

STATE OF NEW MEXICO
OFFICE OF SUPERINTENDENT OF INSURANCE

SUPERINTENDENT OF INSURANCE
Russell Toal



DEPUTY SUPERINTENDENT
Jennifer A. Catechis

BULLETIN 2021-0028

December 15, 2021

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 and 59A-2-10 and 13.1.2 et seq., 13.18.2.44, and 13.18.45 NMAC.

On November 17, 2021, the Superintendent issued Bulletin No. 2021-025, which related to presumptively acceptable credit life insurance premiums and credit accident and health insurance premium rates. Bulletin No. 2021-025 is hereby rescinded in full. In its place, the Superintendent issues this Bulletin addressing the same subject.

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 (90%) of the loss ratios set forth in the rule for each type of insurance.

The presumptively acceptable rates were last updated in OSI Bulletin 2019-018 based on the 2018 statistical statements. This Bulletin adjusts the presumptively acceptable rates based on the 2020 statistical statements.

These rates are adjusted by smoothing to mitigate inconsistencies. Consistent with the rounding requirements of 13.18.2.44 and 13.18.2.45 NMAC, in no case is the resulting rate more than one cent greater than the resulting rate obtained by strict imposition of the specified formula.

Credit Life Insurance

The calendar year 2020 statistical statements establish that, for all insurers writing credit life insurance, whether individual or group, both the actual loss ratio and the loss ratio at the prima facie rates exceed ninety percent (90%) of the loss ratio set forth in 13.18.2.17(B)(1) NMAC. Accordingly, and pursuant to 13.18.2.44 NMAC, the credit life insurance premiums set forth in 13.18.2.18(A) through (D) NMAC and in 13.18.2.20(A) NMAC, and as previously adjusted, should not be reduced from the previous presumptively acceptable rates at this time. The attached Table 1, *Presumptively Acceptable Credit Life Insurance Premiums*, contains the same *prima facie* rates that are currently in effect. **These rates shall remain effective as of February 1, 2022.**

Credit Accident and Health Insurance


The calendar year 2020 statistical statements establish that, for all insurers writing credit accident and health insurance, whether individual or group, both the actual loss ratio and the loss ratio at the prima facie rates do not exceed ninety percent (90%) of the loss ratio set forth in 13.18.2.17(B)(2) NMAC. Accordingly, and pursuant to 13.18.2.45 NMAC, the credit accident and health insurance premiums set forth in 13.18.2.26(A), (B), and (D) NMAC, and as previously adjusted, should be reduced by 10% from the previous presumptively acceptable rates at this time. **The attached Table 2, *Presumptively Acceptable Credit Accident and Health Insurance Premiums*, contains the new *prima facie* rates that shall become effective as of February 1, 2022.**

Any person aggrieved by this Bulletin may request a hearing before the Superintendent of Insurance in accordance with NMSA 1978, § 59A-4-15.

If you have questions regarding this Bulletin, please contact Anna Krylova at anna.krylova@state.nm.us.

ISSUED this 15th day of December, 2021.

SUPERINTENDENT OF INSURANCE



RUSSELL TOAL

Table 1

Effective January 01, 2020 (Remaining in Effect)

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: \$0.39 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:
- 13.18.2.18.B(1)** \$0.25 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
- 13.18.2.18.B(2)** \$0.45 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: \$0.57 per month per \$1,000.00 of outstanding balance indebtedness.
- 13.18.2.18.D** Coverage for joint lives on the single premium basis:
- 13.18.2.18.D(1)** \$0.36 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
- 13.18.2.18.D(2)** \$0.67 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* rates):
COB = \$0.39 (PSA) - \$0.57 (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

Effective February 1, 2022

**Presumptively Acceptable Credit Accident and Health Insurance Premiums
(*prima facie* rates):**

Relative to NMAC:

13.18.2.26.A 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	0.31	0.23		
4	0.40	0.28		
5	0.48	0.35		
6	0.54	0.41	0.39	0.27
7	0.58	0.46	0.43	0.31
8	0.61	0.49	0.45	0.34
9	0.63	0.52	0.49	0.37
10	0.65	0.54	0.52	0.40
11	0.66	0.55	0.54	0.41
12	0.69	0.57	0.55	0.44
13	0.71	0.59	0.57	0.45
14	0.73	0.61	0.59	0.48
15	0.74	0.63	0.61	0.49
16	0.76	0.64	0.63	0.52
17	0.79	0.65	0.65	0.54
18	0.81	0.66	0.66	0.55
19	0.83	0.67	0.69	0.57
20	0.86	0.69	0.72	0.58
21	0.88	0.70	0.73	0.59
22	0.90	0.72	0.76	0.60
23	0.92	0.73	0.79	0.61
24	0.94	0.73	0.81	0.62
25	0.96	0.74	0.81	0.63
26	0.98	0.76	0.84	0.64
27	0.99	0.77	0.86	0.65
28	1.02	0.79	0.88	0.65
29	1.04	0.81	0.90	0.66
30	1.06	0.81	0.91	0.68

