

**WAC 284-34-140 How will the commissioner determine if benefits are reasonable in relation to premium charges?** (1) Insurers must provide consumer credit insurance benefits that are reasonable in relation to the premium charged. This means that debtors must be provided reasonable benefits in return for their premium payments.

(a) The commissioner presumes that the rates in WAC 284-34-150 and 284-34-170, as adjusted under WAC 284-34-210, satisfy this standard. These rates allow:

- (i) Sixty percent of premium for benefits on one debtor; and
- (ii) Forty percent of premium for expenses and profit.

(b) If an insurer wants to use rates that are different than those in WAC 284-34-150 or 284-34-170, the insurer must file those rates under WAC 284-34-220.

(i) The commissioner must approve the alternative rates before they are used; and

(ii) The insurer must provide data that prove the alternative rates will result in reasonable benefits in relation to premium charges.

(2) The commissioner presumes excessive compensation requires premiums that are not reasonable in relation to benefits provided to debtors. The commissioner presumes that compensation is excessive if:

(a) Total compensation exceeds thirty percent of the net written prima facie premium; or

(b) More than twenty-five percent of net written prima facie premium is paid directly or indirectly to a creditor.

(3) If an insurer does not provide coverage to a debtor during a time period, the insurer may not charge premium for that period.

(4) If an insurer files any form providing coverage that is different from that described in WAC 284-34-150 through 284-34-180, the insurer must prove that the rates:

(a) Will develop a loss ratio of sixty percent; or

(b) Are actuarially consistent with the rates in WAC 284-34-150 and 284-34-170.

[Statutory Authority: RCW 48.02.060, 48.30.010, 48.34.100, and 48.34.110. WSR 05-02-076 (Matter No. R 2002-02), § 284-34-140, filed 1/4/05, effective 4/1/05.]