

1 **STATE OF ARIZONA**  
2 **DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS**

3 In the Matter of:

**No. 25A-005-INS**

4 ***PRIMA FACIE* RATES FOR CREDIT**  
5 **LIFE INSURANCE**

**NOTICE OF DIRECTOR’S HEARING**  
(Hearing Officer Tom Zuppan)

6  
7  
8 **YOU ARE HEREBY NOTIFIED** that the Director of the Department of Insurance  
9 and Financial Institutions (“Director”) has scheduled a hearing pursuant to Arizona  
10 Administrative Code R20-6-604.03, and appointed hearing officer Tom Zuppan, to take  
11 comments on a proposed order establishing prima facie rates for credit life insurers. The  
12 above-captioned matter will be conducted at the Department of Insurance and Financial  
13 Institutions (the “Department”) as an in-person hearing (call-in capabilities will also be  
14 provided).

15 **Date of Hearing:**

16 **March 27, 2025 at 9:00 to 9:30 a.m. (MST)**

17 **Location of Hearing:**

18 **100 N. 15th Ave.**  
19 **Phoenix, Arizona 85007**  
20 **1st Floor Board Room/Conference Room 101**

21 **To attend remotely:**

22 **Meeting ID: <https://meet.google.com/ppf-rzoa-fob?hs=122&authuser=0>**

23 **Phone Numbers**  
24 **(US)+1 929-260-4536**  
25 **PIN 827 321 634#**

1 You may appear on the date and at the time and place specified in this Notice with or  
2 without the assistance of counsel. *See*, A.A.C. R20-6-102. An insurance company may be  
3 represented by a corporate officer pursuant to A.R.S § 20-161(B).

4 The purpose of the hearing is to take oral comments on the record from credit life  
5 insurers on the Director’s proposed order (*see* Exhibit A). The actuarial report upon which  
6 the proposed order is based is also attached to this Notice (*see* Exhibit B). The Director  
7 intends that the proposed order will supersede the prior order issued by the Department in  
8 2002 (*see* Exhibit C).

9 The Department will record the hearing. The recording will be available to interested  
10 parties three days after the hearing upon request.

11 Written comments may also be submitted to the Department and will be accepted  
12 until the close of the hearing at: [public\\_comments@difi.az.gov](mailto:public_comments@difi.az.gov).

13 If submitting a written comment, please use "Credit Life Hearing" in the subject line  
14 of the e-mail. Persons submitting public comments should be aware that any comments  
15 submitted are “public” and may be published by the Department.

16 Questions concerning this Notice should be directed to the Hearing Officer at  
17 [tom.zuppan@difi.az.gov](mailto:tom.zuppan@difi.az.gov).

18  
19 DATED this 7<sup>th</sup> day of February, 2025.

20 *Tom Zuppan*

21 \_\_\_\_\_  
22 Tom Zuppan, Hearing Officer  
23 Arizona Department of Insurance and  
24 Financial Institutions

25 ...

26 ...

1 **COPY** of the foregoing electronically delivered  
2 this 7<sup>th</sup> day of February, 2025, to:

3 Barbara D. Richardson, Director  
4 Tom Zuppan, Hearing Officer  
5 Alena Caravetta, Regulatory Legal Affairs Officer  
6 Arizona Department of Insurance and Financial Institutions  
7 100 North 15th Avenue, Suite 261  
8 Phoenix, Arizona 85007

9 AMI Risk Consultants, Inc.  
10 [gailf@amirisk.com](mailto:gailf@amirisk.com)  
11 [arvin.delrosario@amirisk.com](mailto:arvin.delrosario@amirisk.com)

12 American Bankers Life Assurance Co. of Florida  
13 NAIC #60275  
14 Leslie Soler  
15 [LESLIE.SOLER@ASSURANT.COM](mailto:LESLIE.SOLER@ASSURANT.COM)

16 American Health and Life Ins. Co.  
17 NAIC #60518  
18 Gregg Lehman  
19 [gregg.h.lehman@omf.com](mailto:gregg.h.lehman@omf.com)

20 Linda Frazier  
21 [linda.j.frazier@omf.com](mailto:linda.j.frazier@omf.com)

22 Faye Johnson  
23 [johnsonf@omf.com](mailto:johnsonf@omf.com)

24 Tabitha Fowler  
25 [tabitha.fowler@omf.com](mailto:tabitha.fowler@omf.com)

26 American National Ins. Co.  
NAIC #60739  
Robert Zahirniak  
[Robert.Zahirniak@AmericanNational.com](mailto:Robert.Zahirniak@AmericanNational.com)

Nate Ackerknecht  
[Nathan.Ackerknecht@AmericanNational.com](mailto:Nathan.Ackerknecht@AmericanNational.com)

Jennifer Duncan  
[Jennifer.Duncan@AmericanNational.com](mailto:Jennifer.Duncan@AmericanNational.com)

Statutory Compliance  
[STATUTORYCOMP@AMERICANNATIONAL.COM](mailto:STATUTORYCOMP@AMERICANNATIONAL.COM)

1 Corporate Information  
2 [Corporate.Info@AmericanNational.com](mailto:Corporate.Info@AmericanNational.com)

3 CMFG Life Insurance Co.  
4 NAIC #62626  
5 Jake Wiederholt  
6 [jake.wiederholt@trustage.com](mailto:jake.wiederholt@trustage.com)

7 Life of the South Ins. Co.  
8 NAIC #97691  
9 Elaine Pelletier  
10 [epelletier@fortegra.com](mailto:epelletier@fortegra.com)  
11 Donna Dudzinsk  
12 [ddudzinski@fortegra.com](mailto:ddudzinski@fortegra.com)  
13 Jenny Cherbonneau  
14 [jcherbonneau@fortegra.com](mailto:jcherbonneau@fortegra.com)

15 Minnesota Life Ins. Co.  
16 NAIC #66168  
17 [REGULATORY@SECURIAN.COM](mailto:REGULATORY@SECURIAN.COM)

18 Old United Life Ins. Co.  
19 NAIC #76007  
20 Roland Hamik  
21 [insreporting@vtaig.com](mailto:insreporting@vtaig.com)

22 Protective Life Ins. Co.  
23 NAIC #68136  
24 Katie Panos  
25 [katie.panos@protective.com](mailto:katie.panos@protective.com)  
26 Marshall Hollis  
27 [marshall.hollis@protective.com](mailto:marshall.hollis@protective.com)  
28 Regulatory Email  
29 [REGCOM@PROTECTIVE.COM](mailto:REGCOM@PROTECTIVE.COM)

30 ...

- 1 Securian Life Ins. Co.  
2 NAIC #93742  
3 Timothy Olsen  
4 [timothy.olsen@securian.com](mailto:timothy.olsen@securian.com)  
5 Nicholas Boehland  
6 [NICHOLAS.BOEHLAND@SECURIAN.COM](mailto:NICHOLAS.BOEHLAND@SECURIAN.COM)  
7 Regulatory Email  
8 [REGULARORY@SECURIAN.COM](mailto:REGULARORY@SECURIAN.COM)
- 9 Trans City Life Ins. Co.  
10 NAIC #77690  
11 M. Jones  
12 [mjones@transcityins.com](mailto:mjones@transcityins.com)
- 13 Transamerica Life  
14 NAIC #86231  
15 Nick Garlisch  
16 [nick.garlisch@transamerica.com](mailto:nick.garlisch@transamerica.com)
- 17 American Council of Life Insurers  
18 Joann Waiters  
19 [JoannWaiters@acli.com](mailto:JoannWaiters@acli.com)
- 20 American Financial Services Association  
21 Danielle Fagre  
22 [dfagre@afsamail.org](mailto:dfagre@afsamail.org)
- 23 The Center for Economic Justice  
24 [cej@cej-online.org](mailto:cej@cej-online.org)
- 25 Consumer Credit Ins. Assoc.  
26 [info@fec.gov](mailto:info@fec.gov)
- Consumer Federation of America  
[cfa@consumerfed.org](mailto:cfa@consumerfed.org)
- AHIP  
[ahip@ahip.org](mailto:ahip@ahip.org)

1 William E. Morris Institute for Justice  
2 [admin@mijaz.org](mailto:admin@mijaz.org)

3 *Mayra Kariem*

---

4 Mayra Kariem

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

# **EXHIBIT A**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**STATE OF ARIZONA**

**DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS**

In the Matter of:

**PRIMA FACIE CREDIT LIFE INSURANCE RATES**

**Docket No. 25A-005-INS  
ORDER**

Pursuant to A.A.C. R20-6-604.03(A) and A.A.C. R20-6-604.04(A), the Director shall, at least once every three years, establish by order prima facie rates for credit life insurance.

On December 24, 2002, the Director issued an Order In the Matter of *Prima Facie* Rates for Credit Life Insurance Rates and Credit Disability Insurance Rates, Docket No. 02A-139-INS (“the 2002 Order”). The 2002 Order established *prima facie* rates for credit life insurance as set forth in Exhibit A to the 2002 Order.

After due consideration of the enumerated factors in A.A.C. R20-6-604.04(A), the Director enters the following Order:

1. The *prima facie* rates for credit life insurance are revised as set forth in Exhibit A;
2. Insurers may file for approval and use of deviated rates that are higher than the *prima facie* rates established in this Order. Deviations shall be filed in accordance with the process and standards set forth in A.A.C. R20-6-604.08.
3. Pursuant to A.A.C. R20-6-604.07(A), on April 1 of each year, each insurer that transacts credit life insurance shall file with the Director an experience report containing information as required on a form specified by the Director.
4. This Order is effective [\_\_\_\_\_].



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

---

Barbara D. Richardson, Director  
Arizona Department of Insurance and Financial Institutions

1 **COPY** of the foregoing delivered and/or emailed same date to:

2 Barbara D. Richardson, Director  
3 Tom Zuppan, Hearing Officer  
4 Alena Caravetta, Regulatory Legal Affairs Officer  
5 Arizona Department of Insurance and Financial Institutions  
6 100 North 15<sup>th</sup> Avenue. Suite 261  
7 Phoenix, Arizona 85007

8 AMI Risk Consultants, Inc.  
9 [gailf@amirisk.com](mailto:gailf@amirisk.com)  
10 [arvin.delrosario@amirisk.com](mailto:arvin.delrosario@amirisk.com)

11 American Bankers Life Assurance Co. of Florida  
12 NAIC #60275  
13 Leslie Soler  
14 [LESLIE.SOLER@ASSURANT.COM](mailto:LESLIE.SOLER@ASSURANT.COM)

15 American Health and Life Ins. Co.  
16 NAIC #60518  
17 Gregg Lehman  
18 [gregg.h.lehman@omf.com](mailto:gregg.h.lehman@omf.com)

19 Linda Frazier  
20 [linda.j.frazier@omf.com](mailto:linda.j.frazier@omf.com)

21 Faye Johnson  
22 [johnsonf@omf.com](mailto:johnsonf@omf.com)

23 Tabitha Fowler  
24 [tabitha.fowler@omf.com](mailto:tabitha.fowler@omf.com)

25 American National Ins. Co.  
NAIC #60739  
Robert Zahirniak  
[Robert.Zahirniak@AmericanNational.com](mailto:Robert.Zahirniak@AmericanNational.com)

Nate Ackerknecht  
[Nathan.Ackerknecht@AmericanNational.com](mailto:Nathan.Ackerknecht@AmericanNational.com)

Jennifer Duncan  
[Jennifer.Duncan@AmericanNational.com](mailto:Jennifer.Duncan@AmericanNational.com)

Statutory Compliance  
[STATUTORYCOMP@AMERICANNATIONAL.COM](mailto:STATUTORYCOMP@AMERICANNATIONAL.COM)

Corporate Information

1 [Corporate.Info@AmericanNational.com](mailto:Corporate.Info@AmericanNational.com)

2 CMFG Life Insurance Co.

3 NAIC #62626

4 Jake Wiederholt

5 [jake.wiederholt@trustage.com](mailto:jake.wiederholt@trustage.com)

6 Life of the South Ins. Co.

7 NAIC #97691

8 Elaine Pelletier

9 [epelletier@fortegra.com](mailto:epelletier@fortegra.com)

10 Donna Dudzinsk

11 [ddudzinski@fortegra.com](mailto:ddudzinski@fortegra.com)

12 Jenny Cherbonneau

13 [jcherbonneau@fortegra.com](mailto:jcherbonneau@fortegra.com)

14 Minnesota Life Ins. Co.

15 NAIC #66168

16 [REGULATORY@SECURIAN.COM](mailto:REGULATORY@SECURIAN.COM)

17 Old United Life Ins. Co.

18 NAIC #76007

19 Roland Hamik

20 [insreporting@vtaig.com](mailto:insreporting@vtaig.com)

21 Protective Life Ins. Co.

22 NAIC #68136

23 Katie Panos

24 [katie.panos@protective.com](mailto:katie.panos@protective.com)

25 Marshall Hollis

[marshall.hollis@protective.com](mailto:marshall.hollis@protective.com)

Regulatory Email

[REGCOM@PROTECTIVE.COM](mailto:REGCOM@PROTECTIVE.COM)

Securian Life Ins. Co.

NAIC #93742

Timothy Olsen

24

25

1 [timothy.olsen@securian.com](mailto:timothy.olsen@securian.com)

Nicholas Boehland

2 [NICHOLAS.BOEHLAND@SECURIAN.COM](mailto:NICHOLAS.BOEHLAND@SECURIAN.COM)

3 Regulatory Email

[REGULARORY@SECURIAN.COM](mailto:REGULARORY@SECURIAN.COM)

4  
5 Trans City Life Ins. Co.

NAIC #77690

6 M. Jones

[mjones@transcityins.com](mailto:mjones@transcityins.com)

7  
8 Transamerica Life

NAIC #86231

9 Nick Garlisch

[nick.garlisch@transamerica.com](mailto:nick.garlisch@transamerica.com)

10  
11 American Council of Life Insurers

Joann Waiters

[JoannWaiters@acli.com](mailto:JoannWaiters@acli.com)

12  
13 American Financial Services Association

Danielle Fagre

[dfagre@afsamail.org](mailto:dfagre@afsamail.org)

14  
15 The Center for Economic Justice

[cej@cej-online.org](mailto:cej@cej-online.org)

16  
17 Consumer Credit Ins. Assoc.

