

CR 87-50

STATE OF WISCONSIN )  
OFFICE OF THE COMMISSIONER OF INSURANCE)

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TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Robert D. Haase, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order repealing and recreating a rule relating to credit life and credit accident and sickness insurance was issued by this office September 11, 1987.

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 in the City of Madison, State of Wisconsin, this 11th day of September, 1987.



Robert D. Haase  
Commissioner of Insurance

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DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

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STATE OF WISCONSIN  
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SEP 14 1987

SEP 11 1987

Revisor of Statutes  
Bureau

DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

To repeal and recreate Ins 3.25 relating to credit life and credit accident and sickness insurance.

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ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: s. 424.209 (2), 424.602, 601.41 (3) and 625.34, Stats.

Statutes interpreted: Chapter 424 and ss. 601.01, 601.415 (9), 601.42, 623.06, 625.11, 625.12, 632.44 (3), and 632.60, Stats.

This rule provides a system of rate and policy form approval and operating standards for the transaction of credit life insurance and credit accident and sickness insurance. The proposed rule repeals and recreates Ins 3.25 to make the rule more enforceable, to make it conform to the current scope of the Wisconsin Consumer Act and to correct various problems with the rule which were identified in a lawsuit brought by the credit insurance industry in 1981. The proposed rule was drafted by a study committee made up of credit insurance industry representatives, creditor representatives, consumer representatives and the commissioner's office.

The draft makes several substantive changes in the current rule. The most important of these are:

- The rule specifies that the commissioner shall redetermine the prima facie rates every three years according to a prescribed formula and from a database defined in the rule.
- All distinctions by type of lender are deleted.
- The rate deviation procedure has been changed to provide greater statistical validity. The system has also been simplified to permit it to apply to all of the Wisconsin business of an insurer rather than on an account by account basis.
- The rule includes a specific portability provision.
- The rule specifies that its rates are maximum rates rather than rates which must be charged, and it further states that if the rate charged does not exceed the prima facie rate, then it is presumed to be reasonable. Thus, deviations below the prima facie rate would never be required.
- The minimum standards for active life reserves have been modernized and made consistent with s. 623.06, Stats., the standard valuation law.
- The rule specifically addresses open-ended credit transactions.

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SECTION 1. Ins 3.25 is repealed and recreated to read:

Ins 3.25. CREDIT LIFE AND CREDIT ACCIDENT AND SICKNESS INSURANCE.

(1) PURPOSE. The purpose of this section is to assist in the maintenance of a fair and equitable credit insurance market and to ensure that policyholders, claimants and insurers are treated fairly and equitably by providing a system of rate, policy form and operating standards for the transaction of credit life insurance and credit accident and sickness

insurance. This section interprets and implements ss. 601.01, 601.415 (9), 601.42, 623.06, 625.11, 625.12, 625.34, 631.20, 632.44 (3) and 632.60, and chs. 421, 422 and 424, Stats.

(2) SCOPE. (a) This section shall apply to the transaction of credit life insurance as defined in s. Ins 6.75 (1) (a) 1., and s. 632.44, Stats., and subject to ch. 424, Stats., and to the transaction of credit accident and sickness insurance as defined in ss. Ins 6.75 (1) (c) 1. and (2) (c) 1. and subject to ch. 424, Stats.

(b) This rule shall be the basis for review of all policy forms, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders and the schedules of premium rates to be used in Wisconsin on or after the effective date of the rule for credit life and credit accident and sickness insurance.

(3) DEFINITIONS. In this section:

(a) "Case" means, for credit life insurance, all the credit life insurance of a creditor and, for credit accident and sickness insurance, all of each category of credit accident and sickness insurance of a creditor, as specified in Appendix B, unless some reasonable combination of these categories is approved by the commissioner.

(b) "Case Rate" means the maximum premium rate or schedule of premium rates permitted to be charged with respect to the coverage of a creditor. Unless a higher premium rate or schedule of premium rates is approved by the commissioner, the case rate is the prima facie premium rate or schedule of premium rates.

(c) "Creditor" has the meaning set forth in s. 421.301 (16), Stats.

(d) "Experience Period" means a time period of consecutive calendar years ending with the most recent full calendar year prior to the date of determination of a case rate based on such experience period. The number of

years shall be not less than one nor more than three; provided, however, that if the number of years is less than three, the life years exposure in the experience period shall be not less than ten thousand for life insurance and not less than one thousand for accident and sickness insurance.

(e) "Incurred Claims" means claims paid during the experience period plus claim reserve at the end of the experience period minus claim reserve at the beginning of the experience period.

(f) "Life Years Exposure" means the average number of group certificates or individual policies in force during an experience period, without regard to multiple coverage, times the number of years in the experience period.

(g) "Prima Facie Earned Premium" means the premium which would have been earned during the experience period if the prima facie premium rate in effect at the end of the experience period had always been charged. The method of calculation shall be that specified in sub. (13).

(h) "Prima Facie Loss Ratio" means incurred claims divided by prima facie earned premium.

(4) TYPES OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND SICKNESS INSURANCE. No credit life insurance or credit accident and sickness insurance policies shall be issued except:

(a) Individual policies of life insurance issued to debtors on a nonrenewable, nonconvertible term plan;

(b) Individual policies of accident and sickness insurance issued to debtors on a term plan or disability benefits 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 a term plan;

(d) Group policies of accident and sickness insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies.

(5) AMOUNT OF CREDIT LIFE AND CREDIT ACCIDENT AND SICKNESS INSURANCE. The amount of credit life insurance and credit accident and sickness insurance shall not exceed the amounts specified in s. 424.208, Stats.

(6) TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND SICKNESS INSURANCE. (a) The term of any credit life insurance or credit accident and sickness 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.

(b) Where evidence of insurability is required and such 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 such event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of this insurance shall not extend more than 15 days beyond the scheduled maturity date of indebtedness unless it is extended without additional cost to the debtor or as an incident to a deferral, refinancing or consolidation agreement.

