South Carolina Department of Insurance

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Director of Insurance

BULLETIN NUMBER 2008-11

TO: Insurers Writing Credit Accident and Health Insurance in South Carolina in Conjunction with Loans Subject to Act No. 988 of 1966 (the Consumer Finance Law)

FROM: Scott H. Richardson
Director

SUBJECT: Notice of Tentative Credit Accident and Health Insurance Rates for such Insurance and Opportunity to Request a Hearing

DATE: August 1, 2008

I. Notice of Tentative Credit Accident and Health Insurance Rates

Regulation 69-11 requires the Department to promulgate tentative rates for credit accident and health insurance by August 1 of each year. The tentative rates are those the Department believes may reasonably be expected to produce a loss ratio of not less than 50% in the following calendar year. This bulletin constitutes official notice of the tentative rates for 2009.

The South Carolina Department of Insurance has reviewed the experience for the past several years for the above described credit accident and health insurance. The aggregate loss ratio for credit accident and health insurance at the prima facie rates has decreased steadily since 2003. Specifically, the loss ratio was 69.4% in 2003, 57.3% in 2004, 52.5% in 2005, 47.6% in 2006, and 46.8% in 2007. The current aggregate loss ratio is not significantly less than the benchmark loss ratio of 50%. In light of this and the ongoing credit crisis and possible national economic recession, the tentative rate proposed for 2009 for 3-day Retro Accident and Health Insurance remains unchanged from the 2008 rate of $0.31 per year per $5.00 unit of monthly indemnity.

II. Opportunity for a Hearing

S.C. Code Ann. Reg. 69-11.1 (1989) provides that "every insurer which feels aggrieved by any of the rates so promulgated may request a public hearing with respect to such rate or rates" within 15 days. See S.C. Code Ann. Reg. 69-11.1 C (5) (1989). Accordingly,

all requests for a hearing must be filed with the Department on or before August 16, 2008. Please direct your requests for a hearing to the attention of Jeffrey Jacobs, Chief Legal Counsel. Attach to your request for a hearing documentation supporting your position that the tentative rates for credit accident and health insurance need to be changed.

After all such hearings have been held, the final rate or an affirmation of the tentative rate shall be sent to all companies before October 1, 2008. Please direct any questions regarding this bulletin to the attention of Derek McKee at the address and number listed below.

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