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STATE CAPITOL BUILDING
BISMARCK, NORTH DAKOTA 58505

BULLETIN 88-7

TO: **ALL INSURANCE COMPANIES WRITING CREDIT LIFE INSURANCE IN NORTH DAKOTA**

FROM: Commissioner Earl R. Pomeroy

DATE: October 10, 1988

SUBJECT: Standard Premium Rates for Credit Life Insurance

On January 12, 1988, this Department issued Bulletin 88-1 informing all insurance companies writing credit accident and health and credit life insurance in North Dakota that the Insurance Department had adopted administrative rules to adjust downward the prima facie rates charged for those lines of insurance in North Dakota. The administrative rule which was effective March 1, 1988 provided for a reduction in credit life insurance rates on the effective date of the rule and a further reduction in those rates beginning January 1, 1989. All contracts should be immediately amended to reflect the reduced rates effective on that date.

A number of companies have inquired as to the effective date of Bulletin 88-1. The Department has allowed existing contracts with agents to remain in effect until their anniversary dates, provided that **in no event would any consumer purchasing coverage on January 1, 1989 and thereafter be charged a rate greater than 50 cents.** Any company allowing a rate greater than the 50 cent rate on any certificate of coverage issued under any of its contracts effective January 1, 1988 and thereafter will be in violation of North Dakota law and will be prosecuted accordingly.
should be 1989

North Dakota Administrative Code Section 45-07-01-02 amended effective March 1, 1988 sets the prima facie premium rates for all credit life insurance policies, <u>whether issued on a group or individual basis, as follows</u>:

If premiums are paid or charged in a single sum, for

decreasing coverage, for the entire duration of the indebtedness, such standard will be as specified below:

CREDIT LIFE INSURANCE
(Both Group and Individual)
Single Premium Rate
Per $100 of Initial Insured Indebtedness,
Repayable in Twelve
Equal Monthly Installments

Sixty cents and beginning January 1, 1989, fifty cents

The single premium rate standard for coverage on indebtedness repayable in installments other than twelve in number will be equal to one-twelfth of the above premium rate multiplied by the number of full months in the period of such indebtedness.

If premiums are paid monthly on outstanding insurance balances, such standard will be ninety-four cents and beginning January 1, 1989, seventy-eight cents per month per one thousand dollars of insurance in force.

If credit life insurance is provided on a level basis, such premium standard will be one dollar twelve cents and beginning January 1, 1989, ninety-three cents per year per one hundred dollars of insurance in force.

For joint credit life coverage, a prima facie rate equal to 1.7 times the rate which would otherwise apply to that type of coverage.

Beginning January 1, 1989, the premiums charged for group and individual credit life insurance should under no circumstances exceed these amounts unless otherwise provided by law or order of the Commissioner.

Thank you for your attention to this matter.

ERP:MTP/jmb