(c) 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 is issued in connection with the renewed or refinanced indebtedness. In any renewal or refinancing of the indebtedness, the effective date of the coverage of any policy provision shall be deemed to be the first date on which the debtor became insured under the

policy covering the indebtedness which was renewed or refinanced. However, this does not apply to an amount or term of indebtedness, exclusive of refinancing charges, in excess of the original indebtedness outstanding at the time of refinancing.

(d) In all cases of termination prior to scheduled maturity, a refund shall be paid or credited as provided in sub. (9).

(7) PROVISIONS OF POLICIES AND CERTIFICATES OF INSURANCE; DISCLOSURE TO DEBTORS. (a) All credit life insurance and credit accident and sickness insurance shall be evidenced by an individual policy, or in the case of group insurance, by a certificate of insurance. The individual policy or group certificate of insurance shall be delivered to the debtor.

(b) Each individual policy or group certificate of credit life insurance or credit accident and sickness insurance shall, in addition to other requirements of the law, set forth:

1. The name and home office address of the insurer;
2. The name or names of the debtor or, in the case of a certificate under a group policy, the identity of the debtor;
3. The premium or charge, if any, to be paid by the debtor. Premiums for credit life insurance and for credit accident and sickness insurance shall be shown separately;
4. A description of the coverage including the amount and term of coverage, and any exceptions, limitations and restrictions;
5. A provision that the benefits shall be paid to the creditor to reduce or extinguish the unpaid indebtedness and that whenever the amount of insurance exceeds the unpaid indebtedness, any excess shall be payable to a beneficiary, other than the creditor named by the debtor, or to the debtor's estate, and

6. A provision that the insurance on any debtor will be cancelled and a refund made if the indebtedness is terminated through prepayment or otherwise, in accordance with sub. (9).

(c) The individual policy or group certificate of insurance shall be delivered to the insured debtor at the time the indebtedness is incurred except as provided in par. (d);

(d) 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 shall:

1. Be delivered to the debtor at the time the indebtedness is incurred;

2. Be signed by the debtor;

3. Set forth the name and home office address of the insurer;

4. Set forth the name or names of the debtor;

5. Set forth the premium or amount of payment by the debtor, if any, separately for credit life insurance and credit accident and sickness insurance; and

6. Set forth the amount, term and a brief description of the coverage provided including all exclusions and exceptions.

(e) The copy of the application or notice of proposed insurance shall also refer exclusively to insurance coverage, and the copy or notice shall be separate and apart from the loan, sale or other credit statement of account, instrument or agreement, unless the information required by par. (d) is prominently set forth in the loan, sale or other credit statement of account, instrument or agreement. Upon acceptance of the insurance by the insurer and within 30 days of the date upon 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 sub. (6).

(f) If the named insurer does not accept the risk, the debtor shall receive a policy or certificate of insurance from the substituted insurer, if any, including the information required by par. (b). If the amount of premium is less than that set forth in the notice of proposed insurance an appropriate refund shall be made.

(g) If a contract of insurance provides for a limitation in the amount of coverage related to insurance provided by other contracts in force on the debtor, such limitation shall be explained to the debtor at the time the indebtedness is incurred and shall be acknowledged in writing by the debtor in an instrument separate from the individual policy or group certificate. Alternatively, the individual policy or group certificate shall include a brief description or separate statement referring to the limitation in the amount of coverage. The brief description or separate statement, shall be printed on the first page of the individual policy or group certificate in type more prominent than that used in the text of the policy or certificate and shall indicate the limitation clearly.

(h) If a contract of insurance provides for a limitation of coverage related to the age of the debtor, such limitation shall be explained to the debtor at the time the indebtedness is incurred and shall be acknowledged in writing in an instrument separate from the individual policy or group certificate. Alternatively, the individual policy or group certificate shall include a brief description or separate statement referring to the age limitation. The brief description or separate statement, shall be printed on the first page of the individual policy or group certificate in type more prominent than that used in the text of the policy or certificate and shall indicate the limitation clearly.

(i) Conspicuous 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 the debtor is not satisfied with the insurance for any reason, as required by s. 424.203 (4), Stats., shall be given with the policy, certificate or notice of proposed insurance.

(j) Charges or premiums for credit life insurance or credit accident and sickness insurance may only be collected from debtors if the disclosure and authorization requirements of s. 422.202 (2s), Stats., are met. If two debtors are to be insured for credit life insurance each one must receive the disclosure information and each one must request credit life insurance coverage. However, the individual policy or group certificate may be delivered to only one debtor.

(8) FILING OF POLICY FORMS. (a) All policy forms, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders to be delivered or issued for delivery in this state and the schedules of premium rates pertaining to them shall be filed with the commissioner. In the case of credit transactions covered under a group policy issued in another state or jurisdiction, the insurer shall file for approval only the group certificate, notice of proposed insurance and the premium rates to be used in this state.

(b) The commissioner shall, within 30 days after the filing of any policy, certificate of insurance, notice of proposed insurance, application for insurance, endorsement or rider, disapprove any form if the benefits provided in the form are not reasonable in relation to the premium charged, or if the form contains provisions which are unjust, unfair, inequitable, misleading, deceptive or which encourage misrepresentation of the coverage or are contrary to any law or administrative rule.

(c) If the commissioner notifies the insurer that the form is disapproved, the insurer shall not issue or use the form. The notice shall specify the reason for the 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 30 days after it has been filed, unless the commissioner gives prior written approval.

(d) The commissioner may, at any time after a hearing held not less than 20 days after written notice to the insurer, withdraw approval of any form on any ground set forth in par. (b). The written notice of the hearing shall state the reason for the proposed withdrawal of approval. The insurer shall not issue or use any form after the effective date of the withdrawal of the approval.

(9) 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 sickness insurance policy if the premium rate exceeds that established by the filed rate schedules of the insurer.

(b) The amount charged to a debtor for any credit life or credit accident and sickness insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined.