[info@fec.gov](mailto:info@fec.gov)

18  
19 Consumer Federation of America

[cfa@consumerfed.org](mailto:cfa@consumerfed.org)

20  
21 AHIP

[ahip@ahip.org](mailto:ahip@ahip.org)

22  
23 William E. Morris Institute for Justice

[admin@mijaz.org](mailto:admin@mijaz.org)

24  
25 **COPY** of the foregoing transmitted electronically the same date to:

\_\_\_\_\_

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**EXHIBIT A**

**PRIMA FACIE RATES FOR CREDIT LIFE INSURANCE**

1. **Monthly Outstanding Balance.** If premiums are payable on a monthly outstanding balance, rates shall not exceed:
  - a. \$0.84 per month per \$1000 of outstanding insured debt on single life; and
  - b. \$1.39 per month per \$1000 of outstanding insured debt on joint lives.
2. **Single Premium.** If the insurer charges a single premium for decreasing or level benefits, the insurer shall compute the rate according to the following formula or according to a formula that produces substantially similar rates:

$$Sp = \sum_{t=1}^n [(Op / 10) \times (It / li) \times (v^{(t-1)})]$$

Where,

**Sp** = Single Life, single premium rate per \$100, per annum of coverage of initial insured indebtedness.

**Op** = For single life decreasing benefits, the prima facie monthly premium rate Op factor per \$1000 of outstanding balance insured indebtedness = \$0.37.

**Op** = For single life level benefits, the prima facie monthly premium rate Op factor per \$1000 of outstanding balance insured indebtedness = \$0.83.

**n** = The number of months in the term of the insurance coverage.

**It** = The scheduled amount of insurance for month t.

**li** = The initial amount of insurance, except for a net insurance plan, “li” is the initial principal loan balance.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**EXHIBIT A**

***PRIMA FACIE RATES FOR CREDIT LIFE INSURANCE***

$V = 1 / (1 + .0036)$  where the .0036 represents the sum of an annual discount rate of 4% for interest, plus 0.4% annual mortality.

- 3. **Joint Coverage.** Rates for joint coverage shall not exceed 165% of the rates for single life coverage.

# **EXHIBIT B**

**State of Arizona**  
**Credit Life**  
**Prima Facie Rate Review**  
*2025 Proposed Rates*

**Firm:** **AMI Risk Consultants, Inc.**  
1336 SW 146th Ct.  
Miami, Florida 33184  
(305) 273-1589

**Contact:** Aguedo Ingco, FCAS, MAAA, CPCU, ARM

**Date:** December 18, 2024



**AMI** Risk Consultants, Inc.

1336 SW. 146<sup>th</sup> Ct.,  
Miami, Florida 33184

Tel: (305) 273-1589  
Fax: (305) 330-5427

2878 Loveland Dr. #2208  
Las Vegas, NV 89109

Tel: (702) 478-5924

---

December 18, 2024

Mr. Tom Zuppan  
Property and Casualty Supervisor  
Arizona Department of Insurance and Financial Institutions  
Product Filing Compliance Division  
100 North 15th Avenue, Suite 261  
Phoenix, AZ 85007

**Via E-Mail**  
[Tom.Zuppan@difi.az.gov](mailto:Tom.Zuppan@difi.az.gov)

Dear Mr. Zuppan:

We are pleased to submit our final report on the State of Arizona Credit Life Prima Facie Rate Review for the 2025 proposed rates.

We very much appreciate the cooperation and courtesies extended to us during the course of this engagement. Please do not hesitate to contact us should you have any questions regarding the report.

Thank you for the opportunity to work with you on this project.

Sincerely yours,



Bob Ingco, FCAS, MAAA, CPCU, ARM  
President  
AMI Risk Consultants, Inc

***TABLE OF CONTENTS***

<b><i>Actuarial Report</i></b>	<b><u>PAGE</u></b>
Purpose .....	1
Definitions and Actuarial Terminology.....	2-3
Executive Summary of Results.....	4
Data Collection and Summary.....	5-7
Permissible Loss Ratio .....	8
Credibility.....	9
Rate Level Change Indication .....	10
Proposed Rates .....	11
Reliance and Limitations.....	12
Acknowledgment of Qualifications.....	13
Attached Exhibits .....	14
Attached Appendices.....	15
<b><i>Actuarial Exhibits</i></b>	<b><u>EXHIBIT</u></b>
Summary of Rate Change.....	Summary
Overall Rate Change Indication .....	Exhibit I
Rate Change Indication by Program Type.....	Exhibit II
<b><i>Appendices</i></b>	<b><u>APPENDIX</u></b>
Credit Life Data Call .....	Appendix A
DOCKET NO. 02A-139-INS .....	Appendix B

**AMI Risk Consultants, Inc.**

---

## **Actuarial Report**

---

***Credit Life  
Prima Facie Rate Review  
September 2024***

---

**Purpose**

AMI Risk Consultants, Inc. (AMI) was retained by the Arizona Department of Insurance and Financial Institutions (the Department) to review the State's current Credit Life Prima Facie Rates as established by Docket No. 02A-139-INS dated December 24, 2002.

According to Arizona Administrative Code R20-6-604.03:

*At least once every three years, the Director shall:*

- 1. Determine the rate of expected claims on a statewide basis;*
- 2. Compare the rate of expected claims with the rate of actual claims for the past three years determined from the incurred claims and earned premiums at prima facie rates; and*
- 3. If the Director determines that the prima facie rates require adjustment, issue a notice of hearing and proposed order adjusting the actual statewide prima facie rates. The hearing date on the proposed order shall be no earlier than 45 days from the date of the notice.*

AMI's review consisted of the following component steps:

- A data call issued to all companies reporting credit insurance premium in Arizona between 2018 and 2022.
- Validating and compiling the data received in response to the call.
- Establishing a credibility standard
- Calculating an overall rate level indicated change.
- Allocating the selected rate change to the existing rate classifications.
- Recommending rates to be effective January 2025.

This report, including the attached exhibits, details the steps outlined above.

---

---

**Definitions  
And Actuarial  
Terminology**

**Prima Facie Rates**

Prima facie (literally “at first sight”) rates are standard, baseline rates established for credit insurance. An insurance company can charge these rates, or less, without filing for approval from the Department. To deviate upward from prima facie rates, however, a company must seek approval from and file supporting documentation with the Department.

**Credit Life Program Types/Coverage Classifications**

Arizona’s current Credit Life prima facie rates were established December 24, 2002 and are attached to this report in Appendix B. Rates are provided for the following coverage classifications:

- **Monthly Outstanding Balance:** This coverage is appropriate for credit cards or revolving charge accounts to pay the account’s outstanding balance upon the death of the account holder. Premium is paid monthly based on the account’s current balance.
- **Single Premium Decreasing Benefit:** This coverage is appropriate for a fixed term loan and pays the loan balance upon the borrower’s death. As the name suggests, the premium is paid in lump sum at the loan’s inception and is typically financed along with the loan.
- **Single Premium Level Benefit:** This coverage differs from the Decreasing Benefit coverage above in that it pays a fixed benefit upon the borrower’s death regardless of the loan balance.

Coverage for each class may be **single or joint**, with joint benefits paid in the event of death of either the borrower or co-borrower.

---

---

**Definitions  
And Actuarial  
Terminology  
(Cont'd)**

**Other Insurance & Actuarial Terminology**

Other terms that may appear in this report are defined below.

**Calendar Year Written Premium** – premium charged by an insurance company during a calendar year period less any returned due to cancellations or other reasons.

**Calendar Year Earned Premium** – the portion of written premium from the current and past years taken into income during the calendar year, commonly, but not exclusively, in proportion to each policy's expired term.

**Calendar Year Earned Premium at Prima Facie** – earned premium adjusted by assuming all policies were issued at the prima facie rates.

**Calendar Year Incurred Loss** – Losses paid during the year plus any change in outstanding loss reserves.

**Loss Adjustment Expense** – expense incurred by an insurance company in the claims administration process.

**Loss Ratio** – the ratio of Incurred Loss divided by Earned Premium. Loss adjustment expense may be included, and Earned Premium may be stated at prima facie.

**Trend Factor** – an actuarial adjustment applied to Incurred Losses or to Loss Ratios to allow for anticipated future inflation or other impacts such as a change in the frequency of claims.

**Credibility** – a percentage that denotes the estimated reliability of an observed loss ratio as a predictor of future experience.

**Permissible Loss Ratio** – the target or allowable loss ratio, usually determined in ratemaking as 100% minus the expense and profit provisions for a coverage. Rates are adjusted in order to bring the experience loss ratio closer to this target.

**Rate level indication** – the percentage change in rate that is needed to raise or lower the experience-based loss ratio to the Permissible Loss Ratio.

**Executive  
Summary of  
Results**

Based on the experience collected, we recommend the following rate adjustments to the existing coverage classifications.

Coverage Class Single and Joint Life	Proposed Rate Change%	2022 AZ Written Premium
Monthly Outstanding Balance	+1.5%	\$88,113
Single Premium – Decreasing Benefits	-20.3%	5,687,994
Single Premium – Level Benefits	0.0%	0
<b>Total</b>	<b>-20.0%</b>	<b>\$5,776,107</b>

The overall rate level change given the 2022 reported premium distribution is **-20.0%** which is consistent with the selected rate level change derived on Exhibit I, Page 1 following this written report.

There was no Single Premium – Level Benefits coverage premium reported in any of the five calendar years covered in this review.

---

**Data Collection  
and Summary**

**Data Call**

A data call was issued to all companies identified by the Department as writers of credit insurance in Arizona.

The call requested the following:

- 2018 – 2022 premium and loss experience by calendar year for Arizona. The most recent five years available were selected in order to collect a credible volume of data for review.

Arizona earned premium was requested on two bases:

1. Actual recorded
2. Restated at prima facie rates.

Experience was requested separately for:

- **Program Types:** Single Premium – level benefits, Single Premium – decreasing benefits, Monthly Outstanding Balance.

The call document is attached to this report as **Appendix A**.

---



**Data Collection and Summary (cont'd)**

**Data Received - Carriers**

During 2022 there were **nine** insurers actively writing Credit Life insurance in Arizona. Two additional companies, as shown below, reported negative premiums for the year.

**Credit Life  
2022 Direct Written Premium - Arizona**

NAIC #	Company	Premium
77690	Trans City Life Insurance Company	\$2,234,064
60518	American Health and Life Insurance Company	1,798,605
76007	Old United Life Insurance Company	859,158
66168	Minnesota Life	683,459
60739	American National Insurance Company	61,172
60275	American Bankers Life Assurance Company of Florida	53,793
62626	CMFG Life Insurance Company	46,544
97691	Life of the South Insurance Company	37,118
93742	Securian Life	2,825
86231	Transamerica Life Insurance Company	-26
68136	Protective Life Insurance Company	-605
	<b>Total</b>	<b>\$5,776,107</b>

**Data Received – Loss Experience**

The insurers reported the following compiled experience:

Calendar Year	Arizona	
	Earned Premium at Prima Facie	Loss Ratio
2018	\$3,302,152	31.4%
2019	3,368,120	41.6%
2020	3,569,646	65.9%
2021	3,518,694	71.5%
2022	3,782,636	37.2%
<b>Total</b>	<b>\$17,541,249</b>	<b>49.7%</b>

\*\* Loss Ratios include 1.5% addition for Loss Adjustment Expenses.

**Deviations from Prima Facie**

Based on the reported relationship between earned premium and earned premium at prima facie, one company, American Health and Life Insurance Company (#60518), indicated its credit life rates deviate upward from prima facie. All other companies reported writing at or below prima facie.

---

**Data Collection  
and Summary  
(cont'd)**

**Data Testing**

The experience data received from insurers was reviewed for reasonability and agreement in total with the transmittal forms submitted with the data.

Reported written premium for each company was compared to that from an external source, namely NAIC iSite data compiled from Annual Statements. Two companies reported more premium in the data call. Otherwise, there were minor differences only. Overall, the data call produced 4.5% more premium than expected based on the iSite data provided by the Department.

**Data adjustments**

We relied on Arizona Earned Premium at Prima Facie as reported by each company and made no adjustments to the data received beyond the inclusion of a load for loss adjustment expense.

---

---

**Permissible  
Loss Ratio**

The Permissible Loss Ratio for Credit Life was established by the Arizona Department of Insurance and Financial Institutions as **50%**. See A.A.C. R20-6-604.02.

---

---

**Credibility**

We assumed a full credibility standard based on earned premium of **\$1,500,000**. This standard was selected judgmentally.

Partial credibility was assigned using the square root rule, i.e. the square root of actual earned premium divided by the full credibility standard.

---

---

**Rate Level  
Change  
Indication**

Development of the overall rate level change is shown on **Exhibit I** following this written report. The indicated rate change is based on calendar year 2018 – 2022 Arizona experience, i.e. Earned Premium at Prima Facie and Incurred Losses.

Incurred losses were increased **1.5%** to allow for loss adjustment expenses. That percentage was selected judgmentally.

Incurred losses were **not trended** because no trend was apparent in the compiled experience. The loss ratio was higher during the Covid pandemic but returned to pre-pandemic levels in 2022.

We selected an experience loss ratio of **40.0%** based on the all year average excluding the two years impacted by Covid, i.e. 2020 and 2021.

Due to the 3-year premium volume of over **\$10,000,000**, the loss ratio was assumed to be fully credible.

Compared to the Permissible Loss & LAE Ratio of **50.0%**, the overall rate level change indication was **-20.0%**.

We are proposing a change of **-20.0%** to be revisited in three years when the Credit Prima Facie Rates are again reviewed.

