

Regulatory Analysis Form

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INDEPENDENT REGULATORY
REVIEW COMMISSION

IRRC Number: 2517

(1) Agency

Insurance Department

(2) I.D. Number (Governor's Office Use)

11-227

(3) Short Title

Credit Life Insurance and Credit Accident and Health Insurance

(4) PA Code Cite

31 Pa. Code, Chapter 73, §73.103 and §73.138

(5) Agency Contacts & Telephone Numbers

Primary Contact: Peter J. Salvatore, Regulatory Coordinator,
1326 Strawberry Square, Harrisburg, PA 17120, (717) 787-4429
Secondary Contact:

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
 Final Order Adopting Regulation
 Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
 Yes: By the Attorney General
 Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

Chapter 73 establishes requirements for credit life and accident and health insurance including minimum standards for an insurer in calculating credit life and accident and health insurance reserves. The proposed rulemaking modifies the mortality standards in calculating minimum reserves for credit life insurance and deletes the standards for calculating minimum reserves for single premium credit accident and health insurance, which standards are being simultaneous proposed for modification and inclusion in 31 Pa. Code, Chapter 84a.

(9) State the statutory authority for the regulation and any relevant state or federal court decision.

Sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P.S. §§ 66, 186, 411 and 412); and Sections 301.1 and 311.1 of The Insurance Department Act (40 P.S. §§ 71.1 and 93)

Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

No.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The purpose of the minimum reserve standards is to establish regulation guidelines for insurers to maintain sufficient funds to pay the future benefits that are guaranteed in an insurance contract. This provides protection to the policyholder in terms of the ability of the insurer to fulfill contractual obligations. The proposed rulemaking updates the minimum reserve standards.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

If an insurer was not required to maintain adequate reserves, there would be the risk that the insurer would not have sufficient funds to pay future benefits to policyholders.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Residents of this Commonwealth who purchase credit life insurance and credit accident and health insurance contracts will benefit from the rulemaking. The amendment to Chapter 73 will strengthen the financial soundness of insurers, and their ability to fulfill contractual obligations under credit accident and health and credit life insurance policies issued in the Commonwealth.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

The amendment of the minimum morbidity standards will not affect policies issued, or claims incurred, prior to the effective date of this rulemaking. The claims incurred on policies issued on or after the effective date of this rulemaking could potentially exceed an insurer's reserves if this rulemaking were not adopted.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

All life insurance companies, property and casualty insurance companies and fraternal benefit societies issuing credit life and credit accident and health insurance policies.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Comments on the proposed regulation were not solicited from the insurance industry prior to the drafting of the proposed regulation.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The amendment to the minimum mortality standards will have no cost impact on in-force contracts because the amendment does not apply to contracts issued prior to the effective date of this rulemaking. There may be some expense incurred by an insurer in modifying its reserve calculation system to comply with the amended minimum standards.

Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

There are no costs or savings to local governments associated with this rulemaking.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

There are no costs or savings associated to state government associated with this rulemaking. This rulemaking does not affect the extent of the analysis performed by the Department, but instead modifies the existing standards for calculation reserves.

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years. N/A

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

N/A.

Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.
N/A.

Program	FY -3	FY -2	FY -1	Current FY

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

No costs or adverse effects are anticipated as a result of this regulation.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

No other nonregulatory alternatives were considered because the standards are currently established by regulation. Therefore, amendment of Chapter 73 is necessary to revise the minimum reserve standards of the chapter and nonregulatory alternatives are not feasible.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

No other regulatory schemes were considered. The amendment of Chapter 73 is necessary to revise the minimum reserve standards of the chapter.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

No.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The rulemaking will not put Pennsylvania at a competitive disadvantage with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No public hearings or informational meetings are anticipated.

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The rulemaking does not change existing reporting, record keeping or other paperwork requirements.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The rulemaking will have no effect on special needs of affected parties.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The rulemaking will undergo a 30-day public comment period and will take effect upon approval of the final form regulation by the legislative standing committees, the Independent Regulatory Review Commission, the Office of the Attorney General, and upon final publication in the *Pennsylvania Bulletin* with an effective date of January 1, 2007.

(31) Provide the schedule for continual review of the regulation.

The Department reviews each of its regulations for continued effectiveness on a triennial basis.

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FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE
BUREAU

(Pursuant to Commonwealth Documents Law)

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INDEPENDENT REGULATORY
REVIEW COMMISSION

#2517

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to
form and legality. Attorney General

By Amy M. Elliott
(Deputy Attorney General)

JAN 09 2006

Date of Approval

→ Check if applicable.
Copy not approved. Objections
attached.

