# COMMONWEALTH OF MASSACHUSETTS
## Office of Consumer Affairs and Business Regulation
## DIVISION OF INSURANCE

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NONNIE S. BURNES
COMMISSIONER OF INSURANCE


## BULLETIN 2007-09

To: All Insurers Writing Credit Life and Credit Accident and Health Insurance in Massachusetts that is Sold by Motor Vehicle Dealers

From: Nonnie S. Burnes, Commissioner of Insurance

Date: October 23, 2007

Re: Deviated Case Rates for Credit Life and Credit Accident and Health Insurance Sold by Motor Vehicle Dealers Effective Between January 1, 2008 and December 31, 2010

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Pursuant to M.G.L. c. 175, § 117C(b)C.(4)(iii), the Commissioner shall review the combined experience of all insurers writing credit life and credit accident and health insurance in Massachusetts for the motor vehicle dealer class of business and compute the deviated case rates for credit life and credit accident and health insurance sold through motor vehicle dealers for policies issued or renewed between January 1, 2008 and December 31, 2010.

The deviated case rates for 2008 through 2010 for the motor vehicle dealer class of business remain unchanged for both credit life insurance and credit accident and health insurance. The rates are:

1. Credit Life Insurance - The rates per one thousand dollars of insurance in force per month shall be forty six cents for single life insurance and one hundred and sixty percent of said single life insurance rate for joint life insurance, or seventy four cents.

2. Credit Accident and Health Insurance – The single premium rates for each one hundred dollars of initial indebtedness shall be forty nine cents for each of the first four years of the term of coverage, thirty five cents per annum for each of the next three years of the term of coverage and eighteen cents per annum for each year thereafter.

Any questions concerning this Bulletin should be directed to Henry Lieberman, Life Actuary, at henry.lieberman@state.ma.us.

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NONNIE S. BURNES
COMMISSIONER OF INSURANCE


October 23, 2007

Steven T. James
Clerk of the House of Representatives
State House
Boston, MA 02133

Re: 2006 Annual Credit Insurance Summary of Insurance
Claims Experience and Loss Ratio Data

Dear Mr. James:

Pursuant to M.G.L. c. 175, s. 117c (F) (2), I am enclosing the Division's 2006 Annual Credit Insurance Summary of Insurance Claims Experience and Los Ratio Data for you to forward to the Joint Committee on Insurance.

Sincerely,

Nonnie S. Burnes
Commissioner of Insurance

# Credit Insurance

# 2006
# Annual Summary of Massachusetts Claims Experience and Loss Ratio Data

October 23, 2007

# Credit Life Insurance

## Motor Vehicle Dealer Class of Business

| | *2004* | *2005* | *2006* | *Total* |
|---|---|---|---|---|
| **Direct Premium Earned** | 5,828,460 | 4,670,873 | 4,664,212 | 15,163,545 |
| **Direct Losses Incurred** | 1,325,922 | 805,144 | 1,488,529 | 3,619,595 |
| **Loss Ratio** | 22.75% | 17.24% | 31.91% | 23.87% |

## All Other Classes of Business

| | *2004* | *2005* | *2006* | *Total* |
|---|---|---|---|---|
| **Direct Premium Earned** | 7,892,649 | 7,609,648 | 7,577,459 | 23,079,756 |
| **Direct Losses Incurred** | 3,678,902 | 3,575,762 | 3,477,169 | 10,731,833 |
| **Loss Ratio** | 46.61% | 46.99% | 45.89% | 46.50% |

## Motor Vehicle Dealer Class and All Other Classes Combined

| | *2004* | *2005* | *2006* | *Total* |
|---|---|---|---|---|
| **Direct Premium Earned** | 13,721,108 | 12,280,521 | 12,241,671 | 38,243,300 |
| **Direct Losses Incurred** | 5,004,824 | 4,380,906 | 4,965,698 | 14,351,428 |
| **Loss Ratio** | 36.48% | 35.67% | 40.56% | 37.53% |

# Credit Accident and Health Insurance

## Motor Vehicle Dealer Class of Business

| | *2004* | *2005* | *2006* | *Total* |
|---|---|---|---|---|
| **Direct Premium Earned** | 9,990,031 | 9,013,555 | 8,515,947 | 27,519,533 |
| **Direct Losses Incurred** | 4,046,001 | 2,495,085 | 2,413,642 | 8,954,728 |
| **Loss Ratio** | 40.50% | 27.68% | 28.34% | 32.54% |

## All Other Classes of Business

| | *2004* | *2005* | *2006* | *Total* |
|---|---|---|---|---|
| **Direct Premium Earned** | 13,903,581 | 13,745,333 | 12,980,166 | 40,629,080 |
| **Direct Losses Incurred** | 5,813,953 | 5,667,836 | 5,618,403 | 17,100,192 |
| **Loss Ratio** | 41.82% | 41.23% | 43.28% | 42.09% |

## Motor Vehicle Dealer Class and All Other Classes Combined

| | *2004* | *2005* | *2006* | *Total* |
|---|---|---|---|---|
| **Direct Premium Earned** | 23,893,612 | 22,758,888 | 21,496,113 | 68,148,613 |
| **Direct Losses Incurred** | 9,859,954 | 8,162,921 | 8,032,045 | 26,054,920 |
| **Loss Ratio** | 41.27% | 35.87% | 37.37% | 38.23% |