

BULLETIN 99-1

TO: All Credit Insurance Companies Writing Business in South Dakota

FROM: Darla L. Lyon, Director of Division of Insurance

DATE: March 30, 1999

SUBJECT : Credit Insurance

SCOPE

This bulletin applies to all credit life, credit health, credit unemployment and credit property coverage issued or to be issued in this state.

CREDIT INSURANCE APPLICATIONS

Each application for a credit insurance policy must contain a location for a required licensed agent signature. All applications must be signed by the licensed writing agent. If an application is completely electronic, the application must contain the writing agent's identifier or electronic signature. Any application that was previously approved that does not contain a required agent signature line must be re-filed for approval in accordance with this Bulletin.

ACTUARIAL RATE FILING

Each credit insurance policy form that has been previously approved and has active South Dakota insureds must make a rate filing with the division. The rate filing must include an actuarial memorandum that provides the appropriate historical rate information including the originally filed rates, the date of the original filing, a discussion of how current rates will achieve the minimum loss ratio requirement, and what premium adjustment will be necessary to achieve the minimum loss ratio. The filing must also contain all earned premiums and incurred claims on a year by year basis since the inception of the policy form. South Dakota specific experience is required. In addition, if necessary due to insufficient credibility of South Dakota experience, national experience must also be included.

FILING DEADLINE

Application forms or rates that are required to be filed pursuant to this Bulletin must be filed with the division no later than July 1, 1999.

REQUIRING CREDIT INSURANCE ON LOANS PROHIBITED

No person soliciting credit insurance in conjunction with a loan may require the loan applicant to purchase credit insurance. Nor may the purchase of credit insurance or any

other insurance from that lender or its affiliates be required. When credit insurance is offered in conjunction with a loan, written disclosure that credit insurance need not be purchased to obtain that loan is required.

Any questions regarding this Bulletin should be directed to:

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Web site: www.state.sd.us/drr2/insurance