

COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9206
<http://www.scc.virginia.gov>

October 30, 2003

ADMINISTRATIVE LETTER 2003 - 10

TO: All Insurers Licensed to Market Credit Life Insurance or Credit Accident and Sickness Insurance in Virginia

RE: Credit Life Insurance and Credit Accident and Sickness Insurance Premium Rates Effective January 1, 2004

On July 18, 2003, the Virginia State Corporation Commission (the "Commission") issued an *Order Adopting Adjusted Prima Facie Rates for the Triennium Commencing January 1, 2004*, Case No. INS-2003-00022. All insurers licensed to market credit life insurance or credit accident and sickness insurance in Virginia were mailed a copy of the Order and the adopted rates on July 23, 2003. Pursuant to § 38.2-3725 D and E of the Code of Virginia, the adjusted prima facie rates for the triennium commencing January 1, 2004 will remain in effect until January 1, 2007.

In accordance with §§ 38.2-3728 A and 38.2-3729 C of the Code of Virginia, each company that markets credit life or credit accident and sickness insurance in Virginia is required to file an actuarial memorandum setting forth the rates, and rate and refund formulas that it intends to use effective January 1, 2004. The actuarial memorandum must include, at a minimum, the following information:

- The specific single premium and monthly outstanding balance (MOB) rates and rate formulas, and examples of the rate formulas,
- All refund formulas, including examples,
- Any other information required to document the development of the rates and refund formulas,
- The date of previously approved formulas,
- The form numbers to which each rate or formula will apply, and
- A description of the referenced forms.

A request for approval of a deviated premium rate or rates to be effective on or after January 1, 2004 may be included as part of the actuarial memorandum referenced above. It should be noted that previously approved deviated premium rates can only be used through December 31, 2003 in accordance with § 38.2-3728 C 1 of the Code of Virginia. This section of the Code states that in no event will deviated rates remain in effect after the effective date that new prima facie rates are effective as set forth in § 38.2-3730 of the Code of Virginia.

The filing requirements for Credit Life and Credit Accident and Sickness Insurance may be found on the Bureau's website at:

<http://www.state.va.us/scc/division/boi/webpages/boinaicproductreviewchecklisth.htm>

My staff will review filings as promptly as possible; however, companies that delay making filings cannot be assured that our review can be completed by January 1, 2004. Any insurer that does not have rates and refund formulas approved by the Commission on or before January 1, 2004 that comply with the prima facie rates set forth in INS-2003-00022 must cease marketing credit life insurance or credit accident and sickness in Virginia as of January 1, 2004 and must cease charging premiums for existing MOB contracts as of January 1, 2004, and until such date that it has received the Commission's approval, as noted above.

Any questions with regard to any of the above matters should be directed to:

Robert F. Grissom
Senior Insurance Market Examiner
State Corporation Commission
Bureau of Insurance
Life and Health Division - Forms and Rates Section
P.O. Box 1157
Richmond, Virginia 23218
804-371-9152

Cordially,



Alfred W. Gross
Commissioner of Insurance

AWG/rfg