

Article - Insurance

[Previous][Next]

§13-111.

(a) (1) In this section the following words have the meanings indicated.

(2) “Account” means the coverage for a single plan of benefits under one premium payment method offered to a single class of business by one creditor written on a group or individual basis or both.

(3) “Case” means an account of an insurer or, at the option of the insurer, a combination of accounts of the insurer written under an identical plan of benefits for which the premiums for the account or combination of accounts exceed, or reasonably may be expected to exceed, \$50,000 in a policy year.

(4) “Class of business” means:

(i) cash loans made by banks and not secured by real estate;

(ii) cash loans made by banks and secured by real estate;

(iii) cash loans made by credit unions;

(iv) cash loans made by creditors other than banks and credit unions and not secured by real estate;

(v) cash loans made by creditors other than banks and secured by real estate;

(vi) production credit association and other agricultural loans;

(vii) installment sales finance contracts; or

(viii) open end credit, including revolving charge agreements and credit card accounts.

(5) “Experience period” means 2 calendar years or, at the option of the insurer, 2 policy years under a group policy issued to one creditor.

(6) “Loss ratio” means the ratio of incurred claims to premiums earned.

(b) (1) An insurer may revise its schedules of premium rates from time to time.

(2) The insurer shall file any revised schedules with the Commissioner for approval.

(3) An insurer may not issue a policy of credit life insurance, credit health

insurance, or credit involuntary unemployment benefit insurance if the premium rate exceeds the premium rate contained in the schedules of the insurer on file with the Commissioner.

(4) If the Commissioner approves the premium rate for a policy of credit life insurance, credit health insurance, or credit involuntary unemployment benefit insurance under § 13-110 of this title, the premium rate is presumed to be reasonable in relation to benefits.

(c) The amount charged to a debtor for credit life insurance, credit health insurance, or credit involuntary unemployment benefit insurance may not exceed the aggregate of the premiums to be charged by the insurer, as computed at the time the charge to the debtor is determined.

(d) (1) Within 120 days after the expiration of an experience period established for a case, the insurer shall file with the Commissioner an appropriate experience report that is signed by the actuary of the insurer certifying the loss ratio for the case.

(2) If the loss ratio certified for a case under paragraph (1) of this subsection satisfies the loss ratio guideline adopted by the Commissioner, the insurer may continue to charge the existing premium rate.

(3) If the loss ratio certified for a case under paragraph (1) of this subsection is less than the loss ratio guideline, the insurer shall:

(i) reduce the premium rate appropriately with an effective date within 45 days after the experience report was filed under paragraph (1) of this subsection; or

(ii) show cause to the Commissioner why the premium rate should not be reduced.

(4) (i) If the loss ratio certified for a case under paragraph (1) of this subsection is less than the loss ratio guideline, and the insurer refuses to reduce the premium rate, then after notice and an opportunity for a hearing, and within 60 days after the insurer filed the experience report, the Commissioner shall notify the insurer in writing of the premium rate authorized for use with the case.

(ii) The insurer shall implement the premium rate authorized by the Commissioner not later than 45 days after receipt of the notice from the Commissioner.

(e) (1) Every 2 years the Commissioner shall adopt a prima facie acceptable premium rate applicable to each specific plan of benefits for each class of business for:

(i) a new case;

(ii) a case that does not satisfy the experience period requirement;

and

(iii) any business that is not a case because premiums do not exceed \$50,000 in a policy year.

(2) The prima facie premium rates shall be adopted after notice and hearing.

(3) The prima facie premium rates shall be based on experience for each class of business reported by all insurers that write credit life insurance, credit health insurance, and credit involuntary unemployment benefit insurance in the State, excluding experience for which premium rates are established by case.

(4) The adoption of a prima facie rate by the Commissioner does not prohibit an insurer from filing another premium rate for use with a new case in accordance with § 13-110 of this title.

(f) This title does not authorize payments for insurance prohibited under a statute or regulation that governs credit transactions.

[Previous][Next]