(c) If a creditor requires a debtor to make any payment for credit life insurance or credit accident and sickness insurance and an individual policy or group certificate of insurance is not issued, the creditor shall immediately give written notice to the debtor that coverage will not be issued and shall promptly make an appropriate credit to the account of the debtor.

(d) A creditor may not remit and an insurer may not collect on a monthly outstanding balance basis if the insurance charge or premium is included as part of the outstanding indebtedness. If the creditor adds identifiable insurance charges or premiums for credit insurance to the total amount of indebtedness and a direct or indirect finance, carrying, credit or service charge is made to the debtor in connection with the insurance charge, the creditor shall remit and the insurer shall collect on a single premium basis only.

(e) Dividends on participating individual policies of credit insurance shall be payable to the individual insureds. Payment of these dividends may be deferred until the policy is terminated.

(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 to the refund. The policy certificate may prescribe a minimum refund of \$1 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 being terminated in connection with the indebtedness and all other credits due to the customer under chs. 421 to 427, Stats., shall be used to determine if a refund is due.

(g) Schedules for computing refunds in the event of cancellation of credit life or credit accident and sickness insurance prior to the scheduled maturity date of the indebtedness must meet the following minimum requirements:

1. In the case of credit life or credit accident and sickness insurance for which premiums are payable other than by a single premium, and in the case of level term credit life insurance, the refund of premium shall be not less than the pro rata unearned gross premium. In the case of credit life or credit accident and sickness insurance paid by a single premium, the

refund shall be not less than the amount computed by the "sum of the digits" formula commonly known as the "Rule of 78."

2. In the case of credit life or credit accident and sickness insurance for which an amount is charged other than in a single sum, and in the case of level term credit life insurance, the refund of the amount charged to the debtor for insurance shall be equal to the pro rata unearned gross amount charged or to be charged. In the case of credit life and credit accident and sickness insurance for which the whole amount is charged in a single sum the refund shall be not less than the amount computed by the "sum of the digits" formula commonly known as the "Rule of 78."

3. Refunds shall be based on the number of full months prepaid from the maturity date of the policy, counting a fractional month of 16 days or more as a full month.

4. Upon termination of indebtedness repayable in a single sum prior to the scheduled maturity date, the refund shall be computed from the date of termination to the maturity date. If less than 16 days of a loan month has been earned, no charge may be made for that loan month, but if 16 days or more has been earned, a full month may be charged.

(h) If an insured's 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 shall advise the insurer of each transfer within 30 days of its effective date.

(i) Voluntary Prepayment of Indebtedness. If a debtor prepays the indebtedness other than as a result of death or through a lump sum disability payment:

1. Any credit life insurance covering this indebtedness shall be terminated and an appropriate refund of the credit life insurance premium shall be paid to the debtor; and

2. Any credit accident and sickness insurance covering this indebtedness shall be terminated and an appropriate refund of the credit accident and sickness insurance premium shall be paid to the debtor. If a claim under such coverage is in progress at the time of prepayment, the amount of refund may be determined as if the prepayment did not occur until the payment of benefits terminates. No refund need be paid during any period of disability for which credit accident and sickness benefits are payable. A refund shall be computed as if prepayment occurred at the end of the disability period.

(j) Involuntary Prepayment of Indebtedness. If an indebtedness is prepaid by the proceeds of a credit life insurance policy covering the debtor or by a lump sum payment of a disability claim under a credit insurance policy covering the debtor, then it shall be the responsibility of the insurer to see that the following are paid to the insured debtor, if living, or the beneficiary, other than the creditor named by the debtor, or to the debtor's estate:

1. In the case of prepayment by the proceeds of a credit life insurance policy, or by the proceeds of a lump sum total and permanent disability benefit under credit life coverage, an appropriate refund of the credit accident and sickness insurance premium;

2. In the case of prepayment by a lump sum disability payment under credit accident and sickness coverage, an appropriate refund of the credit life insurance premium;

3. In either case, the amount of the benefits in excess of the amount required to repay the indebtedness after crediting any unearned interest or finance charges.

(10) CLAIMS AND EXAMINATION PROCEDURES. (a) All claims shall be reported to the insurer or its designated claim representative promptly, 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 a draft drawn upon the insurer or by a check of the insurer to the order of the claimant to whom payment of the claim is due pursuant to the policy provision, or upon direction of such claimant to another specified person.

(c) No plan or arrangement shall be used in which 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 but 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. This paragraph shall not be construed to relieve the insurer of the responsibility for proper settlement, adjustment and payment of all claims in accordance with the terms of the insurance contract and this section.

(d) The insurer shall make a good faith examination of each credit life and credit accident and sickness insurance account in the first year of the account and annually thereafter. The examination shall be made to assure that the creditor is conducting the insurance program in compliance with the policy provisions, the insurer's administrative instructions furnished the creditor to implement the insurance program, and with the applicable credit insurance law and regulation of Wisconsin. The examination must include verification of the accuracy of the computation of premium payments, insurance charges made to debtors, and claim payments reported to the insurer by the creditor. The insurer shall maintain records of examinations for 2 years.

(11) CHOICE OF INSURER. When credit life insurance or credit accident or sickness 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 the debtor or of procuring and furnishing the required coverage through any insurer authorized to transact insurance business within this state.

(12) CREDIT INSURANCE PREMIUM RATE FILINGS. (a) Every credit insurer shall file with the commissioner every maximum premium rate schedule applicable to credit life or credit accident and sickness insurance in this state at least 30 days before the proposed effective date.

(b) The benefits provided under a credit life or credit accident and sickness insurance form shall be presumed to be reasonable in relation to the premium rate charged if the premium rates filed do not exceed the prima facie premium rate standards set forth in subs. (14) and (15) and if the forms provide benefits which are no more restrictive than the coverage standards enumerated in subs. (14) and (15).

(c) Nothing in this subsection shall preclude an insurer from requesting approval of the commissioner for premium rates higher or lower than the prima facie rate standards on the basis of the credible mortality or morbidity actually experienced or reasonably anticipated.

