

Indiana Department of Insurance  
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Bulletin 277

**CREDIT LIFE AND ACCIDENT AND HEALTH RATES**

This Bulletin is directed to all insurers engaged in the business of selling credit insurance in the state of Indiana. Pursuant to 760 IAC 1-5.1-4, benefits provided by consumer credit insurance policies must be reasonable in relation to the premium charged. A loss ratio of not less than 55% is regarded as reasonable. 760 IAC 1-5.1-1 *et seq.* (“Rule”) provided prima facie rates considered to meet the reasonableness requirement. 760 IAC 1-5.1-9 requires the Commissioner to review the loss ratio standards and the prima facie rates contained in the Rule on a triennial basis. This Bulletin is intended to fulfill the requirements of the Rule.

The applicable provisions of the Rule were effective January 1, 2003, and rates were last reviewed in 2021 (see Bulletin 262). With the conclusion of the calendar year 2023 there are three new years of experience available, and the triennial review is due.

**Discount Rate**

Pursuant to 760 IAC 1-5.1-9, every three years the discount rate is to be adjusted based on the sales of the three-year Treasury Notes on the last day of the last three calendar years. The rates paid at the last day of 2021, 2022, and 2023 are listed below:

<b>Calendar Year</b>	<b>3 Year Treasury Rate</b>
2021	0.97
2022	4.22
2023	4.01
Average for 3 years	3.07

Based upon this information the discount rate would increase from the prior analysis, which produced an average of 1.42%.

**Conclusion**

The discount rates to be used are 3.47% for life and 3.07% for accident and health. The life discount rate includes 0.4% for mortality.

## Life

### Actual Experience

Based on data retrieved from Credit Insurance Experience Exhibits submitted annually by each insurance company, credit life insurance has generated the following loss ratios over the last three calendar years:

<b>Calendar Year</b>	<b>Loss Ratio</b>
2021	75.9
2022	67.4
2023	60.7
Aggregate for 3 years	68.2

Adjusting the above Loss Ratios for the adjustment to prima facie rates would result in the following loss ratios:

<b>Calendar Year</b>	<b>Loss Ratio</b>
2021	86.1
2022	70.1
2023	62.8
Aggregate for 3 years	72.9

The loss ratio for credit life has been above 55%; therefore, an increase of 32.5% to the prima facie rate is indicated.

### Conclusion

Based on the above information, the Commissioner has determined that, pursuant to the Rule, the aggregate rate adjustment indicated for life prima facie is 32.5%. The credit life prima facie rates for monthly outstanding balance basis are therefore increased to:

- 1) One dollar and seven cents (\$1.07) per month per one thousand dollars (\$1,000) of outstanding insured debt on single life, and
- 2) One dollar and seventy-nine cents (\$1.79) per month per one thousand dollars (\$1,000) of outstanding insured debt on joint life

if premiums are payable on a monthly outstanding balance basis.

## **Accident and Health/Disability**

### Actual Experience

Based on data retrieved from Credit Insurance Experience Exhibits submitted annually by each insurance company, credit accident and health insurance has generated the following loss ratios over the last three calendar years:

<b>Calendar Year</b>	<b>Loss Ratio</b>
2021	40.8
2022	40.3
2023	43.9
Aggregate for 3 years	41.6

Adjusting the above Loss Ratios for the adjustment to prima facie rates would result in the following loss ratios:

<b>Calendar Year</b>	<b>Loss Ratio</b>
2021	51.5
2022	50.0
2023	53.5
Aggregate for 3 years	51.7

This loss ratio is below the target of 55% set forth in the Rule, and the indicated reduction to the rates would be 6.1%.

### Conclusion

The rate adjustment indicated for accident and health is a decrease of 6.1%. Thus, the rates are shown below. The credit accident and health prima facie rates are single premium rates based on type of coverage (14-day retroactive and non-retroactive and 30-day retroactive and non-retroactive) and length of loan.

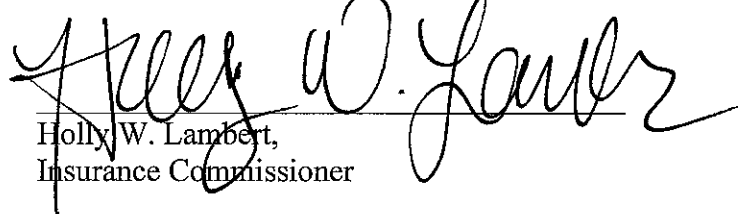
Original Number of Equal Monthly Installments	14-Day Retroactive Policies	14-Day Nonretroactive Policies	30-Day Retroactive Policies	30-Day Nonretroactive Policies
6	1.05	0.69	0.71	0.54
12	1.41	0.99	0.97	0.72
24	1.89	1.36	1.36	0.95
36	2.33	1.78	1.77	1.28
48	2.59	2.05	2.02	1.52
60	2.82	2.26	2.24	1.72
72	3.02	2.46	2.44	1.90
84	3.20	2.64	2.62	2.09
96	3.37	2.82	2.79	2.26
108	3.55	2.98	2.96	2.42
120	3.71	3.13	3.12	2.58

Rates other than the prima facie rates announced in this Bulletin may be used if they are filed with the Department and approved as reasonable in relation to the benefits provided. Information on filing rates may be found on the Department's web site at [www.in.gov/idoi](http://www.in.gov/idoi).

New rates may be implemented by insurers any time after the release of this Bulletin, but the reduced credit accident and health rates should be effective no later than July 1, 2025.

Questions regarding this Bulletin should be directed to [Compliance@idoi.in.gov](mailto:Compliance@idoi.in.gov).

INDIANA DEPARTMENT OF INSURANCE



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