---

**Proposed Rates**

	<b>Current Rate</b>	<b>Proposed Rate</b>	
<b>Monthly Outstanding Balance</b>	Per Month Per \$1,000	Per Month Per \$1,000	% Change
Single Life	\$0.83	\$0.84	1.5%
Joint Lives	\$1.37	\$1.39	1.5%

<b>Single Premium - Single Life</b>	<b>Formula Component: Current O(p)</b>	<b>Formula Component: Proposed O(p)</b>	% Change
Decreasing Benefits	\$0.47	\$0.37	-20.3%
Level Benefits	\$0.83	\$0.83	0.0%

	<b>Current Surcharge</b>	<b>Proposed Surcharge</b>	% Change
<b>Single Premium - Joint Lives</b>	1.65	1.65	0.0%

---

**Reliance and  
Limitations**

In performing our analysis, we relied on the information provided by the insurers with only the modifications previously described. Although we reviewed the data for reasonability and completeness, no audit was performed and, with the exception of written premium, the totals were not balanced to any external source.

Our contact at the Department was Tom F. Zuppan, Property and Casualty Supervisor, Product Filing Compliance Division.

We have employed methods and assumptions that we consider reasonable and appropriate in this instance and have made every effort to comply with the Actuarial Standard's Board's Standards of Practice (ASOPs). Therefore, the rates and rating factors estimated in this report, in our opinion, are reasonable, given the information currently available. However, it should be recognized that future loss emergence relative to that anticipated by the proposed rates could deviate, perhaps substantially, from our estimates.

---

---

**Acknowledgment  
of Qualifications**

Aguedo M. (Bob) Ingco is a consulting actuary and President of AMI Risk Consultants, Inc. He is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. Mr. Ingco meets the qualification standards of the American Academy of Actuaries to provide the estimates in this report.

Gail Flannery is a consulting actuary and employee of AMI Risk Consultants, Inc. She is a Fellow of the Casualty Actuarial Society and Member of the American Academy of Actuaries. Ms. Flannery meets the qualification standards of the American Academy of Actuaries to provide the estimates in this report.

---



---

**Attached Exhibits**

The following exhibits are attached to this report:

*Summary Exhibit* – Summary of Rate Change

*Exhibit I* – Overall Rate Change Indication

*Exhibit II* – Program Type Indicated Rate Change

---

---

**Attached  
Appendices**

The following appendices are attached to this report:

*Appendix A* – Credit Life Data Call

*Appendix B* – Docket No. 02A-139-INS

---

**AMI Risk Consultants, Inc.**

---

**Actuarial Exhibits**

---

**ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY**  
**CREDIT LIFE**  
**2025 PROPOSED RATES**  
**SUMMARY OF RATE CHANGE**

Monthly Outstanding Balance	Current Rate Per Month Per \$1,000	Proposed Rate Per Month Per \$1,000	% Change
Single Life	\$0.83	\$0.84	1.5%
Joint Lives	\$1.37	\$1.39	1.5%

Single Premium - Single Life	Formula Component: Current O(p)	Formula Component: Proposed O(p)	% Change
Decreasing Benefits	\$0.47	\$0.37	-20.3%
Level Benefits	\$0.83	\$0.83	0.0%

	Current Surcharge	Proposed Surcharge	% Change
Single Premium - Joint Lives	1.65	1.65	0.0%

**ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY  
CREDIT LIFE  
2025 PROPOSED RATES**

**OVERALL RATE CHANGE INDICATION**

Calendar Year	Arizona Earned Premium at Prima Facie	Arizona Incurred Loss	Loss Adjustment Expense Factor	Loss & LAE Ratio	Loss Ratio Trend	Trended Loss & LAE Ratio
	(1)	(2)	(3)	(4)	(5)	(6)
2018	3,302,152	1,024,691	1.015	31.5%	1.00	31.5%
2019	3,368,120	1,384,203	1.015	41.7%	1.00	41.7%
2020	3,569,646	2,323,842	1.015	66.1%	1.00	66.1%
2021	3,518,694	2,486,237	1.015	71.7%	1.00	71.7%
2022	3,782,636	1,390,600	1.015	37.3%	1.00	37.3%
<b>Total</b>	<b>17,541,249</b>	<b>8,609,572</b>	<b>1.015</b>	<b>49.8%</b>	<b>1.00</b>	<b>49.8%</b>

(7) All-year weighted average	49.8%
3-year weighted average	57.9%
All year average x-hi/lo	48.4%
Average excl. Covid years	36.8%
(8) Selected Arizona Loss & LAE Ratio	40.0%
(9) Credibility	100.0%
(10) Permissible Loss & LAE Ratio	50.0%
(11) Overall Rate Level Indication	-20.0%
(12) Proposed Overall Rate Change	-20.0%

**Notes:**

- (1) & (2) - Per data call compilation
- (3) - Judgmental allowance for loss adjustment expenses.
- (4) = (2) x (3) / (1)
- (5), (8) & (12) - Per AMI selection
- (6) = (4) x (5)
- (7) - As described
- (9) = SQRT (1) / full credibility standard of \$1,500,000.
- (10) - Specified by Department regulation.
- (11) = (8) / (10) -1

**ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY  
CREDIT LIFE  
2025 PROPOSED RATES**

**PROGRAM TYPE INDICATED RATE CHANGE**

**2018 , 2019 & 2022 COMBINED EXPERIENCE**

Program Type	Arizona Earned Premium at Prima Facie	Arizona Incurred Loss	Loss Adjustment Expense Factor	Loss & LAE Ratio	Loss Ratio Trend	Trended Loss & LAE Ratio
	(1)	(2)	(3)	(4)	(5)	(6)
Single Premium - Level Benefits	0	0	1.015	N/A	1.00	N/A
Single Premium - Decreasing Benefits	9,794,885	3,398,113	1.015	35.2%	1.00	35.2%
Monthly Outstanding Balance	658,024	401,381	1.015	61.9%	1.00	61.9%
<b>Total</b>	<b>10,452,909</b>	<b>3,799,494</b>	<b>1.015</b>	<b>36.9%</b>	<b>1.00</b>	<b>36.9%</b>

Program Type	Credibility	Credibility Adjusted Loss & LAE Ratio	Permissible Loss Ratio	Indicated Rate Change	Selected Rate Change
	(7)	(8)	(9)	(10)	(11)
Single Premium - Level Benefits	0.0%	N/A	50.0%	N/A	0.0%
Single Premium - Decreasing Benefits	100.0%	35.2%	50.0%	-29.6%	-20.3%
Monthly Outstanding Balance	66.2%	53.5%	50.0%	6.9%	1.5%
<b>Total</b>	<b>100.0%</b>	<b>36.4%</b>			<b>-20.0%</b>

**Notes:**

- (1) & (2) - Per data call compilation
- (3) - Judgmental allowance for loss adjustment expenses.
- (4) = (2) x (3) / (1)
- (5) & (11) - Per AMI selection
- (6) = (4) x (5)
- (7) = SQRT( (1) / full credibility standard of \$1,500,000.
- (8) = (6) x (7) + (1-(7)) x Total of (6)
- (9) - specified by Department regulation.
- (10) = (8) / (9) -1

**AMI Risk Consultants, Inc.**

---

## **Appendices**

---

**APPENDIX A**

**CREDIT LIFE DATA CALL**



## State of Arizona Credit Life Data Call Instructions

1. Submit your company's (companies') credit life experience in the format specified on the following page. Data for multiple companies may be combined in a single file or submitted in separate files with separate transmittals.
2. Complete the transmittal totals and information below.
3. Upload the data file and this transmittal form to:

<https://www.hightail.com/u/AMIRisk>

4. Please respond to this call by March 1, 2024.

### CREDIT LIFE TRANSMITTAL

Company Name (s):

Company NAIC Number(s):

Data File Name:

	<b>Grand Totals Submitted*</b>
Arizona Written Premium	
Arizona Earned Premium	
Arizona Earned Premium at Prima Facie Rates	
Arizona Paid Losses	
Arizona Incurred Losses	

\*All years combined

Please enter any comments on the submission here.

To the best of my knowledge the data submitted is complete and accurate.

Name:

Signature:

Title:

Date:

**State of Arizona Prima Facie Rate Study  
Experience Data File Format Specifications**

**Credit Life  
Arizona**

Provide credit life experience in a comma-separated values file (.csv) as specified below.  
 Provide calendar year experience for each of the five years 2018 - 2022.  
 Each line should contain one year's experience for a particular program, so each program is reported in 5 lines.  
 If a program has no Arizona premium or losses in a given year, include a line for that year with zeroes for premiums and losses.  
 Do not use commas within the fields' values (e.g., as thousand separators)  
 Include the name of each field in the first line of the file.  
 For fields that require a code, enter the code that most closely represents the data value.  
 Only include Credit Life programs in this file.  
 Include the Company Name(s) and Credit Life in the file's name.  
 Note: The file can be created in an 11-column Excel file and then saved as .csv.

**Each line should contain a total of 11 attributes. Always provide all 11 attributes.  
 Each Program should be reported in 5 lines.**

1	Coverage Group	Enter "Credit Life"
2	Company Name	Enter the Company name.
3	Company NAIC Code	Enter the Company NAIC code.
4	Calendar Year of Experience	Enter one of the following: 2018, 2019, 2020, 2021 or 2022
5	Program Name	Enter the name of this program as filed with the AZ Department or an internal name by which this program is known.
6	Program Type	Enter the most appropriate code for this program: 1 - Single Premium – level benefits 2 - Single Premium – decreasing benefits 3 - Monthly Outstanding Balance
7	Arizona Written Premium	For this program and calendar year (no commas)
8	Arizona Earned Premium	For this program and calendar year (no commas)
9	Arizona Earned Premium at Prima Facie Rates	For this program and calendar year (no commas)
10	Arizona Paid Losses	For this program and calendar year (no commas)
11	Arizona Incurred Losses	For this program and calendar year (no commas)

Example of data file:

**CoverageGroup,CompanyName,CompanyNAICCode,CalendarYearOfExperience,ProgramName,ProgramType,ArizonaWrittenPremium,ArizonaEarnedPremium,ArizonaEarnedPremiumatPrimaFacieRates,ArizonaPaidLosses,ArizonaIncurredLosses  
 CreditLife,XYZInsuranceCompany,99999,2018,Life,3,10000,9000,8000,5000,7000**

## **APPENDIX B**

### **DOCKET NO. 02A-139-INS CURRENT CREDIT LIFE PRIMA FACIE RATES**

STATE OF ARIZONA  
FILED

STATE OF ARIZONA

DEC 24 2002

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY Kahn

In the Matter of: )  
)  
) **PRIMA FACIE CREDIT LIFE INSURANCE** )  
) **RATES AND CREDIT DISABILITY** )  
) **INSURANCE RATES** )  
)  
)  
)

Docket No. 02A-139-INS

**ORDER**

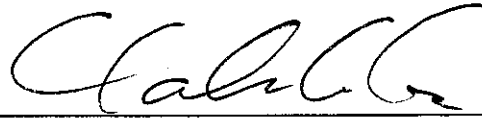
On August 6, 2002, the Director of Insurance initiated a proceeding to establish prima facie rates for credit life and credit disability insurance in accordance with A.R.S. §20-1601, et seq. and A.A.C. R20-6-604 et seq. Pursuant to the Notice of Hearing, interested persons were invited to submit written comments to the Director and to appear at the hearing on September 25, 2002. The record in this proceeding closed on December 2, 2002. On December 16, 2002, Hearing Officer Harold Merkow issued a "Report and Recommendation", a copy of which is attached and incorporated by this reference. Based upon the Hearing Officer's "Report and Recommendation", the Director enters the following Order:

1. The prima facie rates for credit life insurance set forth in Exhibit A shall be effective April 1, 2003.
2. The prima facie rates for credit disability insurance set forth in Exhibit B shall be effective April 1, 2003.
3. Deviations from prima facie rates for credit life insurance and credit disability insurance in effect prior to April 1, 2003 are not applicable to the prima facie rates established by this Order. Insurers may file for approval and use of deviated rates

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

that are higher than the prima facie rates established by this Order in accordance with the process and standards set forth in A.R.S. §20-1610 and A.A.C. R20-6-604.08. Insurers may file such deviations immediately and are responsible to make such filings sufficiently in advance of April 1, 2003 to permit an April 1, 2003 effective date.

DATED this 23<sup>rd</sup> day of December, 2002.



\_\_\_\_\_  
CHARLES R. COHEN, DIRECTOR  
Arizona Department of Insurance

1 COPY of the foregoing mailed  
this 24<sup>th</sup> day of December, 2002 to:

2 Harold J. Merkow  
3 Hearing Officer  
333 West El Camino Drive  
4 Phoenix, Arizona 85021

5 Hugh Hegyi  
Assistant Attorney General  
6 Office of the Arizona Attorney General  
1275 West Washington  
7 Phoenix, Arizona 85007  
Attorneys for the Department

8 Steven Wagner, President  
9 Admiral Life Insurance Company of America  
P.O. Box 30416  
10 Lansing, MI 48909-7916

11 David Stonecipher, President  
Alexander Hamilton Life Ins. Co.  
12 100 N. Greene St.  
Greensboro, NC 27401

13 Thomas Wilson, President  
14 Allstate Life Insurance Co.  
3100 Sanders Road  
15 Northbrook, IL 60062

16 Edward Liddy, President  
Allstate Insurance Company  
17 2775 Sanders Road, Suite H1A  
Northbrook, IL 60062

18 J. Butler, Sr. Vice President  
19 Assurant Group  
11222 Quail Roost Dr.  
20 Miami, FL 33157-6596

21 William Keeler, President  
American General Assurance Co.  
22 1000 Woodfield Rd.  
Schaumburg, IL 60173-4793

23

24

- 1 Candace Richter, Sr. Vice President  
American Health and Life Insurance Co.  
2 307 W. 7<sup>th</sup> Street, Suite 400  
Fort Worth, TX 76102
- 3  
4 Richard Morehead, President  
American Heritage Life Insurance Co.  
1776 American Heritage Life Drive  
5 Jacksonville, FL 32224
- 6 Robert Moody, President  
American National Insurance Company  
7 One Moody Plaza  
Galveston, TX 77550-7999
- 8  
9 Robert Hawkins, President  
American Underwriters Life Insurance Co.  
1035 S. 183<sup>rd</sup> Street West  
10 Goddard, KS 67052
- 11 Atul Vohra, President  
Associates Financial Life Insurance Co.  
12 P.O. Box 660028  
Dallas, TX 75266
- 13  
14 Associates Financial Life Insurance Co.  
P.O. Box 2548  
Fort Worth, TX 76113
- 15  
16 Neal Aton, President  
Balboa Life Insurance Co.  
P.O. Box 19702  
17 Irvine, CA 92623-9702
- 18 Daniel O'Brian, President  
Central National Life Insurance Co.  
19 69 Lydecker Street  
Nyack, NY 10960
- 20  
21 Lawrence D. Fisher, Sr. Vice President  
Central States Health and Life Co. of Omaha  
P.O. Box 34350  
22 Omaha, NE 68134-0359

