



BULLETIN NUMBER 2020-07

TO: Insurers Writing Credit Property Insurance in South Carolina in Conjunction with Consumer Credit Transactions subject to 1966 S.C. Act No. 988, Consumer Finance Law

FROM: Raymond G. Farmer
Director 

SUBJECT: Notice of Tentative 2021 Credit Property Insurance Rates and Opportunity to Request a Hearing

DATE: July 31, 2020

I. NOTICE OF TENTATIVE CREDIT PROPERTY INSURANCE RATES

Regulation 69-11.1, Regulation of Credit Insurance, requires the South Carolina Department of Insurance to promulgate tentative rates for credit property insurance by August 1 of each year. The tentative rates are those the Department believes may reasonably be expected to produce a loss ratio of not less than fifty percent (50%) in the following calendar year. This bulletin constitutes official notice of the tentative rates for 2021.

The Department has reviewed past loss experience for credit property insurance written in conjunction with consumer credit transactions subject to the Consumer Finance Law. The aggregate 2019 loss ratio at prima facie rates is twenty-one and six tenths percent (21.6%). The aggregate 2018 loss ratio at prima facie rates is twenty-nine and two tenths percent (29.2%). The aggregate 2017 loss ratio at prima facie rates is twenty-six and nine tenths percent (26.9%). It appears that previous rate decreases have begun to increase the aggregate loss ratio. Since there is a statutory minimum premium of \$3, we will continue to monitor the results to be assured that further reductions in rates will effectively increase the aggregate loss ratio.

The average loss ratios from 2007 to 2019 by coverage are as follows:

<u>Coverage</u>	<u>Loss Ratio</u>
Automobile, Fire and Theft – Single Interest	42.5 percent
Automobile Collision – Single Interest	42.5 percent
Household Goods – Single Interest	89.7 percent
Household Goods – Dual Interest	5.8 percent

We propose to hold the rate for Household Goods – Single Interest coverage at the 2020 level and to decrease the other rates ten percent from their current levels. The tentative rates expressed as a percentage of the total amount of the loan are as follows:



<u>Coverage</u>	<u>Tentative Rate</u>
Automobile, Fire and Theft – Single Interest	0.76 percent
Automobile Collision – Single Interest	2.82 percent
Household Goods – Single Interest	5.81 percent
Household Goods – Dual Interest	0.83 percent

Based on premiums earned in 2019, the overall impact resulting from these tentative rates would be a decrease of nine and six tenths percent (-9.6%).

II. OPPORTUNITY FOR A HEARING

Regulation 69-11.1.C.(4) provides that “every insurer which feels aggrieved by any of the rates so promulgated shall have fifteen days to request a public hearing with respect to such rate or rates.” Accordingly, all requests for a hearing must be submitted to the Department in writing on or before August 15, 2020. Please direct any requests for a hearing to the attention of:

Steve DuBois
 South Carolina Department of Insurance
 Post Office Box 100105
 Columbia, South Carolina 29202-3105

All requests must include documentation supporting your position that the tentative rates for credit property insurance need to be changed. After any requested hearings have been held, the final rate or an affirmation of the tentative rate shall be sent to all companies before October 1, 2020.

III. QUESTIONS

Any questions or concerns about this Bulletin should be submitted in writing to the attention of:

Will Davis, FCAS, MAAA
 South Carolina Department of Insurance
 1201 Main Street, Suite 1000
 Columbia, South Carolina 29201
 Facsimile: (803) 737-6145
 E-mail: WDavis@doi.sc.gov

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