



# Credit Compliance Newsletter

September 2022

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## RECENT/UPCOMING

### EFFECTIVE

### LEGISLATION:

**New Hampshire SB354:**  
Credit Insurance Policies  
(Effective: August 16, 2022)

**Virginia SB 383:**  
Actual Loss Ratio  
/Adjusting Prima Facie  
Rates  
(Effective: July 1, 2022)

**Rhode Island HB 7752**  
Surplus Lines of Insurance

## IN PROGRESS

### Massachusetts SB 720: Private Flood Insurance

**Status: With Senate Ways & Means Committee since May 2, 2022**

This bill will modernize and update private flood insurance by adding Chapter 183 - Massachusetts Private Flood Insurance Act. The intent of this chapter is to foster innovative flood insurance coverages providing insurers the ability to test products in the market and consumers greater choice for flood insurance coverage. It is also the intent of this chapter to instruct the Commissioner to track and report the participation of private flood insurers in the State of Massachusetts through the count of private flood policies from both domestic, foreign, and alien, admitted and surplus lines, on a calendar year basis.

- **Effective Date:** If this bill passes, it will take effect sixty (60) days following approval by the Governor.
- **Product/Program Impact:** No anticipated impact to credit insurance products
- **Licensing Impact:** No changes anticipated.
- **Consumer Contract Impact:** No changes anticipated.
- **Rate Impact:** No changes anticipated.

### Massachusetts HB 1221: Credit Life Certificates

**Status: Discharged to the House Rules Committee on September 12, 2022**

This bill **exempts** credit life insurance certificates and policies from the unclaimed Life Insurance Benefits Act.

- **Effective Date:** If this bill passes, it will take effect on January 1, 2023.
- **Product/Program Impact:** No anticipated impact to credit insurance products.
- **Licensing Impact:** No changes anticipated.
- **Consumer Contract Impact:** No changes anticipated.
- **Rate Impact:** No changes anticipated

## LENDER PLACED INSURANCE

### **Illinois HB 2739: Private Flood Insurance**

#### **Status: Effective on January 1, 2023**

This bill creates the Private Primary Residential Flood Insurance Act. Sets forth provisions concerning flood insurance rates. Provides that an insurer shall file with the Department of Insurance all rates and any change to such rates within 30 days after the effective date of the rate change. Sets forth provisions concerning flood insurance forms. Provides that authorized insurers must notify the Department of plans to sell primary residential flood insurance products at least 30 days before writing flood insurance in the State and file a plan of operation and financial projections or material revisions to such plan. Sets forth provisions concerning notice to consumers that live in a special flood hazard area, notice of cancellation and nonrenewal, and surplus line placements of private flood insurance. Provides that rates, supplementary rate information, and any supporting information filed under the Act shall be open to public inspection upon disposition, except information marked and accepted by the Director of Insurance as confidential, trade secret, or proprietary by the insurer or filer. Provides that the Department may adopt rules to implement the Act.

- **Effective Date:** The bill takes effect on January 1, 2023.
- **Product/Program Impact:** No anticipated impact to credit insurance products.
- **Licensing Impact:** No changes anticipated.
- **Consumer Contract Impact:** No changes anticipated.
- **Rate Impact:** No changes anticipated.

### **South Carolina: Annual Prima Facie Rate - UPDATE**

#### **Tentative Credit Property Insurance Rates – 8.2.2022**

**Bulletin No. 2022-06: Credit Property Prima Facie Rates.** The overall impact of the tentative rates may result in a decrease of 9.1%. Based on the Department of Insurance review, the aggregate 2021 loss ratio prima facie rate is 32.4%. The aggregate 2020 loss ratio prima facie rates were 19.6%. It appears that previous rate decreases seem to increase the aggregate loss ratio, although year-to-year fluctuations do occur. Since there is a statutory minimum premium of \$3, we will advise whether any reductions in rates will effectively increase the aggregate loss ratio.

The average loss ratios from 2007 to 2021 for both Automobile, Fire and Theft (Single Interest) and Automobile Collision (Single Interest) remains 42.3%. Household Goods (Single Interest) has been 86.5% and Interest Household Goods (Dual Interest) has been 5.6%. The Department anticipates that the Household Goods (Single Interest) coverage, at the 2022 level, may decrease other rates by approximately 10% from their current levels.

**Bulletin No. 2022-07: Credit Accident & Health for 3-day Retro.**

The proposed 3-day Retro Accident and Health Insurance Rates in 2023 are \$0.25 per year per \$5.00 unit of monthly indemnity. The Department proposes no rate changes for 2023, because the 2022 results have not yet been reported or analyzed.