(13) USE OF PRIMA FACIE PREMIUM RATES GENERALLY. (a) An insurer that files rates or has rates on file that are not in excess of the prima facie rates may use those rates without further proof of their reasonableness.

(b) The initial prima facie premium rates are as shown in subs. (14) and (15) for the plans and benefits described in these subsections and shall remain in effect through December 31, 1989.

(c) On or before October 1, 1989, and each three years after that, the commissioner shall give written notice to all authorized insurers specifying the prima facie premium rates to be effective for the three-year period beginning on the next January 1. Such rates shall be determined based on experience data submitted by all insurers pursuant to sub. (19) for the immediately preceding three calendar years and shall be calculated as follows:

1. For each category of coverage specified in Appendix B, total prima facie earned premium and total incurred claims shall be calculated for each year for all insurers.

2. If, for any category of coverage, the prima facie premium rate in effect at any time during the three-year period differs from that in effect at the end of the three-year period, prima facie premiums for that category of coverage shall be adjusted to reflect what the prima facie premium would have been if the prima facie premium rate in effect at the end of the three-year period had been in effect throughout the full three-year period;

3. For each category of coverage, the resulting data are summed separately for the total three years for prima facie earned premium and for incurred claims;

4. The credit life insurance adjustment factor is determined as follows:

a. Total credit life insurance data are computed by summing the data for single life coverage and joint life coverage separately for prima facie earned premium and for incurred claims;

b. Total credit life insurance incurred claims are divided by total credit life insurance prima facie earned premiums to determine the credit life insurance loss ratio at prima facie rates, rounded to three decimal places; and

c. The credit life insurance loss ratio at prima facie rates is divided by the basic loss ratio for credit life insurance. The quotient, rounded to two decimal places, is the credit life insurance adjustment factor;

5. The credit accident and sickness insurance adjustment factor is determined using the same procedure specified in subd. 4., except that:

a. Data for the specifically described categories of credit accident and sickness insurance are summed separately for prima facie earned premium and for incurred claims;

b. A composite credit accident and sickness insurance basic loss ratio is computed as the average of the basic loss ratio for each category of coverage weighted by the corresponding proportionate amount of prima facie earned premium for that category of coverage; and

c. If the quotient of the credit accident and sickness loss ratio at prima facie rates divided by the composite credit accident and sickness basic loss ratio is greater than .95 and less than 1.05, the credit accident and sickness adjustment factor shall be 1.00.

6. For single premium uniformly decreasing single life credit life insurance coverage, the new prima facie premium rate per \$100 of initial indebtedness per year equals the prima facie premium rate then in effect multiplied by the credit life insurance adjustment factor, rounded to the nearest cent. This new prima facie premium rate is then multiplied by the following factors to derive the new prima facie premium rate for the indicated plan:

a. 1.85 for the single premium rate per \$100 per year for level coverage on a single life, rounded to the nearest cent; or

b. 1.54 for the monthly premium rate per \$1,000 outstanding balance coverage, rounded to the nearest one-tenth cent.

7. For credit accident and sickness coverage, the new prima facie premium rate per \$100 initial coverage for each category of coverage and for each duration equals the then currently effective prima facie premium rate per \$100 for the same category of coverage and duration multiplied by the credit accident and sickness insurance adjustment factor, rounded to the nearest cent.

(d) The basic loss ratio for credit life insurance shall be .50. The basic loss ratio for credit accident and sickness insurance shall vary by plan as follows:

1. 14 days retroactive waiting period -- .60
2. 14 days nonretroactive elimination period -- .59
3. 30 days retroactive waiting period -- .57
4. 30 days nonretroactive elimination period -- .52

(e) If a form provides for plans or benefits that differ from those described in subs. (14) and (15), the insurer shall demonstrate to the satisfaction of the commissioner that the premium rate or schedule of premium rates applicable to the form will or may reasonably be expected to achieve the applicable basic loss ratio or such other loss ratio as may be determined by the commissioner to be consistent with s. 424.209, Stats., or that the rate or rates are actuarially consistent with the prima facie premium rates.

(14) PRIMA FACIE CREDIT LIFE INSURANCE PREMIUM RATES. (a) If premiums are payable monthly on the outstanding insured balance basis for term insurance on a single insured debtor, the initial prima facie premium rate shall be \$0.616 per month per \$1,000 of outstanding insured indebtedness.

(b) If premiums are payable on a single premium basis for straight-line decreasing term insurance on a single insured debtor, the initial prima facie premium rate shall be \$0.40 per annum per \$100 of initial insured indebtedness.

(c) If premiums are payable on a single premium basis for level term insurance on a single insured debtor, the initial prima facie premium rate shall be \$0.74 per annum per \$100 of initial insured indebtedness.

(d) The prima facie premium rate for credit life insurance providing coverage on two lives with respect to a single indebtedness shall be 150% of the corresponding single life prima facie premium rate until December 31, 1989, and shall be 167% of the corresponding single life prima facie premium rate on and after January 1, 1990.

(e) The prima facie rates shall apply to all policies providing credit life insurance which are offered to all debtors.

1. If evidence of individual insurability is not required, the policy shall contain no exclusion for pre-existing conditions except for those conditions which manifested themselves to the insured debtor by requiring medical advice, diagnosis, consultation or treatment, or would have caused a reasonably prudent person to have sought medical advice, diagnosis, consultation or treatment, within six months preceding the effective date of coverage and which causes loss within six months following the effective date of coverage. Under open-end credit plans, the effective date of coverage applies separately with respect to each purchase or loan to which the coverage relates.

