 3.25 (17) (a) of the Wisconsin Administrative Code is repealed.

Section Ins 3.25 (17) (Title) of the Wisconsin Administrative Code is amended to read:

(17) SUBMISSION OF POLICY FORMS AND RATE SCHEDULES IN USE.

Section Ins 6.50 (2) (e), Wisconsin Administrative Code is amended to read:


(e) Credit life insurance - as described in sections 201.04 (3c) and 206.63, Wis. Stats.

Dated January 30, 1973.

STATE OF WISCONSIN
DEPARTMENT OF STATE
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ROBERT C. ZIMMERMAN
SECRETARY OF STATE


S. C. DuRose
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