**Bulletin No. 2022-08: Credit Accident & Health Prima Facie Rates.** The Department of Insurance reviewed the last several years' experience for Credit Accident and Health Insurance written in conjunction with consumer credit transactions subject to the Consumer Protection Code and not including Credit Accident and Health Insurance written in conjunction with loans subject to the Consumer Finance Law.

The 2023 proposed tentative single premium rates, per \$100 of initial indebtedness for Credit Accident and Health Insurance are as follows:

<b><u>Period</u></b>	<b><u>14-Day Retro</u></b>	<b><u>30-Day Retro</u></b>
12 Months	\$1.38	\$1.30
24 Months	\$1.86	\$1.78
36 Months	\$2.35	\$2.27
48 Months	\$2.75	\$2.67
60 Months	\$3.16	\$3.08
72 Months	\$3.48	\$3.40
84 Months	\$3.81	\$3.73
96 Months	\$4.05	\$3.97
108 Months	\$4.29	\$4.21
120 Months	\$4.54	\$4.46
132 Months	\$4.78	\$4.70
144 Months	\$4.94	\$4.86
156 Months	\$5.10	\$5.02
168 Months	\$5.27	\$5.18
180 Months	\$5.43	\$5.35

Once the above rates are approved, we will provide our clients with updated interpolated rate charts for programming. The Department of Insurance has advised that they will not approve rates that deviate from the prima facie rates.

**LICENSING**

The Louisiana Department of Insurance (“LDI”) has finalized the amendment to Regulation 31. The purpose of the Amendment is to add exemption provisions to the filing of reviewed financial statements for both Form A and Form B. The final rule was published in the Louisiana Register on August 20, 2022.

If any licensed person or entity needs to update their contact information, please go to <https://www.ldi.la.gov/industry/company-licensing/company-contact-changes>.

Due to a policy change implemented in 2022, individuals or entities using the Industry Access System will now receive all LDI Industry Communications, regardless of the contact's role or line of insurance. All licensed individuals, licensed entities, and other risk-bearing entities are statutorily required (La. R.S. 22:41.2 and LAC 37:XIII.Chapter 175) to maintain contact information with the LDI.

### **LICENSING RENEWALS**

Unless otherwise notified, we will automatically process agent's license appointment renewals. To avoid paying for a license renewal of a terminated or inactive employee, please notify us of any renewal changes by emailing [licensing@fortegra.com](mailto:licensing@fortegra.com) or calling Lynnette Rackley: 800-888-2738 x 87267.

### **NEWLY ENACTED LEGISLATION**

#### **New Hampshire SB 354: Insurance Adjuster and Producers Licensing Fees**

**Status: Effective August 16, 2022**

This bill provides that credit insurance policies can be issued by financial institutions; the Designated Responsible Licensed Producer must be licensed for all lines of business for which the entity is licensed.

- **Effective Date:** This bill became effective August 16, 2022.
- **Product/Program Impact:** No anticipated impact to credit insurance products.
- **Licensing Impact:** Yes.
- **Consumer Contract Impact:** No changes anticipated.
- **Rate Impact:** No changes anticipated.

#### **Virginia SB 383: Credit Life Insurance, Credit Accident and Sickness Insurance; Adjustment of Rates**

**Status: Effective July 1, 2022**

This bill removes the requirement that the State Corporation Commission conduct a hearing prior to determining the actual loss ratio for each form of insurance and adjusting the prima facie rates.

Additionally, under the bill, after the Commission has determined the actual loss ratio and prima facie rates, it will provide notice of such ratio and rates along with an opportunity for a hearing.

- **Effective Date:** This bill became effective July 1, 2022.
- **Product/Program Impact:** No anticipated impact to credit insurance products
- **Licensing Impact:** No changes anticipated.
- **Consumer Contract Impact:** No changes anticipated.
- **Rate Impact:** No changes anticipated

## **Rhode Island HB 7752: Surplus Lines of Insurance**

**Status: Effective on June 30, 2022**

This bill tracks with the NAIC LPI Model Act, including the section on prohibited practices and financial reporting. The bill, as proposed, allows for contingent commissions to non-affiliated entities like Managing General Agents.

Some changes from the Model Act include:

1. Insurers are required to re-file rates at least once every four years – **this is a new clause**. The Model Act requirement to re-file rates if the loss ratio is less than 35% over two years is also included in the bill.
2. Enforcement, judicial review, and penalties reference the RI Code vs. Judicial Review language used in the Model Act.
  - **Effective Date:** This bill became effective upon passage on June 30, 2022
  - **Product/Program Impact:** No anticipated impact to credit insurance products.
  - **Licensing Impact:** No changes anticipated.
  - **Consumer Contract Impact:** No changes anticipated
  - **Rate:** No changes anticipated.

Disclaimer: This bulletin does not contain information for all legislation that may affect a provider of Credit Protection products. You should review each bill in its entirety to determine the impact and what actions are needed, if any, to comply with state requirements.