

**Utah Insurance Department
Content Standards
Group Credit Life and Credit Accident and Health Insurance**

These Standards are provided to assist the insurer in filing forms and rates. They are not intended to be all-inclusive and are a work in progress. The citations below refer to Utah Code Annotated (U.C.A.) and the Utah Administrative Code (U.A.C.). As required by U.C.A. §31A-21-201(2), the insurer is responsible for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules.

FILING PROCEDURES		
Filing of Forms	U.C.A. §31A-21-201 U.C.A. §31A-22-807 U.A.C. R590-91-4	Utah is a "FILE AND USE" state for forms. It is the insurer's responsibility that the filing is in compliance with Utah Code and rules. Every form filing must include applicable rate schedules. It is grounds for disapproval if the benefits provided are not reasonable in relation to the premium charge.
Accurate, Consistent & Complete Filing Data	U.C.A. §31A-2-202(6) U.A.C. R590-228-4	All filing information and data must be accurate, complete and consistent within all filing documents. The data page must contain amounts consistent with the actuarial memorandum and rate schedule.
Variability - (bracketed data)	U.C.A. §31A-21-201 U.A.C. R590-228-5	Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items contained within the brackets must be refiled prior to use.
GENERAL REQUIREMENTS		
Amendments or Endorsements	U.C.A §31A-21-106(2)	The contract may not be modified unless the modification is in writing and agreed to by the party against whose interest the modification operates.
Application, Enrollment Form	U.C.A. §31A-21-201(3)	Questions concerning health information must be specific and must reference a reasonable time frame in relation to the health condition.
Autopsy & Physical Exam	U.C.A. §31A-22-417	Autopsy and/or physical examination must be at the company's expense.
Age Restrictions	U.A.C. R590-91-6 (Credit Life) U.A.C. R590-91-7 (Credit A&H)	R590-91-6.B.(2) for credit life insurance and R590-91-7.B.(4) for credit accident and health, provide that either there are no age restrictions or age restrictions making ineligible for coverage debtors 65 or over at the time the indebtedness is incurred or debtors attained age 66 or over on the maturity date of the indebtedness.
Benefits	U.C.A. §31A-21-201(3)	It is considered misleading not to clearly state the benefit amounts and how the benefits are calculated.
Benefits in Excess of Indebtedness	U.C.A. §31A-22-806(2)(f)	Benefits in excess of the unpaid indebtedness must be paid to a beneficiary other than creditor.
Claims Settlement	U.C.A. §31A-26-301(1) U.A.C. R590-191-4 U.A.C. R590-191-5	All proceeds and claims settlement provisions must provide for prompt claim handling.
Coverage Types	U.C.A. §31A-22-801 U.A.C. R590-91-6 U.A.C. R590-91-7	All benefit types must be identified and clearly described in the policy and certificate, including open-end or closed-end, gross or net coverage, full term or truncated term. The beginning and ending dates of the insurance coverage must be identified.
Coverage Name and Description	U.C.A. §31A-22-426	The cover page must contain a brief description including the type of insurance, a significant limitation, any specific feature, and any limitation in the policy, contract or certificate.
Data Page	U.C.A. §31A-22-806	The data page must disclose the specific data for the coverage including the benefits, amounts, durations, premium information, and any other benefit data applicable to the insured.
Definition of Disability	U.A.C. R590-91-7,B(6)	Definition must comply as to insured's inability to perform principal duties of own occupation and thereafter to perform principal duties of any occupation for which the insured is reasonably fitted.
Delivery	U.C.A. §31A-22-806(3)	Certificate must be delivered within 30 days after indebtedness is incurred.
Disclosure to Debtor	U.A.C. R590-91-12	All of the following items must be disclosed:

		<ul style="list-style-type: none"> a. Optional nature of the coverage, b. Premium or charge listed separately by type of coverage, c. Eligibility requirements, d. Health restrictions, e. At work requirements, f. Age restrictions, g. Whether insurance is insufficient to pay off scheduled outstanding loan at any time, and h. Any exclusions, limitations, or restrictions, <p>All policies and certificates must clearly describe the amount of the benefit and term of the coverage.</p>
Effective/Beginning Date	U.C.A. §31A-22-805	Beginning date of insurance must be disclosed and in compliance with requirements.
Eligibility – At Work Requirement	U.A.C. R590-91-7.B.(3)	No actively at work test may require that the debtor be employed more than 30 hours per week.
Entire Contract Provision	U.C.A. §31A-22-424	The contract and certificate must contain an entire contract provision that defines the documents and agreements that constitute the entire contract.
Exclusions and Limitations	U.C.A. §31A-21-201(3) U.C.A. §31A-22-806(2) U.A.C. R590-91-6.B U.A.C. R590-91-7.B U.A.C. R590-91-12	Any exclusion, restriction or limitation must be in compliance and must be clearly and prominently disclosed in the policy and certificate. <ul style="list-style-type: none"> • No exclusions other than suicide for credit life. • No exclusions other than pre-existing conditions, normal pregnancy and intentionally self-inflicted injury for credit accident and health. No exclusion for terrorism is allowed.
Expiry Date, Renewal Dates	U.C.A. §31A-21-301(1)(f)	All dates must be clearly identified and described.
Form Number	U.C.A. §31A-21-201(3) U.A.C. R590-228-6	A distinct form identification number must appear on the form.
Grace Period	U.C.A. §31A-22-513	Grace period entitles the policyholder to at least a 31-day grace period during which the coverage continues in full force.
Incontestability	U.C.A. §31A-22-514	The policy and certificate must contain a provision that the validity may not be contested, except for nonpayment of premium, after it has been in force during the lifetime of the insured for two years. The code does not allow an exception for fraud nor for an extension of time for any period that the insured was disabled.
Insurer Name and Address	U.C.A. §31A-21-201(3)(a)(iii) U.C.A. §31A-21-301(1)(a)	The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the policy and application.
Legal Actions and Limitation of Actions	U.C.A. §31A-21-313 U.C.A. §31A-21-314	Such provisions may not restrict the right of action against an insurer to earlier than 60 days and no more than three years from the date the cause of action accrues. The provision may not deny Utah court jurisdiction.
Limitation on Amount of Insurance	U.C.A. §31A-22-804	The initial amount of credit life insurance may not exceed the total amount of indebtedness repayable. The total amount of indemnity payable by credit accident and health insurance may not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness.
Notice of Proposed Insurance	U.C.A. §31A-2-806(4)	Notice of Proposed Insurance must list all required items to be in compliance with requirements of 31A-22-806(4).
Premiums	U.C.A. §31A-22-806	Premiums and the method of premium charge are disclosed in the certificate separately for life and accident and health.
Pre-existing Condition Exclusion	U.A.C. R590-91-6 (Life) U.A.C. R590-91-7 (A&H)	<p>Credit Life:</p> <ul style="list-style-type: none"> a. A pre-existing condition exclusion is restricted to <u>open-end credit plans ONLY</u>, b. ONLY when NO evidence of insurability is required, c. ONLY for treatment the insured received within six months preceding the effective date and d. Which caused the death within six months following the effective date. <p>Credit Accident & Health:</p> <ul style="list-style-type: none"> a.. A pre-existing condition exclusion is restricted to conditions for which the insured received treatment within six months preceding the effective date and b. Which caused loss within six months following the effective date.
Pre-payment of Indebtedness	U.A.C. R590-91-3.I. & J.	<p><u>Voluntary Prepayment of Indebtedness</u>. If a debtor prepays indebtedness other than as a death or lump sum accident and health payment, then:</p> <ul style="list-style-type: none"> a. Any credit life insurance must be terminated with an appropriate refund of the credit life insurance

		<p>premium;</p> <p>b. Any credit accident and health insurance must be terminated with an appropriate refund of the credit accident and health insurance premium.</p> <p><u>Involuntary Prepayment of Indebtedness.</u> If an indebtedness is prepaid by proceeds of credit life insurance or by a lump sum payment of a disability claim, then:</p> <p>a. In the case of prepayment by the proceeds of credit life insurance or by the proceeds of a lump sum total and permanent disability benefit under the credit life coverage, an appropriate refund of the credit accident and health insurance premium;</p> <p>In the case of prepayment by a lump sum disability claim, an appropriate refund of the credit life insurance premium.</p>
Proof of Loss	U.C.A. §31A-21-312 Bulletin 87-6	Proof of loss provision must allow the insured or claimant to file the notice and/or proof of loss as soon as reasonably possible. Failure to file within the time specified does not invalidate a claim if the insured or claimant shows that it was not reasonably possible to file within the time specified and that notice and/or proof was filed as soon as reasonably possible. The provision <u>may not</u> state that in no event except in the absence of legal capacity, may proof be filed later than the time required in the policy.
Rates	U.C.A. §31A-22-807 U.A.C. R590-91-6 (Credit Life) U.A.C. R590-91-7 (Credit A&H)	<p>Credit life insurance prima facie premium rates for indebtedness payable in equal monthly installments:</p> <ul style="list-style-type: none"> • Outstanding Balance: \$.65 per month per \$1,000 of outstanding insured indebtedness • Single Premium Decreasing Term = $(N + 1)/20$ (Op) • Single Premium Level Term = $N/10$ (Op) • Joint Coverage factor 170% of specific rate • Combination of appropriate rates • Actuarially consistent rate • Premium rates apply to policies providing credit life either with or without evidence of insurability. <p>Credit accident and health insurance prima facie rates for indebtedness repayable in equal monthly installments payable on a single-premium basis are found on the department's website: http://www.insurance.utah.gov/rules/R590-091att.htm</p> <ul style="list-style-type: none"> • Outstanding balance = $20/n + 1$ (SPn) • Actuarial equivalent rate • Appropriate combination • Open-end, monthly rate n is the number of months required to completely extinguish the debt. • Rate must be reduced for critical period. • Premium rates apply to policies providing credit accident and health insurance either with or without evidence of insurability <p>Rates are considered file for approval.</p>
Refund Procedures and Formulas	U.C.A. §31A-22-808 U.A.C. R590-91-8	<p>Refund formulas must be appropriate for each type of coverage and must be in compliance with the code and rule. The formulas must be filed with the forms.</p> <ul style="list-style-type: none"> • Pro Rata unearned gross premium method for level term credit insurance. • Rule of 78 or sum of digits unearned premium method for gross single premium. • Combination Methods: an appropriate combination of pro rata and the Rule of 78 method for credit life provided as a combination of level and decreasing term and for certain credit accident and health insurance. • Actuarial method also known as the pure premium method or an arithmetic average of refunds for net indebtedness and other modes of premium payment. <p>If the total of all refunds is less than \$5.00, no refund need be made.</p>
Reservation of Discretion	U.A.C. R590-218	The use of reservation of discretion clauses in forms that are not associated with ERISA employee benefit plans is prohibited.
Right of Debtor to Choose Insurer	U.C.A. §31A-22-809	The creditor shall inform the debtor of the debtor's option to choose insurer when credit life or credit accident and health insurance is required as security for indebtedness.
Sample Data	U.A.C. R590-228-6	The policy and certificate specifications page(s) must be completed with rates and data consistent with the actuarial memorandum and the schedule of rates.
Suicide Exclusion	U.A.C. R590-91-6B(1)	Suicide exclusion must be limited to one year. The policy and certificate must provide for return of premium.

