

**§ 58-57-40. Credit life insurance rate standards.**

(a) The premium rate standards set forth below are applicable to plans of credit life insurance with or without requirements for evidence of insurability:

- (1) Which contain no exclusions or no exclusions other than suicide; and
- (2) Which contain no age restrictions, or only age restrictions not making ineligible for the coverage
  - a. Debtors under 65 at the time the indebtedness is incurred; or
  - b. Debtors who will not have attained age 66 on the maturity date of the indebtedness.

(b) Rates for use with forms which are more restrictive in any material respect shall reflect such variations in the form or lower rates to the extent that a significant difference in claim cost can reasonably be anticipated unless the insurer demonstrates that such lower rate is not appropriate.

(c) If premiums are payable in one sum in advance, for decreasing term life insurance on indebtedness repayable in substantially equal monthly installments, a premium rate not exceeding sixty-five cents (65¢) per one hundred dollars (\$100.00) of initial insured indebtedness per year is authorized. Effective January 1, 1995, a premium rate not exceeding sixty cents (60¢) per one hundred dollars (\$100.00) of indebtedness per year is authorized. Effective January 1, 1996, a premium rate not exceeding fifty-five cents (55¢) per one hundred dollars (\$100.00) of indebtedness per year is authorized. Effective January 1, 1997, a premium rate not exceeding fifty cents (50¢) per one hundred dollars (\$100.00) of indebtedness per year is authorized.

(d) The premium rate of joint life coverage shall not exceed one and two-thirds (1 2/3) the permitted single life rate.

(e) For level term life insurance, a premium rate of one dollar and twenty-five cents (\$1.25) per one hundred dollars (\$100.00) per year is authorized. Effective January 1, 1995, a premium rate of one dollar and twenty cents (\$1.20) per one hundred dollars (\$100.00) per year is authorized. Effective January 1, 1996, a premium rate of one dollar and fifteen cents (\$1.15) per one hundred dollars (\$100.00) per year is authorized. Effective January 1, 1997, a premium rate of one dollar and ten cents (\$1.10) per one hundred dollars (\$100.00) per year is authorized.

(f) For policies for which monthly premiums are charged on a basis of the then-outstanding balances, a monthly premium per one thousand dollars (\$1,000) of outstanding balances is authorized, based on the following formula:

$$Op_n = \frac{20 SP_n}{n + 1}$$

where  $SP_n$  = Single premium rate per one hundred dollars (\$100.00) of initial insured indebtedness repayable in n equal monthly installments.

$Op_n$  = Monthly outstanding balance premium rate per one thousand dollars (\$1,000).

n = Original repayment period, in months.

(f1) Notwithstanding the premium rates otherwise set forth in this section for credit life insurance, the premium rates for such insurance written in connection with direct loans with contractual commitments of more than 10 years' duration shall be filed with and approved by the Commissioner. Such premium rates shall exhibit a reasonable relationship to the benefits provided.

(g) For credit life insurance on a basis other than the foregoing, premiums charged shall be actuarially equivalent.

(h) In addition to the premium rate authorized, a charge may also be made for a nonrefundable origination fee per credit life insurance transaction as set forth below:

Insured Indebtedness	Fee Permitted
less than \$250.00	none
\$250.00 or more but less than \$500.00	\$1.00
\$500.00 or more	\$3.00

No third or subsequent origination fee may be charged in connection with a third or subsequent refinancing within any twelve-month period. (1975, c. 660, s. 1; 1987, c. 826, ss. 4, 5, 13; 1991, c. 720, s. 91; 1993, c. 226, s. 7.)