

# COMMONWEALTH OF VIRGINIA

SCOTT A. WHITE  
COMMISSIONER OF INSURANCE  
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BUREAU OF INSURANCE



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March 1, 2024

To: All Companies Licensed in Virginia to Write Credit Life Insurance or Credit Accident and Sickness Insurance

Re: Credit Insurance Experience Exhibits and Questionnaire Filing Requirement

The Bureau of Insurance (Bureau) is preparing to review the credit life and credit accident and sickness insurance prima facie rates for the triennium beginning January 1, 2025. The prima facie rates will be established using the Credit Insurance Experience Exhibit (CIEE) for the 2023 reporting year. Refer to § 38.2-3730 A of the Code of Virginia for additional details.

This letter is a reminder that, due to the time constraints under which the rate calculation must be completed, the CIEE and a required questionnaire must be submitted no later than **April 1, 2024**.

The questionnaire will enable the Bureau to determine which companies have experience that should be reported on the CIEE and those with no experience to report. The questions a company must answer depends on the following:

- Companies with earned premiums or incurred claims to report must answer **all** the questions.
- Companies with **no** earned premiums or incurred claims to report are required to answer the questions as indicated.

We have provided examples of some of the problems identified with CIEE filings in previous years. In some instances, although information was correct, an explanation was needed to properly evaluate the information. We encourage companies to review the examples to avoid similar problems. Please note that the CIEE must be filed on a direct basis, i.e., before accounting for reinsurance ceded.

We require all companies to submit the questionnaire, electronically, via the Company Filing Portal. The questionnaire and the Company Filing Portal can found be at: <https://scc.virginia.gov/pages/Life-Health-Companies>. Under the heading Resources, scroll down to "Credit Insurance Experience Exhibit and Questionnaire."

2025 Triennium Prima Facie Rate Review  
March 1, 2024  
Attachment

Please use the contact information below for questions or requests for clarification:

**Questionnaire or CIEE**

Amanda McCauley  
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Health, Life & Annuity Forms Section  
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**Company Filing Portal**

Andrew Iverson  
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Attachment

The following are examples of problems identified in filings of the Credit Insurance Experience Exhibits (CIEEs) in previous reporting years. Companies are directed to review the information below to ensure that similar problems do not recur in their 2023 CIEEs.

Any of the following situations legitimately applicable to a 2023 CIEE should include an appropriate explanation in the questionnaire.

- **Prima facie premium not listed.** The prima facie premium is needed to evaluate the rates. Each company should explicitly state the prima facie premium on the appropriate exhibit line, even if it is the same as earned premium.
- **Prima facie premiums greater than earned premiums.** While this may not be a problem, our experience is that most companies charge the maximum rate allowed. This may be indicative of a miscalculation, especially on MOB business.
- **Earned premiums greater than prima facie premium.** For MOB business, this may be indicative of a miscalculation. Such premiums violate statutes unless the premium rates have been approved. If the premium rates have been approved, we ask that reporting companies provide the Bureau with the approval date(s) to facilitate our analysis.
- **Changes in the reserves reported from the end of one reporting year to the beginning of the subsequent reporting year.** This can cause previously charged premium and claims to disappear. It can also cause claims without corresponding premium and vice versa. Restatement of opening reserves merely results in delay and unnecessary expense for the Bureau and, considering the purpose of these CIEEs, companies should ensure that opening reserves (at the beginning of the year) are equal to closing reserves (at the end of the previous year).
- **Claim reserve errors.** These cause inaccurate incurred claims and may also indicate inadequate reserves for the product line.
- **Premium reserve errors.** These cause inaccurate premium reserve calculations.
- **Assumption reinsurance transactions.** If any business is transferred by assumption reinsurance, identify in the questionnaire the companies involved and the reserve amounts impacted by the transaction.

- **Company Name Changes or Mergers.** If the reporting company has changed its name and/or has been involved in a merger, full details should be provided in the questionnaire to enable the Bureau to appropriately combine experience for the past three years.
- **Calculation of Earned Premium at Prima Facie Rates.** Prima facie premium must be calculated using the prima facie rates approved and published by the Bureau effective January 1, 2022. Approval by the Bureau to charge alternate rates or use alternative rate structures does not constitute a change to the published prima facie rates, and these alternative rates or rates structures should not be used in calculating earned premium at prima facie rates.