Term of Coverage	U.C.A. §31A-22-801	Insurance in connection with a loan or other credit transaction of ten years or less is subject to 31A-22 Part 8 and all applicable code and rules.
Termination	U.A.C. R590-91-8.C	In the event of termination, no charge may be made for the first 15 days of a loan month and a full month may be charged for 16 days or more of a loan month.
Termination of Group Policy	U.A.C. R590-91-3.E	In event of termination of the group policy for any reason, insurance coverage on any debtor insured with payment of a single premium shall be continued for the entire period for which the single premium has been paid.
Unfair, Misleading, Deceptive Provisions	U.C.A. §31A-21-201(3)	Provisions may not be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The policy may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract.
RATING REQUIREMENTS		
Premium Rates	U.C.A. §31A-22-807 U.A.C. R590-228-6	Every form and/or rate filing must include a complete schedule of rates for each type of coverage, duration, and method of premium charge.
Submission of Rates	U.A.C. R590-91-4 U.A.C. R590-228-5 U.C.A. §31A-22-807	When filing a form, the rate(s) and all supporting actuarial documentation must be included. Rates are considered file for approval.
Deviated Rates	U.C.A. §31A-22-807 U.A.C. R590-228-7	Rates submitted higher than prima facie rates or rates on file are subject to approval based on a demonstration of compliance that the rates submitted produce a loss ratio in excess of the minimum loss ratio standard by five percentage points or more.
ACTUARIAL DOCUMENTS		
Actuarial Memorandum	U.C.A. §31A-22-801(2)(a) U.C.A. §31A-22-807 U.A.C. R590-228-7 U.A.C. R590-91-4 U.A.C. R590-91-5 U.A.C. R590-91-6 U.A.C. R590-91-7 U.A.C. R590-91-10	The memorandum must be signed and dated by an actuary. The memorandum must include a detailed description of the following: a. Types of coverage (gross, net, decreasing, level, single/joint life, full term, truncated, etc.) b. Types of loans (open end, closed end) c. Durations of loans d. Durations of coverages e. Methods of premium charges (single premium, monthly outstanding balance) f. Rate schedules, methods of calculation and formulas (see below) g. Refund Formulas (see below) h. Reserve Bases and Methods (see below) i. Certification of Compliance with Utah laws and rules All benefits must be reasonable in relation to the premium charged. Include documentation and demonstration of compliance.
Actuarial Demonstration of Compliance	U.A.C. R590-91-5.B. U.A.C. R590-228-5	The actuary must include a demonstration that the benefits provided are fair and equitable in relation to the premiums charged. a. Standard coverage: Formulas and sample calculations b. Nonstandard coverage: must demonstrate that the premium rates will develop a compliant loss ratio (31A-22-807).
Actuarial Certification of Compliance	U.A.C. R590-91-4.B.(2) U.A.C. R590-228-5	The filing must include a currently dated and signed Certification of Compliance with Utah laws and rules.
Rate Schedules, Methods of Calculation, and Formulas	U.C.A. §31A-22-807 U.A.C. R590-91 U.A.C. R590-228-8 Bulletin 2002-02	Explain the method of premium calculation in detail. Rate schedules must identify: a. whether the rates are Utah published prima facie rates, b. whether the company has a rating schedule on file. c. If rates are other than Utah prima facie rates, explain and demonstrate how such rates are in compliance. Premiums must be reasonable in relation to benefits. NOTE #1: Every filing must indicate whether the Company has a rating schedule on file. If so, all rates

		submitted must be the same as those on file for that type of coverage and premium method. NOTE #2: Pima facie rates for credit accident and health for open-end loans must comply with R590-91-7A(7)(a).
Refund Formulas	U.C.A. §31A-22-808 U.A.C. R590-91-8	Refund formulas for all coverages must be disclosed and in compliance.
Reserve Bases and Methods	U.A.C. R590-91-4	Reserve methods must be in compliance.