Table 2, cont'd

31	1.08	0.84	0.93	0.70
32	1.10	0.86	0.96	0.72
33	1.13	0.89	0.98	0.73
34	1.14	0.90	0.99	0.73
35	1.17	0.91	1.01	0.75
36	1.18	0.93	1.03	0.77
37	1.20	0.95	1.05	0.79
38	1.21	0.97	1.06	0.81
39	1.22	0.98	1.08	0.81
40	1.23	0.99	1.08	0.83
41	1.25	1.00	1.10	0.85
42	1.26	1.02	1.11	0.87
43	1.26	1.03	1.13	0.89
44	1.27	1.05	1.14	0.90
45	1.28	1.06	1.14	0.92
46	1.30	1.08	1.16	0.94
47	1.30	1.08	1.17	0.96
48	1.31	1.10	1.18	0.98
49	1.32	1.11	1.19	0.99
50	1.33	1.12	1.21	1.02
51	1.34	1.13	1.22	1.04
52	1.35	1.14	1.23	1.06
53	1.35	1.14	1.24	1.07
54	1.37	1.16	1.26	1.09
55	1.38	1.17	1.26	1.11
56	1.38	1.18	1.27	1.13
57	1.39	1.19	1.28	1.14
58	1.40	1.20	1.30	1.17
59	1.41	1.21	1.31	1.18
60	1.42	1.22	1.32	1.20
61	1.44	1.23	1.33	1.22
62	1.44	1.24	1.34	1.22
63	1.45	1.25	1.35	1.23
64	1.46	1.26	1.35	1.24
65	1.46	1.26	1.37	1.25
66	1.47	1.27	1.38	1.26
67	1.49	1.29	1.38	1.26
68	1.50	1.30	1.39	1.27
69	1.51	1.30	1.40	1.28

Table 2, cont'd

70	1.52	1.31	1.42	1.29
71	1.53	1.32	1.43	1.30
72	1.53	1.33	1.44	1.30
73	1.54	1.34	1.45	1.31
74	1.54	1.35	1.46	1.32
75	1.55	1.35	1.46	1.33
76	1.57	1.36	1.47	1.34
77	1.58	1.37	1.49	1.35
78	1.59	1.38	1.50	1.35
79	1.61	1.38	1.52	1.36
80	1.62	1.39	1.53	1.37
81	1.62	1.41	1.53	1.38
82	1.62	1.42	1.54	1.38
83	1.64	1.44	1.55	1.39
84	1.65	1.44	1.56	1.40
85	1.66	1.45	1.57	1.41
86	1.67	1.46	1.59	1.42
87	1.68	1.46	1.60	1.44
88	1.69	1.47	1.61	1.44
89	1.70	1.48	1.62	1.45
90	1.71	1.49	1.62	1.46
91	1.71	1.50	1.63	1.46
92	1.71	1.51	1.65	1.47
93	1.72	1.53	1.66	1.48
94	1.74	1.53	1.67	1.49
95	1.75	1.54	1.69	1.51
96	1.76	1.54	1.70	1.52
97	1.77	1.55	1.71	1.53
98	1.78	1.57	1.71	1.53
99	1.79	1.58	1.71	1.54
100	1.79	1.59	1.72	1.54
101	1.80	1.60	1.74	1.55
102	1.81	1.61	1.76	1.57
103	1.82	1.62	1.77	1.58
104	1.83	1.62	1.78	1.59
105	1.84	1.62	1.79	1.61
106	1.85	1.64	1.79	1.62
107	1.86	1.65	1.80	1.62
108	1.87	1.66	1.81	1.62

Table 2, cont'd

109	1.88	1.67	1.83	1.64
110	1.89	1.68	1.84	1.65
111	1.89	1.70	1.85	1.66
112	1.90	1.71	1.86	1.67
113	1.91	1.71	1.87	1.69
114	1.92	1.71	1.88	1.70
115	1.93	1.72	1.89	1.71
116	1.95	1.73	1.89	1.71
117	1.95	1.74	1.91	1.72
118	1.97	1.76	1.92	1.73
119	1.98	1.77	1.93	1.75
120	1.98	1.78	1.94	1.76

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:
- 13.18.2.26.D(1)** benefits payable after the 14th day of disability:
- 13.18.2.26.D(1)(a)** retroactive to first day: \$0.1 per month per \$100 of outstanding balance insured indebtedness;
- 13.18.2.26.D(1)(b)** non-retroactive : \$0.09 per month per \$100 of outstanding balance insured indebtedness;
- 13.18.2.26.D(2)** benefits payable after the 30th day of disability:
- 13.18.2.26.D(2)(a)** retroactive to first day: \$0.09 per month per \$100 of outstanding balance insured indebtedness;
- 13.18.2.26.D(2)(b)** non-retroactive : \$0.08 per month per \$100 of outstanding balance insured indebtedness;