23

24

1 John Kizer, President  
Central States Indemnity Co. of Omaha  
2 P.O. Box 34350  
Omaha, NE 68134

3 David Wood, President  
4 Centurion Life Insurance Company  
206 Eighth Street  
5 Des Moines, IA 50309

6 Barry Owens, Rate Filing Manager  
Cuna Mutual Insurance Society  
7 P.O. Box 391  
Madison, WI 53701

8 Michael Boyd, President  
9 Enterprise Life Insurance Co.  
1901 Gateway  
10 Irving, TX 75038

11 Geoffrey Stiff, President  
Federal Home Life Insurance Co.  
12 P.O. Box 466  
Lynchburg, VA 24505

13 Richard Gallagher, President  
14 Forum Insurance Co.  
200 N. Martingale Road  
15 Schaumburg, IL 60173

16 Joseph Raftery, President  
General Fidelity Life Insurance Co.  
17 201 N. Tryon Street, NC1-022-19-02  
Charlotte, NC 28255

18 Gary Muller, President  
19 Great Southern Life Insurance Co  
P.O. Box 13487  
20 Kansas City, MO 64199-3487

21

22

23

24



1 Richard Holson, President  
Guarantee Trust Life Insurance Co.  
2 1275 Milwaukee Avenue  
Glenview, IL 60025

3 Claudia H. Ormrod  
4 Director, Government Relations  
Household Life Insurance Co.  
5 200 Somerset Corporate Blvd., Suite 100  
Bridgewater, NJ 08807

6 Robert Romasco, President  
7 J.C. Penney Life Insurance Co.  
2700 W. Plano Parkway  
8 Plano, TX 75075

9 David Reduzzi, President  
J.M.I.C. Life Insurance Co.  
10 190 NW 12<sup>th</sup> Avenue  
Deerfield, FL 33442

11 Karen Miller, President  
12 Landcar Life Insurance Co.  
5650 S. State Street  
13 Murray, UT 84107

14 Ross Elliott  
Landcar Life Insurance Co.  
15 90 West 11000 South  
Sandy, UT 84070

16 Rex Eno, President  
17 Life Investors Insurance Co. of America  
4333 Edgewood Road, Northeast  
18 Cedar Rapids, IA 54299

19 Roland Anderson, President  
Lyndon Life Insurance Co.  
20 645 Maryville Centre Dr.  
St. Louis, MO 63141

21 Lyndon Life Insurance Company  
22 200 North Martingale Road  
Schaumburg, IL 60173

23

24

- 1 Lyndon Life Insurance Company  
P.O. Box 2606
- 2 Birmingham, AL 35202
- 3
- 4 Richard Gallagher, President  
Montgomery Ward Life Insurance Co.  
200 North Martingale Road
- 5 Schaumburg, IL 60173
- 6 Christopher Chapman, President  
North Central Life Insurance Co.  
3600 Route 66
- 7 Neptune, NJ 07754
- 8
- 9 Aldo Zucaro, President  
Old Republic Life Insurance Co.  
307 N. Michigan Ave.
- 10 Chicago, IL 60601
- 11 Timothy D. Kelley  
Old United Life Insurance Co.  
P.O. Box 795
- 12 Shawnee Mission, KS 66201
- 13
- 14 John Johns, President  
Protective Life Insurance Co.  
2801 Highway 280 South
- 15 Birmingham, AL 35202
- 16 Landon Smith, President  
Resource Life Insurance Co.  
1345 River Bend Dr.
- 17 Dallas, TX 75247
- 18
- 19 Richard Tonn, President  
Service Life and Casuaity Insurance Co.  
6907 Capital of Texas Highway
- 20 Austin, TX 78755
- 21 Edward Rust, President  
State Farm Mutual Automobile Insurance Co.  
One State Farm Plaza
- 22 Bloomington, IL 61710
- 23
- 24

- 1 Michael Jones, President  
TransCity Life Insurance Company
- 2 7500 E. McDonald Dr., Suite 700  
Scottsdale, AZ 85250
- 3
- 4 Ray Perisho, President  
Union Fidelity Life Insurance Co.  
500 Virginia Drive
- 5 Fort Washington, PA 19034
- 6 Jeffrey Williams, President  
Union Security Life Insurance Co.
- 7 3290 Northside Parkway, Northwest  
Atlanta, GA 30327
- 8
- 9 Stephen Smith, President  
Universal Underwriters Life Insurance Co.  
7045 College Boulevard
- 10 Overland Park, KS 66211
- 11 Thomas McGraw, President  
Voyager Life Insurance Co.
- 12 110 West Seventh Street  
Forth Worth, TX 76101
- 13
- 14 Frederick Geissinger, President  
Yosemite Insurance Co.  
P.O. Box 159
- 15 Evansville, IN 47701
- 16 Sue Gove, President  
Zale Life Insurance Co.
- 17 901 W. Walnut  
Irving, TX 75038
- 18
- 19 Birny Birnbaum, Consulting Economist  
The Center for Economic Justice  
1701 A South Second Street
- 20 Austin, TX 78704
- 21 William F. Burfeind  
Executive Vice President  
Consumer Credit Insurance Association
- 22 542 South Dearborn, Suite 400
- 23 Chicago, IL 60605
- 24

1 Joann Waiters, Counsel  
American Council of Life Insurers  
2 1001 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-2599

3 J. Robert Hunter  
4 Director of Insurance  
Consumer Federation of America  
5 1424 16<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

6 Jim Guest, President  
7 Consumers Union  
101 Truman Avenue  
8 Yonkers, NY 10703-1057

9 J. Michael Low  
S. David Childers  
10 Low & Childers, P.C.  
2999 N. 44<sup>th</sup> Street, Suite 250  
11 Phoenix, AZ 85018

12 Gregory Y. Harris  
Lewis & Roca  
13 40 N. Central  
Phoenix, AZ 85004

14 Wendy Briggs  
15 Steptoe & Johnson  
201 E. Washington, Suite 1600  
16 Phoenix, AZ 85004

17 Jeff Gabardi, Legislative Director  
Health Insurance Association of America  
18 1201 F Street, N.W., Suite 500  
Washington, D.C. 20004-1204

19 Arthelbert Parker, President  
20 Heritage Life Insurance Co.  
500 Virginia Drive  
21 Fort Washington, PA 19034

22

23

24

- 1 Allan Stanton  
641 N. Fourth Avenue, Suite A
- 2 Phoenix, AZ 85003-1541
  
- 3 Mary R. Deig, Director of Government Relations  
American General Finance, Inc.
- 4 P.O. Box 59  
Evansville, IN 47701-0059
  
- 5 Kathy A. Steadman  
6 Hennelly & Steadman  
322 West Roosevelt
- 7 Phoenix, AZ 85003
  
- 8 Philip T. Paris  
Law Office of Philip T. Paris  
9 2929 N. 44<sup>th</sup> Street, Suite 120  
Phoenix, AZ 85018
  
- 10 James S. Valentine  
11 9614 Marco Polo Road  
Peoria, AZ 85382
  
- 12 Eddie Sissons, Exec. Director  
13 William E. Morris Institute for Justice  
P.O. Box 311
- 14 Phoenix, AZ 85001
  
- 15 Michael J. Dunaway, Ass't Vice President  
AIG Life Insurance Co.
- 16 600 King Street  
Wilmington, DE 19801
  
- 17 Anita K. Magnarini, Ass't Vice President  
18 American Modern Life Insurance Company  
7000 Midland Boulevard
- 19 Amelia, OH 45102-2607
  
- 20 Paul K. Mikkelson, Vice President  
American Republic Insurance Company
- 21 601 6<sup>th</sup> Avenue  
Des Moines, IA 50334
  
- 22
- 23
- 24

- 1 Jerry D. Semler, President  
American United Life Insurance Co.
- 2 P.O. Box 368  
Indianapolis, IN 46206-0368
- 3
- 4 Mark Bale, Vice President  
Assurity Life Insurance Co.  
P.O. Box 82533
- 5 Lincoln, NE 68501
- 6 David P. Griffin, Ass't Vice President  
The Baltimore Life Insurance Co.  
10075 Red Run Blvd.
- 7 Owings Mills, MD 21117-4871
- 8
- 9 Jeffrey T. Blackburn, Vice President  
Farmers New World Life Insurance Co.  
3003 77<sup>th</sup> Ave. SE
- 10 Mercer Island, WA 98040
- 11 James C. Knobel, Controller  
Individual Assurance Company, Life Health & Accident
- 12 1600 Oak Street  
Kansas City, MO 64108
- 13
- 14 David A. Stonecipher, CEO  
Jefferson Pilot Financial Insurance Co.  
100 N. Greene Street
- 15 Greensboro, N.C. 27401
- 16 Robert Watts, Sr. Vice President  
John Hancock Life Ins. Co.
- 17 P.O. Box 111  
Boston, MA 02117
- 18
- 19 Joe Cappleman, Vice President  
Lincoln Memorial Life Insurance Company  
1250 Capital of Texas Highway
- 20 Bldg. 3, Suite 100  
Austin, TX 78746
- 21
- 22 MIC Life Insurance Corporation  
300 Galleria Officentre, Suite 200  
Southfield, MI 48034
- 23
- 24

1 Jacquelyn McCaslin, Vice President  
Mid West National Life Insurance Co. of Tennessee  
2 4001 McEwen Dr., Suite 200  
Dallas, TX 75244

3 Stephen M. Baloga, Ass't Vice President  
4 Monumental Life Insurance Co.  
5 520 Park Avenue  
Baltimore, MD 21201

6 Monumental Life Insurance Co.  
7 Two East Chase Street  
Baltimore, MD 21202

8 Larry Goodyear, Sr., Senior Vice President  
9 Oxford Life Insurance Co.  
2721 N. Central Ave.  
10 Phoenix, AZ 85004

11 Arleen Tyndorf, Vice President, Compliance  
The Prudential Insurance Company of America  
12 751 Broad Street  
Newark, NJ 07102

13 Major W. Park, Jr.  
14 United Fidelity Life Insurance Co.  
P.O. Box 13487  
15 Kansas City, MO 64199

16 Laynce C. Roetzel, Ass't Vice President  
USAA Life Insurance Co.  
17 9800 Fredericksburg Road  
San Antonio, TX 78288-3051

18 Mark B. Whiting  
19 Western Diversified Life Insurance Co.  
P.O. Box 0770  
20 Deerfield, IL 60015-0770

21 Westward Life Insurance Co.  
P.O. Box 6025  
22 Lakewood, CA 90714-6025

23

24

1 Linda Kilmer, Vice President  
American Bankers Insurance Co.  
2 and American Bankers Life Assurance Co. of Florida  
11222 Quail Roost Drive  
3 Miami, FL 33157

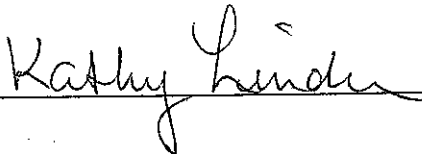
4 Deanna K. Yarbrough, Ass't Secretary  
Merit Life Insurance Co.  
5 P.O. Box 39  
Evansville, IN 47701

6  
7 Robert Wider, Counsel  
8 Law Department  
Minnesota Life Insurance Co.  
9 400 Robert Street North  
St. Paul, MN 55101

10 D.J. Powers  
11 301 Park Lane  
Austin, TX 78704

12 Gregory E. Williams,  
13 Regional Director, State Government Relations  
American Financial Services Association  
14 1566 Saint Paul Street  
Denver, CO 80206

15 Sara M. Begley, Deputy Director  
16 Vista Brown, Exec. Assistant for Policy Affairs  
Steven Ferguson, Assistant Director  
17 Alexandra Shafer, Assistant Director  
Deloris Williamson, Assistant Director  
18 Mary Butterfield, Assistant Director  
Dennis Babka, Life & Health Supervisor  
19 William Robinson, Actuary  
Arizona Department of Insurance  
20 2910 North 44<sup>th</sup> Street  
Phoenix, AZ 85018

21  
22 

23  
24



EXHIBIT A

**PRIMA FACIE RATES FOR CREDIT LIFE INSURANCE**

1. **Monthly Outstanding Balance.** If premiums are payable on a monthly outstanding balance, rates shall not exceed:
  - a. \$0.83 per month per \$1000 of outstanding insured debt on single life; and
  - b. \$1.37 per month per \$1000 of outstanding insured debt on joint lives.
2. **Single Premium.** If the insurer charges a single premium for decreasing or level benefits, the insurer shall compute the rate according to the following formula or according to a formula that produces substantially similar rates:

$$S_p = \sum_{t=1}^n [(O_p / 10) \times (I_t / I_i) \times (v^{t-1})]$$

Where,

$S_p$  = Single life, single premium rate per \$100, per annum of coverage of initial insured indebtedness.

$O_p$  = For single life decreasing benefits, the prima facie monthly premium rate  $O_p$  factor per \$1000 of outstanding balance insured indebtedness = \$0.47.

$O_p$  = For single life level benefits, the prima facie monthly premium rate  $O_p$  factor per \$1000 of outstanding balance insured indebtedness = \$0.83.

$n$  = The number of months in the term of the insurance coverage.

$I_t$  = The scheduled amount of insurance for month  $t$ .

$I_i$  = The initial amount of insurance, except for a net insurance plan, "Ii" is the initial principal loan balance.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**EXHIBIT A**

***PRIMA FACIE* RATES FOR CREDIT LIFE INSURANCE**

$V = 1 / (1 + .0036)$  where the .0036 represents the sum of an annual discount rate of 4% for interest, plus 0.4% annual for mortality.