2. Whether or not evidence of insurability is required the policy shall contain:

a. No suicide exclusions other than suicide within one year of the effective date of coverage. Under open-end credit plans, the effective date of coverage applies separately with respect to each purchase or loan to which the coverage relates;

b. Either no age restrictions, or age restrictions making ineligible for coverage debtors 65 or over at the time indebtedness is incurred or debtors who will have attained age 66 on the maturity date of the indebtedness. Insurance written in connection with an open-end credit plan may exclude from the classes eligible for insurance, classes of debtors determined by age, and may provide for the cessation of the insurance or a reduction in the amount of insurance upon attainment of not less than age 65;

c. At the option of the insurer and in lieu of a pre-existing condition exclusion, for monthly outstanding balance premium coverage on open-end credit transactions, a provision limiting the amount of insurance payable on death due to natural causes to the balance of the loan as it existed six months prior to the date of death if there have been one or more increases in the outstanding insured balance of the loan during such six months period and if evidence of individual insurability is not required at the time of the increase in the amount of insurance.

(f) Evidence of insurability may be based either on questions relating to specific health history or based on an objective test such as active full-time work.

(15) PRIMA FACIE CREDIT ACCIDENT AND SICKNESS PREMIUM RATES. (a) The initial credit accident and sickness prima facie premium rates for the insured portion of an indebtedness repayable in equal monthly installments, where the insured portion of the indebtedness decreases uniformly by the amount of the monthly installment paid, shall be as set forth in subs. 1. and 2. below:

1. As set forth in Appendix A, if premiums are payable on a single premium basis for the duration of the coverage; or

2. If premiums are paid on the basis of a premium rate per month per \$1,000 of outstanding insured indebtedness, these premiums shall be computed according to a formula approved by the commissioner as producing a rate or rates actuarially consistent with the single premium prima facie premium rates.

(b) The prima facie rates shall apply to policies providing credit accident and sickness insurance which are issued with or without evidence of insurability, and which are offered to all debtors.

1. If evidence of individual insurability is not required there shall be no exclusion for pre-existing conditions, except for those conditions which manifested themselves to the insured debtor by requiring medical advice, diagnosis, consultation or treatment, or would have caused a reasonably prudent person to have sought medical advice, diagnosis, consultation or treatment, within six months preceding the effective date of coverage and which causes loss within six months following the effective date of coverage. Under open-end credit plans, the effective date of coverage applies separately with respect to each purchase or loan to which the coverage relates;

2. Whether or not evidence of insurability is required the policy shall contain:

a. No provision which excludes or restricts liability in the event of disability caused in a certain specified manner except that the policies may contain provisions excluding or restricting coverage in the event of normal pregnancy, intentionally self-inflicted injuries, flight in nonscheduled aircraft, war, military service or foreign travel or residence.

b. Either no age restrictions, or age restrictions making ineligible for coverage debtors age 65 or over at the time the indebtedness is incurred, or debtors who will have attained age 66 on the maturity date of the indebtedness. Insurance written in connection with an open-end credit plan may exclude from the classes eligible for insurance classes of debtors determined by age, and may provide for the cessation of the insurance or a reduction in the amount of insurance upon attainment of not less than age 65.

c. A provision which defines disability as the inability to perform any occupation for which the debtor is reasonably fitted by education, training or experience after the period of disability has lasted for twelve consecutive months. During the first twelve consecutive months of disability, the definition must relate the disability to the occupation of the debtor at the time the disability occurred.

(c) No individual 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 is retroactive to the first day of disability.

(16) USE OF RATES HIGHER THAN PRIMA FACIE RATES. (a) An insurer may file for approval and use rates that are higher than the prima facie rates if it can be reasonably expected that the use of these higher rates will result in a ratio of claims incurred to premiums earned that is not less than the applicable basic loss ratio.

(b) These higher rates may be:

1. Applied uniformly to all applicable credit insurance of the insurer; or
2. Applied according to a case-rating procedure on file with and approved by the commissioner.

(c) An insurer electing to file a case rating procedure may either file its own plan for approval by the commissioner or may use the standard case rating procedure specified in sub. (17).

(17) STANDARD CASE RATING PROCEDURE. (a) An insurer, by written notice to the commissioner of its election to do so, may file and use rates determined by the standard case rating procedure. If elected, the procedure shall be used by the insurer to rate all of its credit insurance in this state.

(b) The case rate shall be the prima facie premium rate if the life years exposure is less than the minimum life years exposure shown below:

<u>Plan of Benefits</u>	<u>Minimum Life Years Exposure</u>
Life - Single	1,900
Life - Joint	1,200
Accident and Sickness:	
14 Day Non Retroactive	100
14 Day Retroactive	100
30 Day Non Retroactive	200
30 Day Retroactive	200

(c) If the life years exposure is not less than the minimum life years exposure, the case rate for a plan of benefits shall be calculated as the product of the deviation factor determined in par. (d) and the prima facie premium rate in effect at the end of the experience period. The case rates shall be rounded to the nearest cent per \$1000 indebtedness for single premiums payable on the basis of monthly outstanding balances.

(d) Deviation Factor Determination. The deviation factor shall be determined using the following worksheet:

<u>Plan of Benefits</u>	<u>Prima Facie Incidence</u>	<u>Basic Loss Ratio</u>
Life - Single	0.00369	.50
Life - Joint	0.00554	.50
Accident and Sickness:		
14 Day Non Retroactive	0.05980	.59
14 Day Retroactive	0.05200	.60
30 Day Non Retroactive	0.03543	.52
30 Day Retroactive	0.03081	.57

Basic Data Entry:

Plan of Coverage	
Actual Earned Premium	
Prima Facie Earned Premium	
Incurred Claims	
Number of Years in Experience Period	
Life Years Exposure	

All calculations below shall be taken to five decimal places:

<u>Line Number</u>	<u>Description of Item</u>	<u>Value</u>
1	Prima Facie Incidence	_____
2	Life Years Exposure	_____
3	Prima Facie Loss Ratio	_____
4	Basic Loss Ratio	_____
5	Line 3 Divided by Line 4	_____
6	Line 5 Times Line 1	_____
7	Line 6 Minus Line 1	_____
8	Line 2 Times Line 7	_____
9	Line 8 Times Line 7	_____
10	One Minus Line 1	_____
11	Line 10 Times Line 1	_____
12	Line 9 Minus Line 11	_____

IF LINE 12 IS GREATER THAN ZERO, GO ON TO LINE 13.

