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STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

March 31, 1983

Administrative Letter 1983-

MEMORANDUM

TO: All Companies Licensed to Sell Credit Life Insurance and
Credit Accident and Sickness Insurance in Virginia

RE: Bracketed by Duration Credit Accident and Sickness Rates

It has become apparent from recent inquiries that companies marketing credit accident and health insurance may be unaware of the position of the Bureau of Insurance with regard to bracketed rates. On January 1, 1983, Regulation No. 24 (Rules Governing Credit Life Insurance and Credit Accident and Sickness Insurance) became effective. One effect of this regulation is that credit accident and sickness rates that maintain the same premium for durations in excess of one month (Bracketed Rates) approved prior to January 17, 1973 are no longer acceptable for use in the Commonwealth of Virginia. Pursuant to Section 11B of Regulation No. 24 and Section 38.1-482.7:1D of the Insurance Code of Virginia, it is the position of the Bureau of Insurance that Credit Accident and Sickness rates which are bracketed by duration provide benefits which are not reasonable in relation to the premiums charged and cannot therefore be used in the Commonwealth.

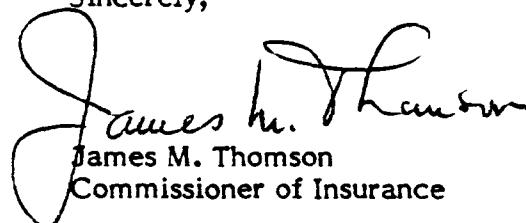
If bracketed rates are currently being used or were approved prior to January 17, 1973 such rate schedules will have to be refiled in a form consistent and in compliance with the above regulation and applicable code provisions.

Bracketed rates are not acceptable for use after January 1, 1983 for all policies issued on an individual basis, and for group policies first issued on or after that date. Such bracketed rate will not be acceptable for use with existing group policies not later than the first anniversary date of such policy occurring on or after January 1, 1983.

All inquiries concerning the above should be addressed to:

Robert L. Wright, CLU
Supervisor, Forms and Rate Section
Life and Health Division
Bureau of Insurance
P. O. Box 1157
Richmond, Virginia 23209

Sincerely,


James M. Thomson
Commissioner of Insurance

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