**3. Joint Coverage.** Rates for joint coverage shall not exceed 165% of the rates for single life coverage.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**EXHIBIT B**

**PRIMA FACIE RATES FOR CREDIT DISABILITY INSURANCE**

1. If a debtor pays a single premium for coverage, the *prima facie* rate per \$100 of initial debt for single disability shall not exceed the amount set forth for the Plan of Benefits, Class of business, and Duration of coverage as set forth in Appendix A to this Exhibit.
  
2. If premiums are paid on the basis of a monthly premium rate, per \$1000 of outstanding insured gross debt, the insurer shall compute premiums according to the following formula or according to a formula that the Director has approved and that produces rates that are actuarially equivalent to the single premium rates in paragraph (1) above:

$$OP_n = (10 \times SP_n) / \sum_{t=1}^n [(v^{t-1}) \times (n-t+1) / n]$$

Where,

$SP_n$  = Single life, single premium *prima facie* rate per \$100, per annum of coverage of initial insured debt.

$OP_n$  = Single life, monthly premium rate per \$1000 of outstanding balance insured debt.

$n$  = The number of months in the term of the insurance coverage.

$V = 1/(1 + .0033)$  where the .0033 represents an annual discount rate of 4% for interest.

**EXHIBIT B**

***PRIMA FACIE RATES FOR CREDIT DISABILITY INSURANCE***

3. Rates for joint coverage shall not exceed 165% of the rates for single life coverage.
4. The outstanding balance rate may be either a term-specified rate or may be a single composite term outstanding balance rate.

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 1 CREDIT UNIONS**

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.22	0.00	61	3.67	3.26	121	5.05	4.72
2	0.33	0.25	62	3.71	3.29	122	5.07	4.74
3	0.45	0.33	63	3.73	3.33	123	5.09	4.76
4	0.56	0.41	64	3.77	3.35	124	5.12	4.78
5	0.67	0.48	65	3.80	3.38	125	5.14	4.81
6	0.78	0.57	66	3.83	3.41	126	5.16	4.83
7	0.88	0.65	67	3.87	3.44	127	5.18	4.85
8	1.00	0.73	68	3.90	3.48	128	5.21	4.86
9	1.10	0.82	69	3.92	3.51	129	5.23	4.89
10	1.22	0.89	70	3.95	3.53	130	5.24	4.91
11	1.33	0.97	71	3.98	3.56	131	5.26	4.93
12	1.43	1.05	72	4.01	3.59	132	5.29	4.95
13	1.50	1.10	73	4.04	3.62	133	5.31	4.98
14	1.56	1.16	74	4.07	3.65	134	5.33	5.00
15	1.62	1.22	75	4.09	3.68	135	5.35	5.02
16	1.67	1.27	76	4.11	3.71	136	5.38	5.04
17	1.73	1.33	77	4.14	3.73	137	5.40	5.06
18	1.79	1.39	78	4.16	3.76	138	5.42	5.08
19	1.84	1.44	79	4.19	3.79	139	5.43	5.10
20	1.90	1.50	80	4.22	3.82	140	5.46	5.12
21	1.96	1.56	81	4.24	3.84	141	5.48	5.15
22	2.01	1.61	82	4.27	3.87	142	5.50	5.17
23	2.07	1.66	83	4.29	3.90	143	5.52	5.19
24	2.13	1.71	84	4.31	3.92	144	5.55	5.21
25	2.18	1.76	85	4.34	3.95	145	5.57	5.23
26	2.22	1.81	86	4.36	3.97	146	5.59	5.25
27	2.27	1.86	87	4.38	4.00	147	5.61	5.27
28	2.33	1.91	88	4.41	4.02	148	5.63	5.29
29	2.38	1.96	89	4.44	4.04	149	5.65	5.32
30	2.43	2.01	90	4.46	4.07	150	5.67	5.34
31	2.47	2.06	91	4.47	4.09	151	5.69	5.36
32	2.53	2.10	92	4.49	4.11	152	5.72	5.38
33	2.57	2.16	93	4.52	4.14	153	5.74	5.41
34	2.61	2.19	94	4.54	4.16	154	5.76	5.42
35	2.67	2.24	95	4.56	4.18	155	5.78	5.44
36	2.71	2.29	96	4.58	4.21	156	5.80	5.46
37	2.76	2.33	97	4.61	4.23	157	5.82	5.49
38	2.80	2.38	98	4.63	4.26	158	5.84	5.51
39	2.84	2.41	99	4.64	4.28	159	5.86	5.53
40	2.89	2.46	100	4.66	4.29	160	5.89	5.55
41	2.93	2.50	101	4.68	4.32	161	5.91	5.58
42	2.97	2.55	102	4.70	4.34	162	5.93	5.60
43	3.01	2.58	103	4.72	4.36	163	5.95	5.61
44	3.05	2.63	104	4.74	4.38	164	5.98	5.63
45	3.10	2.67	105	4.76	4.41	165	5.99	5.66
46	3.14	2.71	106	4.78	4.43	166	6.01	5.68
47	3.17	2.76	107	4.80	4.44	167	6.03	5.70
48	3.21	2.78	108	4.82	4.47	168	6.06	5.72
49	3.25	2.83	109	4.84	4.48	169	6.08	5.75
50	3.29	2.87	110	4.85	4.50	170	6.10	5.77
51	3.33	2.90	111	4.87	4.52	171	6.12	5.79
52	3.36	2.94	112	4.89	4.55	172	6.15	5.80
53	3.40	2.98	113	4.91	4.56	173	6.17	5.83
54	3.44	3.01	114	4.92	4.58	174	6.18	5.85
55	3.47	3.05	115	4.95	4.61	175	6.20	5.87
56	3.51	3.09	116	4.96	4.63	176	6.23	5.89
57	3.54	3.12	117	4.98	4.64	177	6.25	5.92
58	3.57	3.15	118	5.00	4.66	178	6.27	5.94
59	3.61	3.18	119	5.01	4.68	179	6.29	5.96
60	3.64	3.22	120	5.04	4.69	180	6.32	5.98

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 1 CREDIT UNIONS**

RETROACTIVE			RETROACTIVE			RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.26	0.00	61	3.92	3.61	121	5.39	5.04
2	0.39	0.35	62	3.96	3.64	122	5.41	5.07
3	0.51	0.47	63	3.99	3.68	123	5.42	5.09
4	0.65	0.59	64	4.03	3.70	124	5.45	5.11
5	0.77	0.71	65	4.06	3.73	125	5.47	5.12
6	0.89	0.83	66	4.09	3.76	126	5.49	5.15
7	1.03	0.95	67	4.12	3.79	127	5.51	5.17
8	1.16	1.06	68	4.16	3.82	128	5.53	5.19
9	1.27	1.18	69	4.19	3.85	129	5.55	5.21
10	1.41	1.30	70	4.22	3.89	130	5.57	5.23
11	1.54	1.41	71	4.25	3.91	131	5.59	5.25
12	1.66	1.53	72	4.28	3.94	132	5.61	5.27
13	1.72	1.58	73	4.30	3.97	133	5.63	5.29
14	1.78	1.64	74	4.33	3.99	134	5.65	5.31
15	1.84	1.68	75	4.36	4.02	135	5.67	5.33
16	1.90	1.74	76	4.39	4.05	136	5.70	5.35
17	1.96	1.79	77	4.41	4.08	137	5.71	5.37
18	2.01	1.85	78	4.45	4.10	138	5.73	5.40
19	2.07	1.90	79	4.48	4.13	139	5.75	5.41
20	2.12	1.95	80	4.50	4.16	140	5.78	5.43
21	2.17	2.00	81	4.52	4.19	141	5.80	5.45
22	2.23	2.05	82	4.55	4.20	142	5.81	5.48
23	2.28	2.09	83	4.58	4.23	143	5.83	5.50
24	2.34	2.15	84	4.60	4.26	144	5.86	5.51
25	2.39	2.19	85	4.63	4.28	145	5.88	5.53
26	2.45	2.24	86	4.66	4.30	146	5.90	5.56
27	2.50	2.28	87	4.69	4.33	147	5.92	5.58
28	2.55	2.34	88	4.70	4.36	148	5.94	5.60
29	2.59	2.38	89	4.73	4.38	149	5.96	5.61
30	2.65	2.42	90	4.76	4.40	150	5.98	5.64
31	2.69	2.48	91	4.78	4.42	151	6.00	5.66
32	2.75	2.51	92	4.80	4.45	152	6.02	5.68
33	2.79	2.56	93	4.82	4.47	153	6.04	5.70
34	2.84	2.60	94	4.85	4.50	154	6.06	5.72
35	2.88	2.64	95	4.87	4.52	155	6.08	5.74
36	2.94	2.69	96	4.90	4.54	156	6.11	5.76
37	2.98	2.73	97	4.91	4.56	157	6.12	5.78
38	3.02	2.78	98	4.93	4.58	158	6.14	5.81
39	3.08	2.81	99	4.96	4.60	159	6.16	5.82
40	3.11	2.86	100	4.98	4.63	160	6.19	5.84
41	3.16	2.89	101	5.01	4.65	161	6.21	5.86
42	3.20	2.94	102	5.02	4.67	162	6.22	5.89
43	3.24	2.97	103	5.04	4.69	163	6.24	5.91
44	3.29	3.01	104	5.07	4.71	164	6.27	5.92
45	3.32	3.05	105	5.09	4.73	165	6.29	5.94
46	3.37	3.08	106	5.11	4.75	166	6.31	5.97
47	3.40	3.13	107	5.12	4.77	167	6.32	5.99
48	3.45	3.16	108	5.14	4.80	168	6.35	6.01
49	3.49	3.20	109	5.16	4.81	169	6.37	6.02
50	3.53	3.24	110	5.18	4.83	170	6.39	6.05
51	3.57	3.27	111	5.21	4.85	171	6.41	6.07
52	3.60	3.30	112	5.22	4.88	172	6.43	6.09
53	3.64	3.35	113	5.23	4.89	173	6.45	6.11
54	3.68	3.38	114	5.26	4.90	174	6.47	6.13
55	3.71	3.41	115	5.28	4.93	175	6.49	6.15
56	3.76	3.45	116	5.29	4.95	176	6.52	6.17
57	3.79	3.49	117	5.31	4.97	177	6.53	6.19
58	3.82	3.51	118	5.33	4.99	178	6.55	6.22
59	3.86	3.54	119	5.34	5.01	179	6.57	6.23
60	3.89	3.58	120	5.36	5.02	180	6.60	6.25

APPENDIX A

ARIZONA CREDIT DISABILITY RATES  
**CLASS 2 BANKS, SAVINGS AND LOAN INSTITUTIONS, AND MORTGAGE COMPANIES**

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.17	0.00	61	2.90	2.57	121	3.99	3.73
2	0.26	0.20	62	2.93	2.60	122	4.01	3.74
3	0.35	0.26	63	2.95	2.63	123	4.02	3.76
4	0.44	0.32	64	2.98	2.65	124	4.04	3.77
5	0.53	0.38	65	3.00	2.67	125	4.06	3.80
6	0.62	0.45	66	3.02	2.69	126	4.07	3.81
7	0.70	0.51	67	3.05	2.72	127	4.09	3.83
8	0.79	0.58	68	3.08	2.75	128	4.11	3.84
9	0.87	0.65	69	3.10	2.77	129	4.13	3.86
10	0.96	0.71	70	3.12	2.79	130	4.14	3.88
11	1.05	0.77	71	3.14	2.81	131	4.16	3.89
12	1.13	0.83	72	3.17	2.84	132	4.18	3.91
13	1.19	0.87	73	3.19	2.86	133	4.19	3.93
14	1.23	0.92	74	3.21	2.88	134	4.21	3.95
15	1.28	0.96	75	3.23	2.90	135	4.22	3.96
16	1.32	1.01	76	3.25	2.93	136	4.25	3.98
17	1.37	1.05	77	3.27	2.95	137	4.26	4.00
18	1.41	1.10	78	3.29	2.97	138	4.28	4.01
19	1.46	1.14	79	3.31	2.99	139	4.29	4.03
20	1.50	1.19	80	3.33	3.02	140	4.31	4.04
21	1.55	1.23	81	3.35	3.03	141	4.33	4.07
22	1.59	1.27	82	3.37	3.05	142	4.34	4.08
23	1.64	1.31	83	3.39	3.08	143	4.36	4.10
24	1.68	1.35	84	3.41	3.10	144	4.38	4.11
25	1.72	1.39	85	3.43	3.12	145	4.40	4.13
26	1.76	1.43	86	3.44	3.14	146	4.41	4.15
27	1.79	1.47	87	3.46	3.16	147	4.43	4.16
28	1.84	1.51	88	3.48	3.17	148	4.45	4.18
29	1.88	1.55	89	3.50	3.19	149	4.46	4.20
30	1.92	1.59	90	3.52	3.21	150	4.48	4.22
31	1.95	1.63	91	3.53	3.23	151	4.49	4.23
32	2.00	1.66	92	3.55	3.25	152	4.52	4.25
33	2.03	1.70	93	3.57	3.27	153	4.53	4.27
34	2.06	1.73	94	3.59	3.29	154	4.55	4.28
35	2.11	1.77	95	3.60	3.30	155	4.56	4.30
36	2.14	1.81	96	3.62	3.32	156	4.58	4.31
37	2.18	1.84	97	3.64	3.34	157	4.60	4.34
38	2.21	1.88	98	3.65	3.36	158	4.61	4.35
39	2.24	1.91	99	3.66	3.38	159	4.63	4.37
40	2.28	1.94	100	3.68	3.39	160	4.65	4.38
41	2.31	1.97	101	3.70	3.41	161	4.67	4.40
42	2.35	2.01	102	3.71	3.43	162	4.68	4.42
43	2.38	2.04	103	3.73	3.44	163	4.70	4.43
44	2.41	2.08	104	3.74	3.46	164	4.72	4.45
45	2.45	2.11	105	3.76	3.48	165	4.73	4.47
46	2.48	2.14	106	3.77	3.50	166	4.75	4.49
47	2.51	2.18	107	3.79	3.50	167	4.76	4.50
48	2.54	2.20	108	3.80	3.53	168	4.79	4.52
49	2.57	2.24	109	3.82	3.54	169	4.80	4.54
50	2.60	2.27	110	3.83	3.56	170	4.82	4.55
51	2.63	2.29	111	3.85	3.57	171	4.83	4.57
52	2.66	2.32	112	3.86	3.59	172	4.85	4.58
53	2.69	2.36	113	3.88	3.60	173	4.87	4.61
54	2.72	2.38	114	3.89	3.62	174	4.88	4.62
55	2.74	2.41	115	3.91	3.64	175	4.90	4.64
56	2.77	2.44	116	3.92	3.65	176	4.92	4.65
57	2.80	2.46	117	3.93	3.66	177	4.94	4.67
58	2.82	2.49	118	3.95	3.68	178	4.95	4.69
59	2.85	2.51	119	3.95	3.70	179	4.97	4.70
60	2.87	2.54	120	3.98	3.71	180	4.99	4.72

