



SUPERINTENDENT OF INSURANCE
John G. Franchini 505-827-4299

NEW MEXICO OFFICE OF
SUPERINTENDENT
OF INSURANCE

DEPUTY SUPERINTENDENT
Robert Doucette 505-827-5832

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OFFICE OF SUPERINTENDENT
OF INSURANCE
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TO: CREDIT LIFE AND CREDIT ACCIDENT AND HEALTH INSURERS

RE: ADJUSTMENT OF PRESUMPTIVELY ACCEPTABLE CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUM RATES

The following Bulletin is issued pursuant to NMSA 1978 Sections 59A-2-8, 59A-2-10, and 13.18.2.44 and 13.18.2.45 NMAC.

The Credit Life and Credit Health Insurance Rule, 13.18.2 NMAC, provides for reduction of the presumptively acceptable credit life insurance premiums and credit accident and health insurance premiums set forth in the rule if the combined loss ratios of all insurers writing each type of insurance for the calendar year 2000 or any even-numbered calendar year thereafter, as filed in the NAIC statistical statements, does not equal or exceed ninety percent of the loss ratios stated in the rule for each type of insurance.

The adjustment formula specified in the rule (reduction by ten percent and rounding up to the nearest whole cent) would never permit the reduction of any presumptive rate below \$0.10; from the proximity to \$0.10 of the original presumptively acceptable rate stated in 13.18.2.26.D.(2)(b) it may be presumed that this was not the intent of the rule; from the current adjusted level for that rate, as given in Bulletin No. 2011-010, (\$0.08), that specified formula already has not been strictly imposed.

The presumptively acceptable rates were not updated in 2013 from the 2012 statistical reports, nor in 2015 from the 2014 statistical reports. This bulletin adjusts the presumptively acceptable rates from the 2014 statistical reports; however, in lieu of the rule's stated effective date for the adjusted rates, the presumptive acceptability of these adjusted rates will be effective immediately upon the issue of this Bulletin. Also, these rates are adjusted using certain corrections of rounding. In no case is the result below one cent less than the result of strict imposition of the specified formula.

The calendar year 2014 statistical statements establish that the combined loss ratio of all insurers writing credit life insurance, individual or group, does not equal or exceed ninety percent of the loss ratio stated in Paragraph 1 of Subsection B of 13.18.2.17 NMAC. Accordingly, and pursuant to 13.18.2.44 NMAC, the credit life insurance premiums stated in Subsections A through D of 13.18.2.18 NMAC and Subsection A of 13.18.2.20 NMAC, as previously reduced, shall be reduced by ten percent as stipulated

Main Phone: 505-827-4601
Main Fax: 505-827-4734
Toll Free: 1-855-4-ASK-OSI

Mailing Address:
P.O. Box 1689
Santa Fe, NM 87504-1689

Physical Address:
1120 Paseo de Peralta
Santa Fe, NM 87501

above. The attached Table 1, entitled Presumptively Acceptable Credit Life Insurance Premiums, contains the aforementioned prima facie rates that shall be effective as of the date of this Bulletin in lieu of January 1, 2016.

The calendar year 2014 statistical statements establish that the combined loss ratio of all insurers writing credit accident and health insurance, individual or group, does not equal or exceed ninety percent of the loss ratio stated in Paragraph 2 of Subsection B of 13.18.2.17 NMAC. Accordingly, and pursuant to 13.18.2.45 NMAC, the credit life insurance premiums stated in Subsections A, B, and D of 13.18.2.26 NMAC, as previously reduced, shall be reduced by ten percent as stipulated above. The attached Table 2, entitled Presumptively Acceptable Credit Accident and Health Insurance Premiums, contains the aforementioned prima facie rates that shall be effective as of the date of this Bulletin in lieu of January 1, 2016.

DONE and ORDERED this 21th day of March, 2016.



JOHN G. FRANCHINI
Superintendent of Insurance

Table 1

Effective January 01, 2016

**PRESUMPTIVELY ACCEPTABLE CREDIT LIFE INSURANCE PREMIUMS
(PRIMA FACIE RATES):**

Relative to
NMAC:

13.18.2.18.A. Coverage on a single life provided on the outstanding indebtedness basis:
\$0.43 per month per \$1,000.00 of outstanding balance indebtedness.

13.18.2.18.B. Coverage on a single life on the single premium basis:
Par. (1) \$0.27 per year of coverage per \$100.00 of initial insured indebtedness
for all credit transactions when the insured indebtedness is payable in
substantially equal monthly installments during the term of coverage; and

Par. (2) \$0.50 per year of coverage per \$100.00 of level life insurance where
the amount of insured indebtedness remains level during the term of
coverage and is repayable in a single sum at the end of the term.