IF LINE 12 IS LESS THAN OR EQUAL TO ZERO,  
THE DEVIATION FACTOR IS ONE AND THE CASE RATE IS THE  
PRIMA FACIE RATE BASIS CURRENTLY IN EFFECT.

13	Line 2 Times Line 6	_____
14	One Plus Two Times Line 13	_____
15	One Plus Line 2	_____
16	Line 13 Times Line 6	_____
17	Line 14 Squared	_____
18	Line 15 Times Line 16 Times Four	_____
19	Line 17 Minus Line 18	_____
20	Square Root of Line 19	_____
21	Two Times Line 15	_____
22	Line 14 Divided by Line 21	_____
23	Line 20 Divided by Line 21	_____
24	Line 22 Plus Line 23	_____
25	Line 22 Minus Line 23	_____

IF LINE 12 IS LESS THAN OR EQUAL TO ZERO,  
LINE 26 EQUALS LINE 1; OTHERWISE, IF LINE 5 EXCEEDS ONE,  
LINE 26 EQUALS LINE 25, AND IF LINE 5 IS LESS THAN ONE,  
THEN LINE 26 EQUALS LINE 24

26	Credibility Adjusted Incidence	_____
27	Deviation Factor	_____
	The greater of 1 or	
	Line 26 Divided by Line 1	

(e) The period of time for which a case rate may be used by an insurer may not exceed the length of the experience period on which the rate is based. However, the period may not be less than one year nor more than three years.

(18) CHANGE OF INSURERS. (a) If a creditor changes insurers, the case rate applicable to that creditor's coverage may be used by the replacing insurer under the same terms and conditions that apply to the replaced insurer;

(b) If the case rate is higher than the prima facie premium rate on the date of change, the replacing insurer shall furnish notice of the change of insurers to the commissioner within 30 days following the date of change. The notice shall include the identity of the creditor and of the replaced insurer, the approved case rate applicable to the creditor's coverage and the rate to be charged by the replacing insurer, and shall request that the commissioner inform the replacing insurer of the termination date of the case rate applicable to the creditor's coverage. In no event shall the replacing insurer charge a rate higher than that approved for use by the replaced insurer for the remainder of the case rate period or, if sooner, until a new case rate for that creditor's coverage is approved by the commissioner.

(19) FILING OF EXPERIENCE INFORMATION. Every insurer having credit life insurance or credit accident and sickness insurance in force in this state shall report Wisconsin experience data annually in the form of Appendix B. The experience data for each calendar year shall be submitted on or before June 30 of the next succeeding calendar year and shall be accompanied by the following:

(a) Written certification by an officer of the insurer that the report fully complies with this reporting requirement and is prepared according to the instructions in sub. (21) except as may be noted and explained in such certification; and

(b) An actuarial description specifying the basis of calculation of unearned premium reserves and claim reserves and liabilities for each category of business, signed by a qualified actuary as defined in s. Ins 6.12.

(20) FINANCIAL STATEMENT MINIMUM RESERVES. (a) Each insurer shall show, as a liability in any financial statement or report required under s. 601.42, Stats., except for the report required to be filed under sub. (19), its policy or unearned premium reserve in an amount not less than as computed in pars. (b) through (f). If a credit insurance policy provides any combination of life insurance benefits, disability benefits and accident and sickness insurance benefits, a reserve must be established separately for the life insurance benefits, for the disability benefits and for the accident and sickness insurance benefits.

(b) The minimum mortality and interest standards for active life reserves for individual credit life insurance policies shall be not less than 100% of the commissioners 1958 standard ordinary mortality table at 4 1/2% annual interest.

(c) The minimum mortality and interest standards for active life reserves for group credit life insurance policies shall be not less than 100% of the commissioners 1960 standard group mortality table at 4 1/2% annual interest.

(d) In no event shall the active life reserves for credit life insurance be less than the unearned premium.

(e) The minimum morbidity and interest standards for active life reserves for credit accident and sickness insurance policies and for disability benefits in credit life insurance policies shall be not less than the greater of 130% of the commissioners 1964 disability table at 4 1/2% annual interest, or the unearned premium reserve.

(f) With the approval of the commissioner, a company may, for valuation purposes, use any appropriate mortality or morbidity table, in lieu of those specified in pars. (b), (c) and (e), that is based on credible credit life or disability experience.

(g) Unearned premium shall be computed according to the method prescribed in sub. (21) for use in completing Appendix B.

(21) INSTRUCTIONS FOR COMPLETING APPENDIX B. (a) Data shall be provided for all coverage in force at any time during the calendar year, excluding coverage for which no identifiable charge is made to insured debtors.

(b) Unearned premium shall be reported consistently as of the beginning and the end of each year, and shall be based on the premium that would be charged for the remaining amount and term of coverage using the premium rate or schedule of premium rates in effect at the time the coverage became effective. The following calculation bases shall be deemed to comply with this requirement in lieu of a precise calculation:

1. For single premium uniformly decreasing credit life insurance coverage, the "sum of the digits" method, commonly known as the "Rule of 78";

2. For single premium credit accident and sickness coverage with substantially equal monthly benefits and with coterminous coverage and benefit periods, the arithmetic mean of the unearned premium calculated according to the "sum of the digits" method and the pro rata unearned premium calculated as the original premium multiplied by the ratio of the remaining coverage term to the original coverage term;

3. For premiums payable on a monthly outstanding balance basis, single premium level life coverage or any other coverage where the benefit amount remains constant throughout the remaining coverage period, the pro rata unearned premium calculated as the original premium multiplied by the ratio of the remaining coverage term to the original coverage term;