APPENDIX A

ARIZONA CREDIT DISABILITY RATES  
CLASS 2 BANKS, SAVINGS AND LOAN INSTITUTIONS, AND MORTGAGE COMPANIES

RETROACTIVE			RETROACTIVE			RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.16	0.00	61	2.37	2.18	121	3.26	3.05
2	0.24	0.21	62	2.39	2.20	122	3.27	3.06
3	0.31	0.29	63	2.41	2.22	123	3.28	3.07
4	0.39	0.36	64	2.44	2.24	124	3.29	3.09
5	0.47	0.43	65	2.45	2.26	125	3.31	3.10
6	0.54	0.50	66	2.47	2.27	126	3.32	3.11
7	0.62	0.57	67	2.49	2.29	127	3.33	3.12
8	0.70	0.64	68	2.51	2.31	128	3.34	3.14
9	0.77	0.72	69	2.53	2.33	129	3.36	3.15
10	0.85	0.79	70	2.55	2.35	130	3.37	3.16
11	0.93	0.85	71	2.57	2.37	131	3.38	3.17
12	1.00	0.92	72	2.59	2.38	132	3.39	3.18
13	1.04	0.96	73	2.60	2.40	133	3.40	3.20
14	1.08	0.99	74	2.62	2.41	134	3.42	3.21
15	1.11	1.02	75	2.63	2.43	135	3.43	3.22
16	1.15	1.05	76	2.65	2.45	136	3.44	3.23
17	1.18	1.08	77	2.67	2.46	137	3.45	3.25
18	1.22	1.12	78	2.69	2.48	138	3.47	3.26
19	1.25	1.15	79	2.71	2.50	139	3.48	3.27
20	1.28	1.18	80	2.72	2.51	140	3.49	3.28
21	1.31	1.21	81	2.73	2.53	141	3.50	3.29
22	1.35	1.24	82	2.75	2.54	142	3.51	3.31
23	1.38	1.27	83	2.77	2.56	143	3.53	3.32
24	1.41	1.30	84	2.78	2.57	144	3.54	3.33
25	1.45	1.33	85	2.80	2.59	145	3.55	3.34
26	1.48	1.35	86	2.82	2.60	146	3.56	3.36
27	1.51	1.38	87	2.83	2.62	147	3.58	3.37
28	1.54	1.41	88	2.84	2.63	148	3.59	3.38
29	1.57	1.44	89	2.86	2.65	149	3.60	3.39
30	1.60	1.46	90	2.88	2.66	150	3.61	3.41
31	1.63	1.50	91	2.89	2.67	151	3.62	3.42
32	1.66	1.52	92	2.90	2.69	152	3.64	3.43
33	1.69	1.55	93	2.92	2.70	153	3.65	3.44
34	1.72	1.57	94	2.93	2.72	154	3.66	3.46
35	1.74	1.60	95	2.94	2.73	155	3.67	3.47
36	1.78	1.63	96	2.96	2.74	156	3.69	3.48
37	1.80	1.65	97	2.97	2.76	157	3.70	3.49
38	1.83	1.68	98	2.98	2.77	158	3.71	3.51
39	1.86	1.70	99	3.00	2.78	159	3.72	3.52
40	1.88	1.73	100	3.01	2.80	160	3.74	3.53
41	1.91	1.75	101	3.03	2.81	161	3.75	3.54
42	1.94	1.78	102	3.04	2.82	162	3.76	3.56
43	1.96	1.79	103	3.05	2.83	163	3.77	3.57
44	1.99	1.82	104	3.06	2.85	164	3.79	3.58
45	2.01	1.84	105	3.07	2.86	165	3.80	3.59
46	2.04	1.86	106	3.09	2.87	166	3.81	3.61
47	2.06	1.89	107	3.10	2.88	167	3.82	3.62
48	2.08	1.91	108	3.11	2.90	168	3.84	3.63
49	2.11	1.94	109	3.12	2.91	169	3.85	3.64
50	2.13	1.96	110	3.13	2.92	170	3.86	3.66
51	2.16	1.97	111	3.15	2.93	171	3.87	3.67
52	2.18	2.00	112	3.16	2.95	172	3.89	3.68
53	2.20	2.02	113	3.16	2.95	173	3.90	3.69
54	2.22	2.04	114	3.18	2.96	174	3.91	3.71
55	2.24	2.06	115	3.19	2.98	175	3.92	3.72
56	2.27	2.08	116	3.20	2.99	176	3.94	3.73
57	2.29	2.11	117	3.21	3.00	177	3.95	3.74
58	2.31	2.12	118	3.22	3.01	178	3.96	3.76
59	2.33	2.14	119	3.23	3.03	179	3.97	3.77
60	2.35	2.16	120	3.24	3.04	180	3.99	3.78



APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 3 FINANCE COMPANIES, SMALL LOAN COMPANIES, AND A.R.S. 6-601(5) CONSUMER LENDERS

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.26	0.00	61	4.40	3.91	121	6.06	5.67
2	0.40	0.30	62	4.45	3.94	122	6.09	5.69
3	0.54	0.40	63	4.48	3.99	123	6.11	5.71
4	0.67	0.49	64	4.53	4.02	124	6.14	5.73
5	0.80	0.58	65	4.56	4.06	125	6.17	5.77
6	0.93	0.68	66	4.59	4.09	126	6.19	5.79
7	1.06	0.78	67	4.64	4.13	127	6.21	5.81
8	1.20	0.88	68	4.67	4.17	128	6.25	5.84
9	1.32	0.98	69	4.71	4.21	129	6.27	5.87
10	1.46	1.07	70	4.74	4.24	130	6.29	5.89
11	1.60	1.16	71	4.78	4.28	131	6.32	5.92
12	1.72	1.25	72	4.81	4.31	132	6.35	5.94
13	1.80	1.32	73	4.85	4.34	133	6.37	5.97
14	1.87	1.39	74	4.88	4.38	134	6.40	6.00
15	1.94	1.46	75	4.90	4.41	135	6.42	6.02
16	2.01	1.53	76	4.94	4.45	136	6.45	6.04
17	2.07	1.60	77	4.97	4.48	137	6.48	6.08
18	2.14	1.66	78	4.99	4.51	138	6.50	6.10
19	2.21	1.73	79	5.03	4.55	139	6.52	6.12
20	2.28	1.80	80	5.06	4.58	140	6.55	6.14
21	2.35	1.87	81	5.08	4.61	141	6.58	6.18
22	2.42	1.93	82	5.12	4.64	142	6.60	6.20
23	2.49	2.00	83	5.15	4.67	143	6.62	6.22
24	2.55	2.05	84	5.18	4.71	144	6.66	6.25
25	2.61	2.11	85	5.21	4.74	145	6.68	6.28
26	2.67	2.18	86	5.23	4.77	146	6.70	6.30
27	2.72	2.23	87	5.26	4.80	147	6.73	6.33
28	2.79	2.29	88	5.29	4.82	148	6.76	6.35
29	2.86	2.35	89	5.32	4.85	149	6.78	6.38
30	2.92	2.42	90	5.35	4.88	150	6.81	6.41
31	2.96	2.47	91	5.37	4.91	151	6.83	6.43
32	3.03	2.52	92	5.39	4.94	152	6.86	6.45
33	3.09	2.59	93	5.43	4.97	153	6.89	6.49
34	3.14	2.63	94	5.45	4.99	154	6.91	6.51
35	3.20	2.69	95	5.47	5.02	155	6.93	6.53
36	3.25	2.75	96	5.49	5.05	156	6.97	6.56
37	3.31	2.79	97	5.53	5.07	157	6.99	6.59
38	3.36	2.85	98	5.55	5.11	158	7.01	6.61
39	3.41	2.90	99	5.56	5.13	159	7.03	6.63
40	3.47	2.95	100	5.60	5.15	160	7.07	6.66
41	3.51	3.00	101	5.62	5.19	161	7.09	6.69
42	3.57	3.06	102	5.64	5.21	162	7.11	6.71
43	3.61	3.10	103	5.67	5.23	163	7.14	6.74
44	3.66	3.16	104	5.69	5.26	164	7.17	6.76
45	3.72	3.20	105	5.71	5.29	165	7.19	6.79
46	3.76	3.25	106	5.73	5.31	166	7.22	6.82
47	3.81	3.31	107	5.76	5.32	167	7.24	6.84
48	3.85	3.34	108	5.78	5.36	168	7.27	6.86
49	3.90	3.40	109	5.80	5.38	169	7.30	6.90
50	3.94	3.44	110	5.83	5.40	170	7.32	6.92
51	3.99	3.48	111	5.85	5.43	171	7.34	6.94
52	4.04	3.52	112	5.87	5.46	172	7.38	6.97
53	4.08	3.58	113	5.89	5.47	173	7.40	7.00
54	4.13	3.61	114	5.91	5.49	174	7.42	7.02
55	4.16	3.66	115	5.94	5.53	175	7.44	7.05
56	4.21	3.71	116	5.95	5.55	176	7.48	7.07
57	4.25	3.74	117	5.97	5.56	177	7.50	7.10
58	4.29	3.78	118	6.00	5.60	178	7.52	7.13
59	4.33	3.82	119	6.01	5.62	179	7.55	7.15
60	4.37	3.86	120	6.04	5.63	180	7.58	7.17

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 3 FINANCE COMPANIES, SMALL LOAN COMPANIES, AND A.R.S. 6-601(5) CONSUMER LENDERS

RETROACTIVE			RETROACTIVE			RETROACTIVE		
<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>
1	0.19	0.00	61	2.80	2.58	121	3.85	3.60
2	0.28	0.25	62	2.83	2.60	122	3.86	3.62
3	0.36	0.34	63	2.85	2.63	123	3.87	3.63
4	0.46	0.42	64	2.88	2.65	124	3.89	3.65
5	0.55	0.51	65	2.90	2.67	125	3.91	3.66
6	0.64	0.59	66	2.92	2.68	126	3.92	3.68
7	0.73	0.68	67	2.94	2.71	127	3.93	3.69
8	0.83	0.76	68	2.97	2.73	128	3.95	3.71
9	0.91	0.85	69	2.99	2.75	129	3.97	3.72
10	1.01	0.93	70	3.02	2.78	130	3.98	3.74
11	1.10	1.01	71	3.04	2.80	131	3.99	3.75
12	1.18	1.09	72	3.06	2.81	132	4.01	3.76
13	1.23	1.13	73	3.07	2.83	133	4.02	3.78
14	1.27	1.17	74	3.09	2.85	134	4.04	3.80
15	1.31	1.20	75	3.11	2.87	135	4.05	3.81
16	1.36	1.24	76	3.13	2.89	136	4.07	3.82
17	1.40	1.28	77	3.15	2.91	137	4.08	3.84
18	1.44	1.32	78	3.18	2.93	138	4.10	3.85
19	1.48	1.36	79	3.20	2.95	139	4.11	3.87
20	1.51	1.39	80	3.21	2.97	140	4.13	3.88
21	1.55	1.43	81	3.23	2.99	141	4.14	3.89
22	1.59	1.46	82	3.25	3.00	142	4.15	3.91
23	1.63	1.50	83	3.27	3.02	143	4.17	3.93
24	1.67	1.53	84	3.29	3.04	144	4.19	3.94
25	1.71	1.57	85	3.31	3.06	145	4.20	3.95
26	1.75	1.60	86	3.33	3.07	146	4.21	3.97
27	1.79	1.63	87	3.35	3.09	147	4.23	3.98
28	1.82	1.67	88	3.36	3.11	148	4.24	4.00
29	1.85	1.70	89	3.38	3.13	149	4.26	4.01
30	1.89	1.73	90	3.40	3.15	150	4.27	4.03
31	1.92	1.77	91	3.41	3.16	151	4.28	4.04
32	1.96	1.79	92	3.43	3.18	152	4.30	4.06
33	2.00	1.83	93	3.45	3.19	153	4.32	4.07
34	2.03	1.86	94	3.46	3.21	154	4.33	4.09
35	2.06	1.89	95	3.48	3.23	155	4.34	4.10
36	2.10	1.92	96	3.50	3.24	156	4.36	4.11
37	2.13	1.95	97	3.51	3.26	157	4.37	4.13
38	2.16	1.98	98	3.52	3.27	158	4.39	4.15
39	2.20	2.01	99	3.54	3.29	159	4.40	4.16
40	2.22	2.04	100	3.56	3.31	160	4.42	4.17
41	2.26	2.07	101	3.58	3.32	161	4.43	4.19
42	2.29	2.10	102	3.59	3.33	162	4.45	4.21
43	2.31	2.12	103	3.60	3.35	163	4.46	4.22
44	2.35	2.15	104	3.62	3.37	164	4.48	4.23
45	2.37	2.18	105	3.63	3.38	165	4.49	4.24
46	2.41	2.20	106	3.65	3.39	166	4.50	4.26
47	2.43	2.24	107	3.66	3.41	167	4.52	4.28
48	2.46	2.26	108	3.67	3.43	168	4.54	4.29
49	2.49	2.29	109	3.69	3.44	169	4.55	4.30
50	2.52	2.31	110	3.70	3.45	170	4.56	4.32
51	2.55	2.33	111	3.72	3.46	171	4.58	4.34
52	2.57	2.36	112	3.73	3.48	172	4.60	4.35
53	2.60	2.39	113	3.74	3.49	173	4.61	4.36
54	2.63	2.41	114	3.76	3.50	174	4.62	4.38
55	2.65	2.44	115	3.77	3.52	175	4.63	4.39
56	2.68	2.46	116	3.78	3.54	176	4.65	4.41
57	2.70	2.49	117	3.80	3.55	177	4.67	4.42
58	2.73	2.51	118	3.81	3.56	178	4.68	4.44
59	2.76	2.53	119	3.82	3.58	179	4.69	4.45
60	2.78	2.55	120	3.83	3.59	180	4.71	4.47