Copy below is hereby certified to be a true and correct
copy of a document issued, prescribed or promulgated
by:

Insurance Department

(AGENCY)

DOCUMENT/FISCAL NOTE NO. 11-227

DATE OF ADOPTION: _____

BY: M. Diane Koken
M. Diane Koken
Insurance Commissioner

TITLE: _____
(EXECUTIVE OFFICER, CHAIRMAN OR
SECRETARY)

Copy below is hereby approved as to form and
legality. Executive or Independent Agencies

BY: Andrew C. Clark
ANDREW C. CLARK

DEC 12 2005

DATE OF APPROVAL

(DEPUTY GENERAL COUNSEL)
(~~CHIEF COUNSEL, INDEPENDENT AGENCY~~)
(STRIKE INAPPLICABLE TITLE)

→ Check if applicable. No Attorney General
approval or objection within 30 days after
submission.

NOTICE OF PROPOSED RULEMAKING

INSURANCE DEPARTMENT

31 Pa. Code Chapter 73
§§73.103 and 73.138

Credit Life Insurance and Credit Accident and Health Insurance

Preamble

The Insurance Department (Department) proposes amendments to Chapter 73 of the Department's regulations (31 Pa.Code Ch. 73) (relating to credit life insurance and credit accident and health insurance) to read as set forth in Annex A, under the authority of Sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P.S. §§ 66, 186, 411 and 412) and Sections 301.1 and 311.1 of The Insurance Department Act ("Act") (40 P.S. §§ 71.1 and 93).

Purpose

The purpose of the proposed rulemaking is to: (1) modify the mortality standards in calculating minimum reserves for credit life insurance; and (2) delete the standards for calculating minimum reserves for single premium credit accident and health insurance because these standards will be addressed in amendments to Chapter 84a of the Department's regulations (31 Pa.Code Ch. 84a) (relating to minimum reserve standards for individual and group health and accident insurance contracts), which are being promulgated in conjunction with these amendments to Chapter 73.

The proposed rulemaking is patterned after the Determining Reserve Liabilities For Credit Life Insurance Model Regulation adopted by the National Association of Insurance Commissioners (NAIC) in June 2004. A copy of the copyrighted model regulation was provided to the Legislative Standing Committees, the Independent Regulatory Review Commission ("IRRC"), the Governor's Office of Policy, the Governor's Office of General Counsel and the Attorney General to help in their analysis of this proposed regulation.

Explanation of Regulatory Requirements

The following is a description of the changes contained in the proposed rulemaking.

Section 73.103 (relating to definitions) is being propose to add the definition of *2001 CSO Male Composite Ultimate Mortality Table*.

Section 73.138 (relating to financial statement reserves) establishes the standards used in calculating minimum reserves for credit life insurance and credit accident and health insurance. The proposed rulemaking establishes the 2001 CSO Male Composite Ultimate Mortality Table as the mortality standard in calculating the minimum reserves for credit life insurance issued after the effective date of the proposed rulemaking. In addition, the proposed rulemaking clarifies that Chapter 84c (relating to valuation of life insurance policies) does not apply to credit life insurance. The proposed rulemaking also deletes the standards used in calculating minimum reserves for single premium credit accident and health insurance because those standards are being simultaneously proposed for modification and inclusion as amendments to Chapter 84a of the Department's regulations (31 Pa.Code Ch. 84a) (relating to minimum reserve standards for individual and group health and accident insurance contracts).

Affected Parties

The proposed rulemaking will apply to life insurance companies, property and casualty insurance companies and fraternal benefit societies marketing and soliciting the sale of credit life insurance and credit accident and health insurance in this Commonwealth.

Fiscal Impact

State Government

There will be no increase in cost to the Department as a result of the adoption of the proposed amendment to Chapter 73. As part of its solvency monitoring responsibilities, the Department currently reviews the methodology used by an insurer to calculate credit life insurance reserves to ensure that the reserves are adequate and comply with the minimum standard requirements. Thus, this proposed rulemaking will not require any additional staff time or resources to perform the analysis.

General Public

Since the proposed rulemaking concerns the solvency requirements applied to insurers, the public will benefit from a financially sound insurance industry in the ability of insurers to fulfill their contractual obligations under credit life insurance and credit accident and health insurance policies.

