

South Carolina Department of Insurance

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HENRY McMASTER
Governor

RAYMOND G. FARMER
Director

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IN THE MATTER OF:)
)
Rates for Credit Accident and Health)
Insurance Sold in Conjunction with)
Consumer Credit Transactions subject to)
the South Carolina Consumer Protection)
Code (S.C. Code Ann. § 37-1-101 *et seq.*),)
Other Than Loans Made Under 1966 S.C.)
Act No. 988 --)
Approved Rates for 2020 Basic Statistical)
Plan)

ORDER
Number 2019-05

This matter comes before me for final approval of rates for credit accident and health insurance sold in conjunction with loans subject to the South Carolina Consumer Protection Code, other than loans made under S.C. Act No. 988 of 1966. Pursuant to the provisions of S.C. Code Ann. Section 37-1-101, *et seq.* (1976, as amended) and 25A S.C. Code Ann. Reg. 69-11.1 (1976, as amended), this Order sets and establishes rates for use during 2019 for accident and health insurance sold in conjunction with consumer credit transactions subject to the South Carolina Consumer Protection Code (S.C. Code Ann. § 37-1-101, *et seq.*), other than loans made under Act No. 988 of 1966.

I, Raymond G. Farmer, Director of Insurance, having fully considered and reviewed the recommendations of staff, together with all written submissions, applicable rebuttals, and all other relevant documents, and further, being fully advised on all premises, hereby find and conclude:

The tentative rates for the above-referenced insurance products were reviewed along with other pertinent data by South Carolina Department of Insurance (Department) actuaries. The tentative rates were sent to all insurers of record selling credit accident and health insurance products in South Carolina on July 18, 2019 and published in Department Bulletin 2019-06, with notice that any insurer which felt aggrieved by such rates would have 15 days to request a public hearing. The Department did not receive a hearing request. Moreover, no insurer took exception to the information contained in the bulletin about the tentative rates. Accordingly, the Department's actuarial staff recommended the approval of the tentative rates for 2020.

IT IS THEREFORE ORDERED THAT the single premium rates per \$100 of initial indebtedness for 2020 are as follows:

| <u>Period</u> | <u>14-Day Retro</u> | <u>30-Day Retro</u> |
|---------------|---------------------|---------------------|
| 12 Months | \$1.53 | \$1.44 |
| 24 Months | 2.07 | 1.98 |
| 36 Months | 2.61 | 2.52 |

| <u>Period</u> | <u>14-Day Retro</u> | <u>30-Day Retro</u> |
|---------------|---------------------|---------------------|
| 48 Months | 3.06 | 2.97 |
| 60 Months | 3.51 | 3.42 |
| 72 Months | 3.87 | 3.78 |
| 84 Months | 4.23 | 4.14 |
| 96 Months | 4.50 | 4.41 |
| 108 Months | 4.77 | 4.68 |
| 120 Months | 5.04 | 4.95 |
| 132 Months | 5.31 | 5.22 |
| 144 Months | 5.49 | 5.40 |
| 156 Months | 5.67 | 5.58 |
| 168 Months | 5.85 | 5.76 |
| 180 Months | 6.03 | 5.94 |

For periods which do not equal an integral number of years, the rates may be interpolated to the upper quarter of a year but finer interpolations will be permitted to the equivalent of the nearest month. Thus, for example, the rates for a period from 0 to 3 months for the 14-day plan would be one-fourth of \$1.53 or \$.38.


Rates for policies of credit accident and health insurance where the premiums are paid other than on a single premium basis must be actuarially equivalent with the rates specified above.

For open ended monthly outstanding balance policies that are subject to reporting on the NAIC Credit Accident and Health Insurance Part 2C blank, insurers should calculate their premiums, and then apply an 80% factor. The Department will not approve rates that deviate from the prima facie rates.

IT IS FURTHER ORDERED THAT the Basic Statistical Plan must consist of the submission of the information required by 25A S.C. Code Ann. Reg. 69-11.1 (1976, as amended) for 14-day and 30-day retroactive accident and health insurance. Submission of the Credit Insurance Experience Exhibit filed in conjunction with the Annual Statement will satisfy this requirement. Each insurer must notify the Department by December 1st of each year of the insurer's intention to use rates no higher than those promulgated. Please submit the required notice to:

Andrew M. Dvorine, ASA, MAAA
Life Actuary
South Carolina Department of Insurance
145 King Street, Suite 228
Charleston, SC 29401

This order shall take effect immediately.


Raymond G. Farmer
Director

Columbia, South Carolina
September 13, 2019