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 4 DEALERS, INCLUDING AUTO, TRUCK AND BOAT DEALERS, RETAIL STORES, AND OTHER PERSONS  
SELLING FINANCED GOODS**

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.17	0.00	61	2.90	2.57	121	3.99	3.73
2	0.26	0.20	62	2.93	2.60	122	4.01	3.74
3	0.35	0.26	63	2.95	2.63	123	4.02	3.76
4	0.44	0.32	64	2.98	2.65	124	4.04	3.77
5	0.53	0.38	65	3.00	2.67	125	4.06	3.80
6	0.62	0.45	66	3.02	2.69	126	4.07	3.81
7	0.70	0.51	67	3.05	2.72	127	4.09	3.83
8	0.79	0.58	68	3.08	2.75	128	4.11	3.84
9	0.87	0.65	69	3.10	2.77	129	4.13	3.86
10	0.96	0.71	70	3.12	2.79	130	4.14	3.88
11	1.05	0.77	71	3.14	2.81	131	4.16	3.89
12	1.13	0.83	72	3.17	2.84	132	4.18	3.91
13	1.19	0.87	73	3.19	2.86	133	4.19	3.93
14	1.23	0.92	74	3.21	2.88	134	4.21	3.95
15	1.28	0.96	75	3.23	2.90	135	4.22	3.96
16	1.32	1.01	76	3.25	2.93	136	4.25	3.98
17	1.37	1.05	77	3.27	2.95	137	4.26	4.00
18	1.41	1.10	78	3.29	2.97	138	4.28	4.01
19	1.46	1.14	79	3.31	2.99	139	4.29	4.03
20	1.50	1.19	80	3.33	3.02	140	4.31	4.04
21	1.55	1.23	81	3.35	3.03	141	4.33	4.07
22	1.59	1.27	82	3.37	3.05	142	4.34	4.08
23	1.64	1.31	83	3.39	3.08	143	4.36	4.10
24	1.68	1.35	84	3.41	3.10	144	4.38	4.11
25	1.72	1.39	85	3.43	3.12	145	4.40	4.13
26	1.76	1.43	86	3.44	3.14	146	4.41	4.15
27	1.79	1.47	87	3.46	3.16	147	4.43	4.16
28	1.84	1.51	88	3.48	3.17	148	4.45	4.18
29	1.88	1.55	89	3.50	3.19	149	4.46	4.20
30	1.92	1.59	90	3.52	3.21	150	4.48	4.22
31	1.95	1.63	91	3.53	3.23	151	4.49	4.23
32	2.00	1.66	92	3.55	3.25	152	4.52	4.25
33	2.03	1.70	93	3.57	3.27	153	4.53	4.27
34	2.06	1.73	94	3.59	3.29	154	4.55	4.28
35	2.11	1.77	95	3.60	3.30	155	4.56	4.30
36	2.14	1.81	96	3.62	3.32	156	4.58	4.31
37	2.18	1.84	97	3.64	3.34	157	4.60	4.34
38	2.21	1.88	98	3.65	3.36	158	4.61	4.35
39	2.24	1.91	99	3.66	3.38	159	4.63	4.37
40	2.28	1.94	100	3.68	3.39	160	4.65	4.38
41	2.31	1.97	101	3.70	3.41	161	4.67	4.40
42	2.35	2.01	102	3.71	3.43	162	4.68	4.42
43	2.38	2.04	103	3.73	3.44	163	4.70	4.43
44	2.41	2.08	104	3.74	3.46	164	4.72	4.45
45	2.45	2.11	105	3.76	3.48	165	4.73	4.47
46	2.48	2.14	106	3.77	3.50	166	4.75	4.49
47	2.51	2.18	107	3.79	3.50	167	4.76	4.50
48	2.54	2.20	108	3.80	3.53	168	4.79	4.52
49	2.57	2.24	109	3.82	3.54	169	4.80	4.54
50	2.60	2.27	110	3.83	3.56	170	4.82	4.55
51	2.63	2.29	111	3.85	3.57	171	4.83	4.57
52	2.66	2.32	112	3.86	3.59	172	4.85	4.58
53	2.69	2.36	113	3.88	3.60	173	4.87	4.61
54	2.72	2.38	114	3.89	3.62	174	4.88	4.62
55	2.74	2.41	115	3.91	3.64	175	4.90	4.64
56	2.77	2.44	116	3.92	3.65	176	4.92	4.65
57	2.80	2.46	117	3.93	3.66	177	4.94	4.67
58	2.82	2.49	118	3.95	3.68	178	4.95	4.69
59	2.85	2.51	119	3.95	3.70	179	4.97	4.70
60	2.87	2.54	120	3.98	3.71	180	4.99	4.72

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 4 DEALERS, INCLUDING AUTO, TRUCK AND BOAT DEALERS, RETAIL STORES, AND OTHER PERSONS  
SELLING FINANCED GOODS**

RETROACTIVE			RETROACTIVE			RETROACTIVE		
Duration	14-DAY	30-DAY	Duration	14-DAY	30-DAY	Duration	14-DAY	30-DAY
1	0.15	0.00	61	2.24	2.06	121	3.08	2.88
2	0.22	0.20	62	2.26	2.08	122	3.09	2.90
3	0.29	0.27	63	2.28	2.10	123	3.10	2.91
4	0.37	0.34	64	2.30	2.12	124	3.11	2.92
5	0.44	0.41	65	2.32	2.13	125	3.13	2.93
6	0.51	0.47	66	2.33	2.15	126	3.14	2.94
7	0.59	0.54	67	2.36	2.17	127	3.15	2.95
8	0.66	0.61	68	2.38	2.18	128	3.16	2.96
9	0.73	0.68	69	2.39	2.20	129	3.17	2.97
10	0.81	0.74	70	2.41	2.22	130	3.18	2.99
11	0.88	0.81	71	2.43	2.24	131	3.19	3.00
12	0.95	0.87	72	2.44	2.25	132	3.21	3.01
13	0.98	0.90	73	2.46	2.27	133	3.22	3.02
14	1.02	0.94	74	2.48	2.28	134	3.23	3.04
15	1.05	0.96	75	2.49	2.30	135	3.24	3.05
16	1.09	0.99	76	2.51	2.31	136	3.26	3.06
17	1.12	1.02	77	2.52	2.33	137	3.27	3.07
18	1.15	1.06	78	2.54	2.35	138	3.28	3.08
19	1.18	1.09	79	2.56	2.36	139	3.29	3.09
20	1.21	1.11	80	2.57	2.38	140	3.30	3.10
21	1.24	1.14	81	2.58	2.39	141	3.31	3.11
22	1.27	1.17	82	2.60	2.40	142	3.32	3.13
23	1.31	1.20	83	2.62	2.42	143	3.33	3.14
24	1.34	1.23	84	2.63	2.43	144	3.35	3.15
25	1.37	1.25	85	2.65	2.44	145	3.36	3.16
26	1.40	1.28	86	2.66	2.46	146	3.37	3.18
27	1.43	1.31	87	2.68	2.48	147	3.38	3.19
28	1.46	1.34	88	2.69	2.49	148	3.40	3.20
29	1.48	1.36	89	2.70	2.50	149	3.41	3.21
30	1.51	1.38	90	2.72	2.52	150	3.42	3.22
31	1.54	1.41	91	2.73	2.53	151	3.43	3.23
32	1.57	1.44	92	2.74	2.54	152	3.44	3.24
33	1.60	1.46	93	2.76	2.55	153	3.45	3.26
34	1.62	1.49	94	2.77	2.57	154	3.46	3.27
35	1.65	1.51	95	2.78	2.58	155	3.47	3.28
36	1.68	1.54	96	2.80	2.59	156	3.49	3.29
37	1.70	1.56	97	2.81	2.61	157	3.50	3.30
38	1.73	1.59	98	2.82	2.62	158	3.51	3.32
39	1.76	1.61	99	2.83	2.63	159	3.52	3.33
40	1.78	1.63	100	2.84	2.65	160	3.54	3.34
41	1.80	1.65	101	2.86	2.66	161	3.55	3.35
42	1.83	1.68	102	2.87	2.67	162	3.56	3.36
43	1.85	1.70	103	2.88	2.68	163	3.57	3.37
44	1.88	1.72	104	2.90	2.69	164	3.58	3.39
45	1.90	1.74	105	2.91	2.70	165	3.59	3.40
46	1.92	1.76	106	2.92	2.71	166	3.60	3.41
47	1.94	1.79	107	2.93	2.72	167	3.61	3.42
48	1.97	1.80	108	2.94	2.74	168	3.63	3.43
49	1.99	1.83	109	2.95	2.75	169	3.64	3.44
50	2.02	1.85	110	2.96	2.76	170	3.65	3.46
51	2.04	1.87	111	2.97	2.77	171	3.66	3.47
52	2.06	1.89	112	2.98	2.79	172	3.68	3.48
53	2.08	1.91	113	2.99	2.79	173	3.69	3.49
54	2.10	1.93	114	3.01	2.80	174	3.70	3.50
55	2.12	1.95	115	3.02	2.82	175	3.71	3.52
56	2.15	1.97	116	3.02	2.83	176	3.72	3.53
57	2.16	1.99	117	3.04	2.84	177	3.73	3.54
58	2.18	2.01	118	3.05	2.85	178	3.74	3.55
59	2.20	2.02	119	3.05	2.86	179	3.75	3.56
60	2.23	2.04	120	3.06	2.87	180	3.77	3.57

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 5 ALL OTHER PERSONS SELLING CREDIT INSURANCE NOT SPECIFICALLY LISTED ABOVE

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>
1	0.20	0.00	61	3.32	2.95	121	4.58	4.27
2	0.30	0.22	62	3.35	2.98	122	4.59	4.29
3	0.40	0.30	63	3.38	3.01	123	4.61	4.31
4	0.51	0.37	64	3.41	3.04	124	4.64	4.33
5	0.60	0.44	65	3.44	3.06	125	4.65	4.35
6	0.71	0.52	66	3.47	3.09	126	4.67	4.37
7	0.80	0.58	67	3.50	3.11	127	4.69	4.39
8	0.90	0.66	68	3.53	3.15	128	4.71	4.40
9	1.00	0.74	69	3.55	3.17	129	4.73	4.43
10	1.10	0.81	70	3.58	3.20	130	4.75	4.45
11	1.20	0.88	71	3.60	3.23	131	4.76	4.46
12	1.30	0.95	72	3.63	3.25	132	4.79	4.48
13	1.36	1.00	73	3.66	3.28	133	4.81	4.51
14	1.41	1.05	74	3.68	3.30	134	4.82	4.52
15	1.46	1.10	75	3.70	3.33	135	4.84	4.54
16	1.51	1.15	76	3.72	3.35	136	4.87	4.56
17	1.57	1.20	77	3.75	3.38	137	4.88	4.58
18	1.62	1.26	78	3.77	3.41	138	4.90	4.60
19	1.67	1.31	79	3.79	3.43	139	4.92	4.62
20	1.72	1.36	80	3.82	3.46	140	4.95	4.64
21	1.77	1.41	81	3.84	3.47	141	4.96	4.66
22	1.82	1.45	82	3.86	3.50	142	4.98	4.68
23	1.87	1.51	83	3.89	3.53	143	5.00	4.70
24	1.93	1.55	84	3.90	3.55	144	5.02	4.71
25	1.97	1.59	85	3.93	3.58	145	5.04	4.74
26	2.01	1.64	86	3.95	3.59	146	5.06	4.76
27	2.06	1.69	87	3.96	3.62	147	5.07	4.77
28	2.11	1.73	88	3.99	3.64	148	5.10	4.79
29	2.16	1.77	89	4.02	3.66	149	5.12	4.82
30	2.20	1.82	90	4.03	3.68	150	5.13	4.83
31	2.24	1.87	91	4.05	3.71	151	5.15	4.85
32	2.29	1.90	92	4.07	3.72	152	5.18	4.87
33	2.33	1.95	93	4.09	3.75	153	5.19	4.89
34	2.37	1.99	94	4.11	3.77	154	5.21	4.91
35	2.42	2.03	95	4.13	3.78	155	5.23	4.93
36	2.45	2.07	96	4.15	3.81	156	5.25	4.95
37	2.49	2.11	97	4.17	3.83	157	5.27	4.97
38	2.54	2.15	98	4.19	3.85	158	5.29	4.99
39	2.57	2.18	99	4.20	3.87	159	5.31	5.01
40	2.61	2.23	100	4.22	3.89	160	5.33	5.02
41	2.65	2.26	101	4.24	3.91	161	5.35	5.05
42	2.69	2.30	102	4.26	3.93	162	5.37	5.07
43	2.73	2.34	103	4.27	3.95	163	5.38	5.08
44	2.76	2.38	104	4.29	3.96	164	5.41	5.10
45	2.80	2.42	105	4.31	3.99	165	5.43	5.13
46	2.84	2.45	106	4.33	4.01	166	5.44	5.14
47	2.87	2.49	107	4.34	4.02	167	5.46	5.16
48	2.91	2.52	108	4.36	4.04	168	5.49	5.18
49	2.94	2.56	109	4.38	4.06	169	5.50	5.20
50	2.98	2.60	110	4.39	4.08	170	5.52	5.22
51	3.01	2.62	111	4.41	4.09	171	5.54	5.24
52	3.04	2.66	112	4.43	4.12	172	5.56	5.25
53	3.08	2.70	113	4.45	4.13	173	5.58	5.28
54	3.11	2.73	114	4.45	4.15	174	5.60	5.30
55	3.14	2.76	115	4.48	4.17	175	5.62	5.31
56	3.17	2.80	116	4.49	4.19	176	5.64	5.33
57	3.21	2.82	117	4.51	4.20	177	5.66	5.36
58	3.23	2.86	118	4.52	4.22	178	5.68	5.38
59	3.27	2.88	119	4.53	4.24	179	5.69	5.39
60	3.29	2.92	120	4.56	4.25	180	5.72	5.41