13.18.2.18.C. Coverage on joint lives on the outstanding indebtedness basis: \$0.63 per
month per \$1,000.00 of outstanding balance indebtedness.

13.18.2.18.D. Coverage for joint lives on the single premium basis:
Par. (1) \$0.40 per year of coverage per \$100.00 of initial insured indebtedness
for all credit transactions when the insured indebtedness is repayable in
substantially equal monthly installments during the term of coverage; and

Par. (2) \$0.74 per year of coverage per \$100.00 of level life insurance where
the amount of insured indebtedness remains level during the term of
coverage and is repayable in a single sum at the end of the term.

13.18.2.20.A. **COMPOSITE SINGLE JOINT OUTSTANDING BALANCE RATE (PRIMA
FACIE):**

COB = \$0.43 (PSA) - \$0.63 (PJA), where

(1) COB = composite outstanding balance life rate per \$1,000 per
month;

(2) PSA = percentage of open-end accounts held by a single person
expressed as a decimal fraction (for the first year, use all accounts; for
subsequent years, use insured accounts);

(3) PJA = percentage of revolving accounts held jointly expressed as a
decimal fraction (for the first year, use all accounts; for subsequent years,
use insured accounts).

Table 2

**PRESUMPTIVELY ACCEPTABLE RELATION OF CREDIT ACCIDENT AND HEALTH
BENEFITS TO PREMIUMS (PRIMA FACIE):**

Effective January 01, 2016

CREDIT ACCIDENT AND HEALTH INSURANCE

SINGLE PREMIUM RATE PER \$100 OF INITIAL INSURED INDEBTEDNESS

ORIGINAL NUMBER OF EQUAL MONTHLY INSTALLMENTS	BENEFITS PAYABLE AFTER THE 14TH DAY OF DISABILITY		BENEFITS PAYABLE AFTER THE 30TH DAY OF DISABILITY	
	RETROACTIVE TO THE FIRST DAY	NON- RETROACTIVE	RETROACTIVE TO THE FIRST DAY	NON- RETROACTIVE
3	0.41	0.29		
4	0.53	0.37		
5	0.65	0.47		
6	0.73	0.55	0.52	0.36
7	0.78	0.62	0.57	0.41
8	0.81	0.66	0.61	0.45
9	0.84	0.69	0.65	0.49
10	0.87	0.72	0.69	0.53
11	0.90	0.74	0.72	0.55
12	0.92	0.77	0.74	0.59
13	0.96	0.80	0.76	0.61
14	0.98	0.81	0.79	0.65
15	1.01	0.84	0.81	0.66
16	1.03	0.87	0.84	0.69
17	1.07	0.88	0.88	0.72
18	1.09	0.90	0.90	0.74
19	1.13	0.90	0.93	0.76
20	1.15	0.92	0.96	0.79
21	1.18	0.94	0.99	0.81
22	1.20	0.96	1.02	0.81
23	1.25	0.98	1.06	0.82
24	1.26	0.99	1.08	0.83
25	1.30	1.00	1.10	0.84
26	1.32	1.02	1.14	0.85
27	1.35	1.03	1.16	0.87
28	1.38	1.06	1.18	0.88
29	1.41	1.08	1.20	0.89
30	1.44	1.10	1.25	0.90

Table 2, cont'd

31	1.47	1.14	1.26	0.93
32	1.50	1.16	1.30	0.96
33	1.53	1.19	1.32	0.98
34	1.55	1.21	1.35	0.99
35	1.59	1.25	1.38	1.02
36	1.62	1.26	1.39	1.04
37	1.62	1.29	1.42	1.06
38	1.64	1.31	1.44	1.08
39	1.66	1.32	1.46	1.11
40	1.67	1.35	1.47	1.14
41	1.69	1.36	1.49	1.15
42	1.71	1.38	1.51	1.18
43	1.71	1.39	1.53	1.20
44	1.72	1.42	1.54	1.23
45	1.74	1.44	1.55	1.25
46	1.76	1.46	1.58	1.26
47	1.78	1.47	1.60	1.29
48	1.79	1.50	1.62	1.32
49	1.80	1.51	1.62	1.34
50	1.81	1.53	1.64	1.38
51	1.82	1.54	1.66	1.39
52	1.83	1.55	1.67	1.43
53	1.85	1.55	1.69	1.45
54	1.86	1.57	1.71	1.48
55	1.88	1.59	1.71	1.51
56	1.89	1.61	1.72	1.53
57	1.90	1.62	1.74	1.55
58	1.90	1.62	1.76	1.59
59	1.92	1.63	1.78	1.62
60	1.93	1.65	1.79	1.63
61	1.95	1.67	1.80	1.65
62	1.97	1.67	1.82	1.66
63	1.98	1.69	1.83	1.67
64	1.98	1.71	1.84	1.68
65	2.00	1.71	1.86	1.70
66	2.01	1.72	1.87	1.71
67	2.03	1.73	1.88	1.72
68	2.04	1.76	1.90	1.72
69	2.05	1.77	1.91	1.73
70	2.06	1.78	1.93	1.74

