

COMMONWEALTH OF VIRGINIA

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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

September 25, 2006

Administrative Letter 2006-13

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, 2007

On July 21, 2006, the Virginia State Corporation Commission (the "Commission") issued an *Order Adopting Adjusted Prima Facie Rates for the Triennium Commencing January 1, 2007*, Case No. INS-2006-00013. 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 28, 2006. Pursuant to § 38.2-3725 D and E of the Code of Virginia, the adjusted prima facie rates for the triennium commencing January 1, 2007 will remain in effect until January 1, 2010.

In accordance with §§ 38.2-3728 A and 38.2-3729 C of the Code of Virginia, each company that markets credit life insurance or credit accident and sickness insurance in Virginia is required to file its rates and refund formulas that it intends to use effective January 1, 2007. To expedite the review of the filing 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 number 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, 2007 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, 2006, in accordance with § 38.2-3728 C 1 of the Code of Virginia.

The filing requirements for credit life insurance and credit accident and sickness insurance filings may be found on the Bureau's website at:

<http://www.scc.virginia.gov/division/boi/webpages/boinaicproductreviewchecklisth.htm>

My staff will review filings as promptly as possible; however, companies that delay making filings after December 1, 2006 cannot be assured that our review will be completed by January 1, 2007. Any insurer that does not have rates and refund formulas approved by the Commission on or before January 1, 2007 that comply with the prima facie rates set forth in INS-2006-00013 must cease marketing credit life insurance or credit accident and sickness insurance in Virginia as of January 1, 2007 and must cease charging premiums for existing MOB contracts as of January 1, 2007 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:

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Cordially,



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AWG/rg