

DETERMINING RESERVE LIABILITIES FOR CREDIT LIFE INSURANCE MODEL REGULATION

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Section 1. Authority

This rule is promulgated by the Commissioner of Insurance pursuant to Section [insert applicable reference to the Standard Valuation Law] of the [insert state] Insurance Statute.

Section 2. Scope

This rule applies to credit life insurance policies and certificates, and those similar policies and certificates where there is no identifiable charge made to the debtor.

Section 3. Purpose

The purpose of this rule is to:

- A. Recognize the 2001 CSO Male Composite Ultimate Mortality Table for use in determining the minimum standard of valuation.
- B.

Drafting Note: If existing definitions are not sufficiently precise to define Credit Life Insurance, some or all of the following definition may be added to the regulation:

“Credit life insurance” means insurance on a debtor or debtors, pursuant to or in connection with a specific loan or other credit transaction, to provide for satisfaction of a debt, in whole or in part, upon the death of an insured debtor.

Credit life insurance does NOT include:

- (a) Insurance written in connection with a credit transaction that is:
 - (i) Secured by a first mortgage or deed of trust; and
 - (ii) Made to finance the purchase of real property or the construction of a dwelling thereon, or to refinance a prior credit transaction made for such a purpose;
- (b) Insurance sold as an isolated transaction on the part of the insurer and not related to an agreement or a plan for insuring debtors of the creditor.
- (c) Insurance for which no identifiable charge is made to the debtor.
- (d) Insurance on accounts receivable.

Section 5. 2001 CSO Male Composite Ultimate Mortality Table

- A. The minimum standard for both male and female insureds shall be 2001 CSO Male Composite Ultimate Mortality Table.
- B. Where the credit life insurance policy or certificate insures two lives, the minimum standard shall be twice the mortality in the 2001 CSO Male Composite Ultimate Mortality Table based on the age of the older insured.

Section 6.

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