Political Subdivisions

The proposed rulemaking will not impose additional costs on political subdivisions. However, because the proposed rulemaking promotes stability in the Commonwealth's insurance industry, political subdivisions' tax revenues would benefit as a result of fewer insurer insolvencies. Fewer insolvencies would result in less unemployment and would also increase incentives for insurers to market new insurance products in this Commonwealth.

Private Sector

The proposed amendment does not apply to policies issued prior to the adoption of the proposed rulemaking. There may be some expense incurred by an insurer in modifying the reserve calculation system to comply with amended minimum reserve standards.

Paperwork

The adoption of this proposed rulemaking would not impose additional paperwork on the Department or the insurance industry. The amendment to the minimum standards applies to the reserve calculation, but will not result in additional paperwork.

Effectiveness/Sunset Date

The proposed rulemaking will become effective January 1, 2007. The Department continues to monitor the effectiveness of regulations on a triennial basis; therefore, no sunset date has been assigned.

Contact Person

Questions or comments regarding the proposed rulemaking may be addressed in writing to Peter J. Salvatore, Regulatory Coordinator, Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17120, within 30 days following the publication of this notice in the *Pennsylvania Bulletin*. Questions and comments may also be e-mailed to psalvatore@state.pa.us or faxed to (717) 772-1969.

Pursuant to the Regulatory Review Act (71 P.S. §745.1 et seq.), the Department is required to write to all commentators, requesting whether or not they wish to receive a copy of the final form regulation. In order to better serve our stakeholders, the Department has made a determination that all commentators will receive a copy of the final form rulemaking when it is made available to the IRRC and the Legislative Standing Committees.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a)), on January 13, 2006, the Department submitted a copy of this proposed rulemaking to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the Senate Banking and Insurance Committee and the House Insurance Committee. In addition to the submitted proposed rulemaking, the Department has, as required by the Regulatory Review Act, provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Department. A copy of that material is available to the public upon request.

The IRRC will notify the Department of any objections to any portion of the proposed rulemaking within 30 days of the close of the public comment period. The notification shall specify the regulatory review criteria that have not been met by that portion. The Regulatory Review Act specifies detailed procedures for the Department, the Governor, and the General Assembly to review these objections before final publication of the regulations.

M. Diane Koken
Insurance Commissioner

CONTINUATION SHEET FOR FILING DOCUMENTS WITH THE
LEGISLATIVE REFERENCE BUREAU
Pursuant to Commonwealth Documents Law

ANNEX A

CHAPTER 73. CREDIT LIFE INSURANCE AND CREDIT ACCIDENT
AND HEALTH INSURANCE

Sec.

73.103.	Definitions.
73.138.	Financial statement reserves.

§ 73.103. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

2001 CSO Male Composite Ultimate Mortality Table – The ultimate version of the mortality table, consisting of separate rates of mortality for male lives that do not distinguish between smokers and nonsmokers, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the National Association of Insurance Commissioners in December 2002. The table includes both the age-nearest birthday and age-last birthday version.

§ 73.138. Financial statement reserves.

The following reserves for all credit insurance policies shall be maintained by insurers doing credit life insurance or credit A and H insurance business in this Commonwealth.

(1) The reserves for credit life insurance may not be less than the reserves as computed using the Commissioners 1980 Extended Term Mortality Table, using mortality rates

applicable to male lives for insurance issued prior to [or on or after June 19, 1998] January 1, 2007, with interest at the rate specified in section 301(c) of The Insurance Department Act of 1921 (40 P. S. § 71(c)).

(2) The reserves for credit life insurance may not be less than the reserves as computed using the 2001 CSO Male Composite Ultimate Mortality Table for insurance issued on or after January 1, 2007 with interest at the rate specified in section 301(c) of The Insurance Department Act of 1921 (40 P. S. § 71(c)).

(3) If the credit life insurance policy or certificate insures 2 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.

(4) Chapter 84c (relating to valuation of life insurance policies) shall not apply to credit life insurance.

[2](5) The reserves for single premium credit [A and H insurance or] TPD benefits may not be less than the mean of the amounts of unearned premium calculated from gross premiums in force on the following bases:

- (i) The pro rata basis.
- (ii) Rule of 78 basis.

(6) The reserves for single premium credit A and H insurance are regulated under 31 Pa. Code Ch. 84a (relating to Minimum Reserve Standards for Individual and Group Health and Accident Insurance Contracts).