4. For decreasing credit life insurance coverage provided for the full term of the indebtedness where the benefit is equal to the actual or scheduled net amount necessary to liquidate the indebtedness, the unearned premium calculated as the original premiums multiplied by the ratio of the scheduled remaining dollar-months of coverage to the scheduled initial dollar-months of coverage. Dollar-months of coverage may be approximated using an assumed interest rate that is reasonably representative of the interest rates applicable to all indebtedness with respect to which coverage is provided on this basis;

5. For credit life insurance coverage providing a combination of level and decreasing benefits, or providing a truncated coverage period or providing full-term coverage of an indebtedness that requires a balloon payment, an appropriate combination of methods described in this paragraph; or

6. Any other reasonable approximation method approved by the commissioner.

7. In this paragraph, a "dollar-month of coverage" means one dollar of coverage for one month.

(c) Unearned premium for partial months may be calculated on an exact daily basis, on a basis assuming that the valuation date occurs in the middle of each installment period or using the method commonly known as the "15 day 16 day rule" in which the value at the beginning of the month is used if less than 16 days have elapsed in the current month and the value at the end of the month is used if more than 15 days have elapsed in the current month. For the purpose of the "15 day-16 day rule," the current month shall be deemed to begin on the day following the most recent payment due date of the indebtedness and end on the next succeeding payment due date. The valuation date shall be counted as a full day.

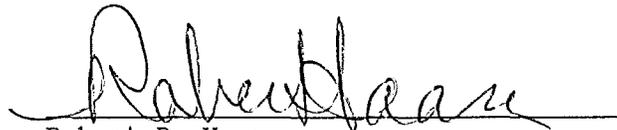
(d) Claim reserves and liabilities shall be reported on a consistent basis from year to year. Any change in the basis of calculation shall be disclosed, together with a recalculation of all items as of the end of the preceding calendar year according to the revised basis.

(e) Prima facie earned premium shall be reported as the premium that would have been earned if all coverage had been written at the prima facie premium rates in effect as of the last day of the calendar year for which the experience is submitted. Thus, an adjustment to actual premium will be required for all coverage written at other than the prima facie rate and for any business written at a prima facie rate that differs from the corresponding prima facie rate in effect on the last day of the calendar year for which the experience is submitted.

(22) PENALTY. Violations of this section shall subject the violator to ss. 601.64 and 601.65, Stats.

EFFECTIVE DATE. This rule shall take effect on January 1, 1988.

Dated in Madison, Wisconsin, this 11<sup>th</sup> day of September, 1987.

  
Robert D. Haase  
Commissioner of Insurance



**The State of Wisconsin**  
**Office of the Commissioner of Insurance**

**Robert D. Haase**  
**Commissioner**  
**(608) 266-3585**

RECEIVED

SEP 14 1987

Revisor of Statutes  
Bureau

DATE: September 11, 1987  
TO: Gary Poulson  
FROM: Fred Nepple, General Counsel  
Office of the Commissioner of Insurance  
SUBJECT: Ins 3.25, Clearinghouse No. 87-50

Enclosed are two copies of an Order of the Commissioner of Insurance repealing and recreating Ins 3.25, Clearinghouse No. 87-50, relating to credit life and credit accident and sickness.

FN:LH:mle  
Enclosure  
6349E1

GROUP CREDIT DISABILITY INSURANCE  
SINGLE PREMIUM RATES PER \$100 OF INITIAL INSURED INDEBTEDNESS

Original number of equal monthly installments	Benefits Payable After:			
	the 14th day of disability	the 30th day of disability	Retroactive to first day	Non-retro- active
6	1.74	1.39	1.19	.69
7	1.84	1.56	1.30	.80
8	1.94	1.66	1.40	.89
9	2.02	1.74	1.49	.97
10	2.10	1.82	1.58	1.05
11	2.17	1.89	1.63	1.12
12	2.23	1.95	1.68	1.18
13	2.29	2.01	1.72	1.24
14	2.35	2.07	1.75	1.30
15	2.41	2.13	1.79	1.35
16	2.46	2.18	1.82	1.40
17	2.51	2.23	1.86	1.45
18	2.56	2.27	1.89	1.50
19	2.60	2.32	1.91	1.54
20	2.65	2.36	1.94	1.59
21	2.69	2.40	1.97	1.62
22	2.73	2.44	1.99	1.64
23	2.77	2.48	2.02	1.67
24	2.81	2.52	2.04	1.69
25	2.85	2.56	2.06	1.71
26	2.88	2.60	2.09	1.73
27	2.92	2.63	2.11	1.75
28	2.95	2.67	2.13	1.77
29	2.99	2.70	2.15	1.79
30	3.02	2.74	2.17	1.82

<u>Original number of equal monthly installments</u>	<u>Benefits Payable After:</u>			
	<u>the 14th day of disability</u>		<u>the 30th day of disability</u>	
	<u>Retroactive to first day</u>	<u>Non-retro- active</u>	<u>Retroactive to first day</u>	<u>Non-retro- active</u>
31	3.06	2.77	2.19	1.83
32	3.09	2.80	2.21	1.85
33	3.12	2.83	2.23	1.87
34	3.15	2.86	2.25	1.89
35	3.18	2.90	2.27	1.91
36	3.21	2.93	2.29	1.93
37	3.24	2.96	2.30	1.94
38	3.27	2.99	2.32	1.96
39	3.30	3.01	2.34	1.98
40	3.33	3.04	2.35	1.99
41	3.36	3.07	2.37	2.01
42	3.39	3.10	2.39	2.03
43	3.41	3.13	2.40	2.04
44	3.44	3.15	2.42	2.06
45	3.47	3.18	2.44	2.08
46	3.50	3.21	2.45	2.09
47	3.52	3.23	2.47	2.11
48	3.55	3.26	2.48	2.12
49	3.57	3.29	2.50	2.14
50	3.60	3.31	2.51	2.15
51	3.62	3.34	2.53	2.16
52	3.65	3.36	2.54	2.18
53	3.67	3.39	2.56	2.19
54	3.70	3.41	2.57	2.21
55	3.72	3.43	2.58	2.22
56	3.75	3.46	2.60	2.24
57	3.77	3.48	2.61	2.25
58	3.79	3.51	2.63	2.26
59	3.82	3.53	2.64	2.28
60	3.84	3.55	2.65	2.29

