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BULLETIN 16-11

To: All Life and Health Insurers with In-Force Credit Health Insurance

Re: Amendments to COMAR 31.13.01.15—Prima Facie Premium Rates for Credit Health Insurance issued on the Monthly Outstanding Balance Basis

Date: April 6, 2016

The purpose of this Bulletin is to notify insurers that the Maryland Insurance Administration has made substantive amendments to the credit health insurance prima facie rate regulation contained in COMAR 31.13.01.15.

The proposed amendments were published in the Maryland Register on December 28, 2015. The regulations were published for Final Action in the March 4, 2016 issue of the Maryland Register, with an effective date of **June 1, 2016**. See 45:5 Md. R 387 (March 4, 2016).

The primary purpose of the amendments was to implement a proposed prima facie rate reduction for monthly premium credit health insurance as a result of a 2014 study performed by the Commissioner of the credit insurance loss ratios. The prima facie rates established within this regulation are developed by the Commissioner to ensure that the premiums charged are reasonable in relation to the benefits under the policies. As required by §13-111(e) of the Insurance Article, Annotated Code of Maryland, every 2 years the prima facie premium rates for credit insurance are revised if necessary based on experience for each class of business reported by the carriers. Prima facie rates for credit health insurance have not been revised since 2001. The 2014 study by the Commissioner recommended a reduction in the prima facie rates for credit health insurance on a monthly outstanding balance basis.

For policies of group credit health insurance issued on the outstanding balance basis, the composite monthly outstanding balance prima facie premium rates have been reduced, with the new rates shown in the schedule on page 2 of this Bulletin.

New Schedule of Composite Rates Per \$100 of Insured Indebtedness
(effective June 1, 2016)

14 Day Non-retroactive ---	\$0.08
30 Day Non-retroactive ----	0.07
14 Day Retroactive -----	0.11
30 Day Retroactive -----	0.09

For policies of group monthly outstanding balance credit health insurance with elimination or waiting periods other than 14 or 30 days, the prima facie premium rates may not exceed rates which are actuarially consistent with those in the table above and are subject to approval by the Commissioner. Application for a higher rate under this type of plan may be made upon a showing of need for an increased rate on a basis actuarially consistent with COMAR 31.13.01.18E.

Please note that for insurers with case rated accounts that have approved rate deviations in place, the approved deviation will remain until the end of the experience period, but the rates charged for monthly outstanding balance credit health insurance are required to be reduced as of the effective date of the amended regulations, June 1, 2016. For example, if an insurer has a rate deviation for credit health insurance of 40% of prima facie approved through December 31, 2016, the rates for monthly outstanding balance credit health insurance must still be reduced on or before June 1, 2016, to a maximum 40% of the new prima facie rates stated in the table above.

Insurers who have not yet submitted rate filings reflecting the reduced prima facie rates described above for a June 1, 2016 effective date, pursuant to the March 4, 2016 notice of final action on these regulations, shall do so no later than **Friday, April 15, 2016**. This will ensure that these insurers have sufficient time to provide notice to creditors in the event of a rate change.

Questions about this Bulletin may be directed to Devin L. Rhoad, Supervisor of Life, Credit, and Annuity Review, at 410-468-2223.

signature on original

Brenda A. Wilson
Associate Commissioner
Life and Health