Table 2, cont'd

71	2.08	1.79	1.94	1.76
72	2.09	1.80	1.96	1.78
73	2.10	1.82	1.98	1.79
74	2.11	1.83	1.98	1.79
75	2.12	1.84	1.99	1.80
76	2.14	1.86	2.01	1.82
77	2.16	1.87	2.03	1.83
78	2.16	1.88	2.05	1.83
79	2.18	1.89	2.05	1.85
80	2.19	1.90	2.07	1.86
81	2.20	1.92	2.09	1.87
82	2.21	1.93	2.11	1.88
83	2.24	1.95	2.12	1.89
84	2.25	1.96	2.14	1.90
85	2.25	1.97	2.14	1.91
86	2.27	1.98	2.16	1.93
87	2.28	1.98	2.17	1.95
88	2.29	2.01	2.19	1.97
89	2.31	2.03	2.20	1.97
90	2.32	2.04	2.21	1.98
91	2.33	2.05	2.23	1.98
92	2.35	2.06	2.25	2.00
93	2.36	2.07	2.26	2.02
94	2.37	2.08	2.27	2.04
95	2.38	2.09	2.28	2.05
96	2.39	2.11	2.31	2.05
97	2.42	2.12	2.32	2.07
98	2.43	2.14	2.33	2.08
99	2.44	2.14	2.34	2.10
100	2.44	2.16	2.36	2.11
101	2.46	2.18	2.37	2.12
102	2.47	2.19	2.39	2.14
103	2.49	2.20	2.40	2.15
104	2.50	2.20	2.42	2.16
105	2.51	2.22	2.43	2.18
106	2.52	2.25	2.44	2.19
107	2.54	2.25	2.45	2.20
108	2.55	2.26	2.47	2.21
109	2.56	2.27	2.49	2.24
110	2.57	2.28	2.51	2.25

Table 2, cont'd

111	2.58	2.31	2.52	2.26
112	2.60	2.32	2.52	2.28
113	2.61	2.33	2.55	2.30
114	2.62	2.34	2.56	2.31
115	2.63	2.35	2.57	2.32
116	2.65	2.36	2.59	2.34
117	2.67	2.37	2.61	2.35
118	2.68	2.39	2.62	2.36
119	2.69	2.41	2.62	2.38
120	2.70	2.42	2.64	2.39

Effective January 01, 2016

**PRESUMPTIVELY ACCEPTABLE CREDIT ACCIDENT AND HEALTH
INSURANCE PREMIUMS (PRIMA FACIE RATES):**

Relative to
NMAC:

- 13.18.2.26.B. A monthly premium of \$0.09 per \$100 of outstanding balance may be presumed reasonable for a disability benefit which consists of a lump sum payment of the amount of indebtedness covered at the beginning of disability, such payment to be made after disability has continued for 90 consecutive days. A daily benefit does not apply to this coverage.
- 13.18.2.26.D. In credit accident and health insurance sold in connection with open-end transactions or monthly closed-end transactions, the superintendent may presume (subject, however, to a rebuttal of the presumption) that the benefits are reasonable in relation to the premium charged if the premium rate schedule for such accident and health insurance transactions does not exceed an amount equal to, or actuarially consistent with, the following rates:
- Par. (1) benefits payable after the 14th day of disability:
 - subpar. (a) retroactive to first day: \$0.13 per month per \$100 of outstanding balance insured indebtedness;
 - subpar. (b) non-retroactive: \$0.09 per month per \$100 of outstanding balance insured indebtedness;
 - Par. (2) benefits payable after the 30th day of disability:
 - subpar. (a) retroactive to first day: \$0.10 per month per \$100 of outstanding balance insured indebtedness;
 - subpar. (b) non-retroactive: \$0.08 per month per \$100 of outstanding balance insured indebtedness;