WAC 284-34-150 What are the standards for prima facie credit life insurance rates? Subject to WAC 284-34-160 and 284-34-220, the commissioner presumes the prima facie rates shown below meet the requirements of WAC 284-34-140. An insurer may use these rates without filing additional actuarial support.

(1) Monthly outstanding balance basis:

(a) Outstanding insured debt:

(i) Single life: Sixty cents per month per one thousand dollars of outstanding insured debt.

(ii) Joint life: Ninety-six cents per month per one thousand dollars of outstanding insured debt.

(b) Age or age bracket basis: The actuarial equivalent of 1/12 the annual mortality rate for male lives according to commissioner's 1980 standard ordinary mortality table. These conditions apply to the coverage:

(i) The insurer must define the rated age of the debtor in the individual policy or group certificate of insurance;

(ii) The mortality table must be on the same age basis as the coverage;

(iii) If premiums change according to the attained age of the debtor and increase on the debtor's birthday, the mortality table must be on the age near birthday basis;

(iv) The insurer must show the premiums or premium rates for the entire term of coverage in the individual policy or group certificate of insurance; and

(v) All rate changes must be approved by the commissioner.

(2) Single premium basis: If an insurer charges premium on a single premium basis, the rates must be computed by using:

(a) The following formula; or

(b) An alternative formula approved by the commissioner. The alternative formula must produce rates that are equivalent to those produced by the following formula:

$$S_p = \sum_{t=1}^{n} (O_p/10) \times (I_t/I_i)$$

S_p = Single premium per one hundred dollars of initial insured net debt.

O_p = Sixty cents or ninety-six cents, the prima facie life insurance premium rate per one thousand dollars for monthly outstanding balance coverage from subsection (1) of this section.

I_t = The scheduled amount of insurance for month t.

I_i = Initial amount of insurance. For a net insurance policy, I_i equals the initial principal balance of the loan.

n = The number of months in the term of the insurance.

(3) If an insurer provides benefits that are different than those described in this section, premium rates for those benefits must be actuarially consistent with rates in this section.

[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), § 284-34-150, filed 1/4/05, effective 4/1/05.]