[(3)](7) The reserves for monthly premium credit A and H insurance and TPD benefits may not be less than the amount of unearned premium calculated from gross premiums in force on the pro rata basis.

[(4)](8) The claim reserves for monthly premium credit A and H insurance shall be calculated using a generally accepted actuarial method or other reasonable method acceptable to the Commissioner.

**DETERMINING RESERVE LIABILITIES FOR CREDIT LIFE INSURANCE
MODEL REGULATION**

Table of Contents

Section 1.	Authority
Section 2.	Scope
Section 3.	Purpose
Section 4.	Definitions
Section 5.	2001 CSO Male Composite Ultimate Mortality Table
Section 6.	Minimum Standards
Section 7.	Effective Date

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. Specify the interest rate and method to be used in determining the minimum standard of valuation.

Section 4. Definitions

- A. "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the *Proceedings of the NAIC (2nd Quarter 2002)*. Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables.
- B. "Composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers.
- C. "Credit life insurance" means life insurance as defined in [insert applicable reference to definition] of the [insert state] Insurance Statute.

Determining Reserve Liabilities for Credit Life Insurance

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. Minimum Standards

- A. [Insert applicable reference to the Valuation of Life Insurance Policies Model Regulation] shall not apply to credit life insurance.
- B. The interest rates used in determining the minimum standard for valuation shall be the calendar year statutory valuation interest rates as defined in [insert applicable reference to Section 4b of the Standard Valuation Law].
- C. The method used in determining the minimum standard for valuation shall be the commissioners reserve valuation method as defined in [insert applicable reference to Section 5 of the Standard Valuation Law].

Drafting Note:

- 1) Section 6 may not be appropriate or necessary for some states because of specific language in their versions of the Standard Valuation Law, the Valuation of Life Insurance Policies Model Regulation, or their specific statutes on credit insurance.
- 2) States should be aware that there may be requirements elsewhere in statutory accounting to test reserves against the premium refund net liability.
- 3) In applying the commissioners reserve valuation method, consideration should be given to the period of time for which renewability of benefits are guaranteed under the contract. If benefits are guaranteed for less than one year, the method produces a reserve equal to the mortality cost from the valuation date to the premium “paid-to” date.
- 4) The Standard Valuation Law contains language permitting the use of “group methods and approximate averages for fractions of a year or otherwise.” Such methods may be appropriate in those situations where individual certificate data is not readily available to the insurer. This is especially common in monthly payment programs, with frequent remittance of small premiums.

Section 7. Effective Date

This rule is applicable to credit life policies and certificates issued on or after January 1, 200[] [insert January 1 of the year next following or coincident with the effective date of the state's version of the Recognition of the 2001 CSO Mortality Table for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits Model Regulation].

Legislative History (all references are to the Proceedings of the NAIC)

2004 Proc. 1st Quarter (adopted).

Determining Reserve Liabilities for Credit Life Insurance

818-4

Regulator Use Only

**DETERMINING RESERVE LIABILITIES FOR CREDIT LIFE INSURANCE
MODEL REGULATION**

The date in parentheses is the effective date of the legislation or regulation, with the latest amendments.

NAIC MEMBER	MODEL/SIMILAR LEGIS.	RELATED LEGIS./REGS.
Alabama	NO ACTION TO DATE	
Alaska	NO ACTION TO DATE	
Arizona	NO ACTION TO DATE	
Arkansas	NO ACTION TO DATE	
California	NO ACTION TO DATE	
Colorado	NO ACTION TO DATE	
Connecticut	NO ACTION TO DATE	
Delaware	NO ACTION TO DATE	
District of Columbia	NO ACTION TO DATE	
Florida		FLA. STAT. § 625.121 (13) (2004) (Includes ability to adopt regulation).
Georgia	NO ACTION TO DATE	
Guam	NO ACTION TO DATE	
Hawaii	NO ACTION TO DATE	
Idaho	NO ACTION TO DATE	
Illinois	NO ACTION TO DATE	
Indiana	NO ACTION TO DATE	
Iowa	NO ACTION TO DATE	
Kansas	NO ACTION TO DATE	
Kentucky		806 KY. ADMIN. REGS. 6:010 (1975).

