

191—28.8(509) Credit accident and health insurance.

28.8(1) Premium rate. Credit accident and health insurance premium rates for the insured portion of an indebtedness repayable in equal monthly installments, where the insured portion of the indebtedness decreases uniformly by the amount of the monthly installment paid, shall be as set forth in paragraphs “a” and “b” below. Paragraphs “c,” “d” and “e” refer to premium rates for other types of benefits either alone or in combination with the type of benefits applicable to paragraphs “a” and “b.”

a. If premiums are payable on a single premium basis for the duration of the coverage, the rates shall be as follows:

Single Premium Per \$100 of Initial Insured Indebtedness

Months	Nonretroactive	30-Day Elimination	Retroactive	30-Day Elimination
	14-Day Elimination		14-Day Elimination	
12	\$1.26	\$0.72	\$1.98	\$1.53
24	\$1.98	\$1.44	\$2.70	\$2.25
36	\$2.70	\$2.16	\$3.42	\$2.97
48	\$3.15	\$2.61	\$3.87	\$3.42
60	\$3.51	\$2.97	\$4.23	\$3.78

Credit accident and health insurance rates for durations less than 12 months shall be derived by multiplying the number of months by one-twelfth of the 12-month rate. Rates for durations of more than 12 months but less than 60 months, which are not listed above shall be derived by straight-line interpolation between the listed rates, with the results rounded to the nearest cent. Rates for durations exceeding 60 months shall be derived by adding 3 cents to the 60-month rate for each month in excess of 60 months and rounding to the nearest cent.

b. If premiums are paid on the basis of a premium rate per month per \$1,000 of outstanding insured indebtedness, these premiums shall be computed according to the following formula or according to a formula approved by the insurance commissioner which produces rates actuarially equivalent to the single premium rates:

$$Op_n = \frac{20 SP_n}{n+1}$$

Where SP_n = Single Premium Rate per \$100 of initial insured indebtedness repayable in n equal monthly installments.

Op = Monthly Outstanding Balance Premium Rate per \$1,000.

n = Original repayment period, in months.

c. The actuarial equivalent of paragraphs “a” and “b” shall be used if the coverage provided is a constant maximum indemnity for a given period of time.

d. An appropriate combination of the premium rate for a constant maximum indemnity for a given period of time and the premium rate for a maximum indemnity which decreases in even amounts per month, if the coverage provided is a combination of a constant maximum indemnity for a given period of time after which the maximum indemnity begins to decrease in even amounts per month.

e. If the benefits provided are other than those described in paragraph “a” above, rates shall be actuarially consistent with rates provided in paragraphs “a,” “b,” “c” and “d.”

f. The outstanding balance rate for credit accident and health insurance may be either a term-specified rate or may be a single composite term outstanding balance rate applicable to all loans made under open-end or closed-end credit plans.

28.8(2) The premium rates in 28.8(1) shall apply to all policies providing credit accident and health insurance, be issued with or without evidence of insurability, be offered to all eligible debtors, and contain:

a. No provision excluding or denying a claim for disability resulting from preexisting conditions except for those conditions for which the insured debtor received medical advice, diagnosis or treatment

within six months preceding the effective date of the debtor's coverage and which caused loss within the six months following the effective date of coverage. On insurance written in connection with closed-end credit plans and open-end credit plans where the amount of insurance is based on or limited to the outstanding unpaid balance, the effective date of coverage for each part of the insurance attributable to a different advance or charge to the plan account is the date on which the advance or charge is posted to the plan account.

b. No other provision which excludes or restricts liability in the event of disability caused in a specific manner except that it may contain provisions excluding or restricting coverage in the event of normal pregnancy and intentionally self-inflicted injuries.

c. No actively-at-work requirement more restrictive than one requiring that the debtor be actively at work at a full-time gainful occupation on the effective date of coverage. "Full-time" means a regular work week of not less than 30 hours. A debtor shall be deemed to be actively at work if absent from work due solely to regular day off, holiday or paid vacation.

d. No age restrictions, or only age restrictions making ineligible for coverage debtors 65 or over at the time the indebtedness is incurred or debtors who will have attained age 66 or over on the maturity date of the indebtedness.

e. A daily benefit equal in amount to one-thirtieth of the monthly benefit payable under the policy for the indebtedness.

f. A definition of "disability" which provides that during the first 12 months of disability the insured shall be unable to perform the duties of the occupation at the time the disability occurred, and thereafter the duties of any occupation for which the insured is reasonably fitted by education, training or experience. This paragraph shall not apply to lump-sum disability coverage.

g. Insurance written in connection with an open-end credit plan may exclude from the classes eligible for insurance classes of debtors determined by age and provide for the cessation of insurance or reduction in the amount of insurance upon attainment of not less than age 66.