<u>Original number of equal monthly installments</u>	<u>Benefits Payable After:</u>		<u>the 30th day of disability</u>	
	<u>the 14th day of disability</u>		<u>Retroactive to first day</u>	<u>Non-retro- active</u>
61	3.88	3.58	2.68	2.30
62	3.91	3.60	2.69	2.32
63	3.93	3.62	2.70	2.33
64	3.95	3.64	2.72	2.34
65	3.97	3.67	2.73	2.35
66	4.00	3.69	2.74	2.37
67	4.02	3.71	2.76	2.38
68	4.04	3.73	2.77	2.39
69	4.06	3.75	2.78	2.40
70	4.08	3.77	2.79	2.42
71	4.11	3.80	2.81	2.43
72	4.13	3.82	2.82	2.44
73	4.15	3.84	2.83	2.45
74	4.17	3.86	2.84	2.47
75	4.19	3.88	2.85	2.48
76	4.21	3.90	2.87	2.49
77	4.23	3.92	2.88	2.50
78	4.25	3.94	2.89	2.51
79	4.27	3.96	2.90	2.52
80	4.29	3.98	2.91	2.54
81	4.31	4.00	2.92	2.55
82	4.33	4.02	2.94	2.56
83	4.35	4.04	2.95	2.57
84	4.37	4.06	2.96	2.58
85	4.39	4.08	2.97	2.59
86	4.41	4.10	2.98	2.60
87	4.43	4.12	2.99	2.61
88	4.45	4.14	3.00	2.63
89	4.47	4.16	3.01	2.64
90	4.49	4.18	3.03	2.65

<u>Original number of equal monthl; installments</u>	<u>Benefits Payable After:</u>		<u>the 30th day of disability</u>	<u>Non-retro- active</u>
	<u>the 14th day of disability</u>	<u>Retroactive to first day</u>		
91	4.51	4.20	3.04	2.66
92	4.52	4.21	3.05	2.67
93	4.54	4.23	3.06	2.68
94	4.56	4.25	3.07	2.69
95	4.58	4.27	3.08	2.70
96	4.60	4.29	3.09	2.71
97	4.62	4.31	3.10	2.72
98	4.64	4.32	3.11	2.73
99	4.65	4.34	3.12	2.74
100	4.67	4.36	3.13	2.75
101	4.69	4.38	3.14	2.76
102	4.71	4.40	3.15	2.77
103	4.73	4.41	3.16	2.78
104	4.74	4.43	3.17	2.79
105	4.76	4.45	3.18	2.80
106	4.78	4.47	3.19	2.81
107	4.80	4.49	3.20	2.82
108	4.81	4.50	3.21	2.84
109	4.83	4.52	3.22	2.84
110	4.85	4.54	3.23	2.85
111	4.86	4.55	3.24	2.86
112	4.88	4.57	3.25	2.87
113	4.90	4.59	3.26	2.88
114	4.92	4.61	3.27	2.89
115	4.93	4.62	3.28	2.90
116	4.95	4.64	3.29	2.91
117	4.97	4.66	3.30	2.92
118	4.98	4.67	3.31	2.93
119	5.00	4.69	3.32	2.94
120	5.02	4.71	3.33	2.95

Formula.  $1.25 \times \text{Claim Cost} + \$0.60$  (subject to a maximum of  $2 \times \text{Claim Cost}$ )

APPENDIX B

CREDIT LIFE AND ACCIDENT AND HEALTH EXPERIENCE EXHIBIT

For the year ended December 31, 19.....

Of the ..... Insurance Company

Address (City, State and Zip Code) .....

NAIC Group Code ..... NAIC Company Code .....

To be filed on or before June 30

Direct Business in the State of .....

PART 1—CREDIT LIFE INSURANCE

	Single	Joint	Total
<b>1. Earned Premiums:</b>			
A. Gross written premiums .....			
B. Refunds on terminations .....			
C. Net written premiums (A-B) .....			
D. Premium reserves, start of period .....			
E. Premium reserves, end of period .....			
F. Actual earned premiums (C+D-E) .....			
G. Earned premiums at prima facie rates .....			
<b>2. Incurred Claims:</b>			
A. Claims paid .....			
B. Unreported claim reserve, start of period .....			
C. Unreported claim reserve, end of period .....			
D. Claim reserves, start of period .....			
E. Claim reserves, end of period .....			
F. Incurred claims (A-B+C-D+E) .....			
<b>3. Loss Ratio:</b>			
A. Actual loss ratio (2F/1F) .....	%	%	%
B. Loss ratio at prima facie rates (2F/1G) .....	%	%	%
<b>4. Mean Insurance in force .....</b>			
<b>5. Losses per \$1,000 mean insurance in force</b> [(1,000×2F)/4]			

PART 2—CREDIT ACCIDENT AND HEALTH INSURANCE

	7 Day Retro	14 Day Retro	14 Day Non-Retro	30 Day Retro	30 Day Non-Retro	Other	Total
<b>1. Earned Premiums:</b>							
A. Gross written premiums .....							
B. Refunds on terminations .....							
C. Net written premiums (A-B) .....							
D. Premium reserves, start of period .....							
E. Premium reserves, end of period .....							
F. Actual earned premium (C+D-E) .....							
G. Earned premiums at prima facie rates .....							
<b>2. Incurred Claims:</b>							
A. Claims paid .....							
B. Unreported claim reserve, start of period .....							
C. Unreported claim reserve, end of period .....							
D. Claim reserves, start of period .....							
E. Claim reserves, end of period .....							
F. Incurred claims (A-B+C-D+E) .....							
<b>3. Loss Ratio:</b>							
A. Actual loss ratio (2F/1F) .....	%	%	%	%	%	%	%
B. Loss ratio at prima facie rates (2F/1G) .....	%	%	%	%	%	%	%