DETERMINING RESERVE LIABILITIES FOR CREDIT LIFE INSURANCE
MODEL REGULATION

NAIC MEMBER	MODEL/SIMILAR LEGIS.	RELATED LEGIS./REGS.
Louisiana	NO ACTION TO DATE	
Maine	NO ACTION TO DATE	
Maryland	NO ACTION TO DATE	
Massachusetts	NO ACTION TO DATE	
Michigan	NO ACTION TO DATE	
Minnesota	NO ACTION TO DATE	
Mississippi	NO ACTION TO DATE	
Missouri	NO ACTION TO DATE	
Montana	NO ACTION TO DATE	
Nebraska	NO ACTION TO DATE	
Nevada	NO ACTION TO DATE	
New Hampshire	NO ACTION TO DATE	
New Jersey	NO ACTION TO DATE	
New Mexico	NO ACTION TO DATE	
New York	NO ACTION TO DATE	
North Carolina	NO ACTION TO DATE	
North Dakota	NO ACTION TO DATE	
Ohio	NO ACTION TO DATE	
Oklahoma	NO ACTION TO DATE	
Oregon	NO ACTION TO DATE	
Pennsylvania	NO ACTION TO DATE	
Puerto Rico	NO ACTION TO DATE	

DETERMINING RESERVE LIABILITIES FOR CREDIT LIFE INSURANCE
MODEL REGULATION

NAIC MEMBER	MODEL/SIMILAR LEGIS.	RELATED LEGIS./REGS.
Rhode Island	NO ACTION TO DATE	
South Carolina	NO ACTION TO DATE	
South Dakota	NO ACTION TO DATE	
Tennessee		TENN. ADMIN. COMP. ch. 56-7-911 (1985/1988).
Texas	NO ACTION TO DATE	
Utah	NO ACTION TO DATE	
Vermont	NO ACTION TO DATE	
Virgin Islands	NO ACTION TO DATE	
Virginia	NO ACTION TO DATE	
Washington	NO ACTION TO DATE	
West Virginia	NO ACTION TO DATE	
Wisconsin	NO ACTION TO DATE	
Wyoming	NO ACTION TO DATE	



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT

SPECIAL PROJECTS OFFICE
1326 Strawberry Square
Harrisburg, PA 17120

Phone: (717) 787-4429
Fax: (717) 772-1969
E-mail: psalvatore@state.pa.us

January 13, 2006

Mr. Kim Kaufman
Executive Director
Independent Regulatory Review Comm.
333 Market Street
Harrisburg, PA 17101

Re: Insurance Department Proposed Regulation No. 11-227, Chapter 73, Credit Life Insurance and
Credit Accident and Health Insurance

Dear Mr. Kaufman:

Pursuant to Section 5(a) of the Regulatory Review Act, enclosed for your information and review is
proposed regulation 31 Pa. Code, Chapter 73.

The purpose of the proposed rulemaking is to modify the mortality standards in calculating minimum
reserves for credit life insurance and delete the standards for calculating minimum reserves for single
premium credit accident and health insurance because these standards will be addressed in amendments to
Chapter 84a of the Department's regulations (relating to minimum reserve standards for individual and
group health and accident insurance contracts), which are being promulgated in conjunction with these
amendments to Chapter 73. The proposed rulemaking is patterned after the Determining Reserve
Liabilities for Credit Life Insurance Model Regulation adopted by the National Association of Insurance
Commissioners (NAIC) in June 2004. A copy of the copyrighted model regulation is being provided to
you to help in your analysis of this proposed regulation.

If you have any questions regarding this matter, please contact me at (717) 787-4429.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Peter J. Salvatore".

Peter J. Salvatore
Regulatory Coordinator

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT**

I.D. NUMBER: #11-227
 SUBJECT: Credit Life Insurance and Credit Accident and Health Insurance
 AGENCY: DEPARTMENT OF INSURANCE

2517

TYPE OF REGULATION

- X Proposed Regulation
- Final Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolled Regulation
 - a. With Revisions
 - b. Without Revisions

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 REVIEW COMMISSION

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
1-13-06	<i>Shilo Eckhart</i>	HOUSE COMMITTEE ON INSURANCE
	<i>[Signature]</i> 1/13/06	
	<i>Ambler Satstra</i> 1-13-06	SENATE COMMITTEE ON BANKING & INSURANCE
	<i>Cheryl Schell</i> 1-13-06	
1/13/06	<i>[Signature]</i>	INDEPENDENT REGULATORY REVIEW COMMISSION
		ATTORNEY GENERAL (for Final Omitted only)
1/13/06	<i>C. Lee-Brown</i>	LEGISLATIVE REFERENCE BUREAU (for Proposed only)