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 5 ALL OTHER PERSONS SELLING CREDIT INSURANCE NOT SPECIFICALLY LISTED ABOVE

Duration	RETROACTIVE		Duration	RETROACTIVE		Duration	RETROACTIVE	
	14 - DAY	30 - DAY		14 - DAY	30 - DAY		14 - DAY	30 - DAY
1	0.16	0.00	61	2.37	2.18	121	3.26	3.05
2	0.24	0.21	62	2.39	2.20	122	3.27	3.06
3	0.31	0.29	63	2.41	2.22	123	3.28	3.07
4	0.39	0.36	64	2.44	2.24	124	3.29	3.09
5	0.47	0.43	65	2.45	2.26	125	3.31	3.10
6	0.54	0.50	66	2.47	2.27	126	3.32	3.11
7	0.62	0.57	67	2.49	2.29	127	3.33	3.12
8	0.70	0.64	68	2.51	2.31	128	3.34	3.14
9	0.77	0.72	69	2.53	2.33	129	3.36	3.15
10	0.85	0.79	70	2.55	2.35	130	3.37	3.16
11	0.93	0.85	71	2.57	2.37	131	3.38	3.17
12	1.00	0.92	72	2.59	2.38	132	3.39	3.18
13	1.04	0.96	73	2.60	2.40	133	3.40	3.20
14	1.08	0.99	74	2.62	2.41	134	3.42	3.21
15	1.11	1.02	75	2.63	2.43	135	3.43	3.22
16	1.15	1.05	76	2.65	2.45	136	3.44	3.23
17	1.18	1.08	77	2.67	2.46	137	3.45	3.25
18	1.22	1.12	78	2.69	2.48	138	3.47	3.26
19	1.25	1.15	79	2.71	2.50	139	3.48	3.27
20	1.28	1.18	80	2.72	2.51	140	3.49	3.28
21	1.31	1.21	81	2.73	2.53	141	3.50	3.29
22	1.35	1.24	82	2.75	2.54	142	3.51	3.31
23	1.38	1.27	83	2.77	2.56	143	3.53	3.32
24	1.41	1.30	84	2.78	2.57	144	3.54	3.33
25	1.45	1.33	85	2.80	2.59	145	3.55	3.34
26	1.48	1.35	86	2.82	2.60	146	3.56	3.36
27	1.51	1.38	87	2.83	2.62	147	3.58	3.37
28	1.54	1.41	88	2.84	2.63	148	3.59	3.38
29	1.57	1.44	89	2.86	2.65	149	3.60	3.39
30	1.60	1.46	90	2.88	2.66	150	3.61	3.41
31	1.63	1.50	91	2.89	2.67	151	3.62	3.42
32	1.66	1.52	92	2.90	2.69	152	3.64	3.43
33	1.69	1.55	93	2.92	2.70	153	3.65	3.44
34	1.72	1.57	94	2.93	2.72	154	3.66	3.46
35	1.74	1.60	95	2.94	2.73	155	3.67	3.47
36	1.78	1.63	96	2.96	2.74	156	3.69	3.48
37	1.80	1.65	97	2.97	2.76	157	3.70	3.49
38	1.83	1.68	98	2.98	2.77	158	3.71	3.51
39	1.86	1.70	99	3.00	2.78	159	3.72	3.52
40	1.88	1.73	100	3.01	2.80	160	3.74	3.53
41	1.91	1.75	101	3.03	2.81	161	3.75	3.54
42	1.94	1.78	102	3.04	2.82	162	3.76	3.56
43	1.96	1.79	103	3.05	2.83	163	3.77	3.57
44	1.99	1.82	104	3.06	2.85	164	3.79	3.58
45	2.01	1.84	105	3.07	2.86	165	3.80	3.59
46	2.04	1.86	106	3.09	2.87	166	3.81	3.61
47	2.06	1.89	107	3.10	2.88	167	3.82	3.62
48	2.08	1.91	108	3.11	2.90	168	3.84	3.63
49	2.11	1.94	109	3.12	2.91	169	3.85	3.64
50	2.13	1.96	110	3.13	2.92	170	3.86	3.66
51	2.16	1.97	111	3.15	2.93	171	3.87	3.67
52	2.18	2.00	112	3.16	2.95	172	3.89	3.68
53	2.20	2.02	113	3.16	2.95	173	3.90	3.69
54	2.22	2.04	114	3.18	2.96	174	3.91	3.71
55	2.24	2.06	115	3.19	2.98	175	3.92	3.72
56	2.27	2.08	116	3.20	2.99	176	3.94	3.73
57	2.29	2.11	117	3.21	3.00	177	3.95	3.74
58	2.31	2.12	118	3.22	3.01	178	3.96	3.76
59	2.33	2.14	119	3.23	3.03	179	3.97	3.77
60	2.35	2.16	120	3.24	3.04	180	3.99	3.78

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

*Prima facie* RATES FOR CREDIT  
LIFE INSURANCE AND CREDIT  
DISABILITY INSURANCE

Docket No. 02A-139-INS

HEARING OFFICER'S  
REPORT AND RECOMMENDATION

---

A Public Hearing was conducted on September 25, 2002 to consider objections to the Department's proposed *prima facie* rate adjustments for credit life insurance and credit disability insurance, which rates have been proposed pursuant to Arizona Administrative Code provisions R20-6-604.04 and R20-6-604.05.

The basis for the Department's actions is found in Arizona Revised Statutes §20-1610 which provides in part:

- (A) The amount charged to a debtor for credit life insurance or credit disability insurance [shall not] exceed the premium for the particular coverage that is specified in the schedule of rates then on file with the Director...
- (B) Each schedule of premium and revision thereof pertaining to the sale or provision in Arizona of any credit life insurance or credit disability insurance shall be filed with the director by each insurer engaged in these transactions...The Director shall disapprove the schedule if in the director's opinion the premium

rates charged or to be charged are excessive in relationship to benefits that may be awarded. In determining whether to disapprove the schedule the director shall accord due consideration to past and prospective loss experience within and outside Arizona, to underwriting practice and judgment to and all other factors relevant to the relationship between premium rates and benefits.

To that end, the Department has promulgated regulations which establish standards for meeting the requirements of the above-cited statute. Those standards require a rate for credit life insurance that yields a loss ratio of no less than 50% and yields a loss ratio of no less than 60% for credit disability insurance, see A.A.C. R20-6-604.02. Additional regulations promulgated by the Department allow the Department to set *prima facie* rates for these insurance products and those rates are presumed to comply with the required loss ratios, see A.A.C. R20-6-603.03, R20-6-604.04 and R20-604.05.

The Department is required to review *prima facie* rates every three years using three criteria, to-wit: 1) Determine the rate of expected claims on a statewide basis; 2) Compare the rate of expected claims with the rate of actual claims for the past three years determined from the incurred claims and earned premiums at *prima facie* rates; and, 3) If the Director determines that the *prima facie* rates require adjustment, issue a notice of hearing and proposed order adjusting the actual statewide *prima facie* rates. The instant hearing is the result of the three year rate review process.

Based on the information and documentation presented at the public hearing, the undersigned finds the following:



1. The Department undertook two actuarial reviews of the credit life and credit disability insurance industries during 2001 and 2002, each of which examined the loss experience results of various classes of lenders and types of plans offered by the lenders. The first review covered the period of 1997 through 1999. The second review covered the period of 1998 through 2000;

2. Actual loss ratios for the various plans by the classes of lenders were sorted by the Department and charted from information filed with the Department by the insurers on their Form A submissions;

3. Based on the actual loss ratios, the Department concluded that all plans offered by all classes of lenders required adjustment in order to comply with the required loss ratios;

4. The Department prepared schedules of such adjustments for each plan offered by the various classes of lenders, which schedules are presented in this public hearing as the proposed adjustments to the *prima facie* rates allowed by law;

5. The Department's analysis recognized an anomaly in the area of credit disability insurance between the issuance and sale of retroactive and non-retroactive policies. The Department concluded that the anomaly exists due to the classes of lenders offering the two different forms of disability insurance, namely, the non-retroactive disability policies typically issued by credit unions offered less consumer value than the retroactive disability policies typically issued by sales finance lenders;

6. The Department's methodology in assessing the need for adjusting *prima facie* rates for credit life and credit disability insurance was contested. One of the bases for the contest is that the Department should have used a component rating method for

determining whether loss ratios by insurers meet the statutory requirements. The contestants argued that the Department should look at each company's costs of doing business as well as its commission schedules when determining whether its rates meet the loss ratios demanded by the statute and, the contestants argue, if the Department had applied component rating, the rates proposed by the Department are too low;

7. The Department's methodology for calculating adjustments to *prima facie* rates was also contested on the basis that the Department did not give "due consideration" to prospective loss experiences of insurers;

8. The Department's conclusions about rate adjustments for credit life and credit disability insurance were also contested on the basis that, if the Department adjusted rates too low, lenders would stop offering credit life and credit disability insurance as part of a sales finance transaction;

9. The Department's process of rate adjustments for credit life and credit disability insurance were also contested on the basis that the Department was examining data from macroeconomic periods which may not represent the economic conditions in Arizona for forward periods of time and, because in the last few years economic conditions have been favorable, the loss ratios experienced by insurers under the Department's proposed rules may far exceed the anticipated loss ratios in years to come;

10. The Department's methodology and results of assessing the need for adjusting *prima facie* rates for credit life and credit disability insurance was supported by the Center for Economic Justice;

11. The effective date for implementing adjustments to *prima facie* rates for

credit life and credit disability insurance must be reasonably established in order to give insurers enough time to re-program their systems.

Based on the comments received and the Department's responses to those comments, the undersigned recommends that the Director ADOPT the analysis of the Department's actuaries, that the Director ADOPT the *prima facie* rate adjustments proposed by the Department for credit life and credit disability insurance rates and that the Director ORDER that such adjusted rates take effect ninety (90) days from the date of the Director's Order.

The Department has responded to the concerns raised regarding credit disability *prima facie* rates by separating the retroactive class of insurance from the non-retroactive class of insurance and the logic for such separation is compelling. The anomaly that was created by comparing loss ratios from the two types of credit disability insurance led to the absurd result that consumers would receive less value from an insurance product that provided disability coverage, solely because the classes of lenders who offer credit disability insurance prefer one product over the other. Borrowers from credit unions would be sold non-retroactive credit disability policies which, if implemented as originally proposed by the Department, would be at the same premium cost as credit finance lenders who sold retroactive credit disability policies. Clearly, that result would not be in the best interests of consumers and the Department realized that, in the area of credit disability insurance, the class of lender matters more than the creation of a blanket rate adjustment for the type of insurance and the Department's

credit life and credit disability insurance must be reasonably established in order to give insurers enough time to re-program their systems.

Based on the comments received and the Department's responses to those comments, the undersigned recommends that the Director ADOPT the analysis of the Department's actuaries, that the Director ADOPT the *prima facie* rate adjustments proposed by the Department for credit life and credit disability insurance rates and that the Director ORDER that such adjusted rates take effect ninety (90) days from the date of the Director's Order.

The Department has responded to the concerns raised regarding credit disability *prima facie* rates by separating the retroactive class of insurance from the non-retroactive class of insurance and the logic for such separation is compelling. The anomaly that was created by comparing loss ratios from the two types of credit disability insurance led to the absurd result that consumers would receive less value from an insurance product that provided disability coverage, solely because the classes of lenders who offer credit disability insurance prefer one product over the other. Borrowers from credit unions would be sold non-retroactive credit disability policies which, if implemented as originally proposed by the Department, would be at the same premium cost as credit finance lenders who sold retroactive credit disability policies. Clearly, that result would not be in the best interests of consumers and the Department realized that, in the area of credit disability insurance, the class of lender matters more than the creation of a blanket rate adjustment for the type of insurance and the Department's

proposed rate adjustments which split the two forms of credit disability insurance eliminates the anomaly that such blanket rates would create. As such, the undersigned believes that the Department has equalized consumer cost vs. benefit for this type of insurance and therefore recommends that the proposed *prima facie* rates for credit disability insurance be adopted by the Director.

The attack on the Department's methodology, namely, using loss ratios instead of component ratings cannot be sustained. The rules for establishing rates, as they presently exist, do not allow the Department to consider anything other than loss ratios and the proposed rates were recommended based on compliance with the 50% and 60% mandates of the regulations. As such, the proposed adjustments to the *prima facie* rates for credit life and credit disability insurance should be adopted based on the Department's methodology of calculating loss ratios without regard to component ratings.

Further, since these rates are *prima facie*, if an individual insurer presents cogent evidence to the Department that the *prima facie* rates are unfavorable, that insurer may be granted a deviation from the *prima facie* rates. Calculating credit life and credit disability rates for each insurer who does business in the State of Arizona would lead to fragmented and disparate rates. Because consumers are typically not free to compare rates among insurers at the time credit life and credit disability insurance is sold, theoretical rate comparison ability would be a chimera. A unitary rate structure for credit life and credit disability insurance sales is more protective of the consumer and, since the Department has been more than generous in factoring in margins for insurers' protection, component rating should not be a consideration for the adjustment of rates

for credit life and credit disability insurance. Anyway, for companies which do not have established histories, *prima facie* rates are required.

The protest regarding the failure to give "due consideration" to the insurers' present and future claims experiences is not supported in the record. The Department made two analyses of loss experiences, one for the period of 1997 through 1999 and one for the period of 1998 through 2000. When there was no appreciable difference in the loss ratios between the two periods, the Department was content that current experience was reflected in its proposed adjustments. Nothing was presented at the public hearing to rebut the Department's conclusions. Future loss experiences are purely speculative and cannot form the basis for calculating *prima facie* rates. The undersigned is satisfied that the Department used due care in considering insurers' actual loss experiences when it recommended adjustments to the credit life and credit disability *prima facie* rates.

Overall, the objections raised to the proposed credit life insurance *prima facie* rate adjustments are not persuasive. The Department's actuaries carefully calculated insurers' experiences for successive three year periods in order to ascertain the level of losses associated with writing credit life insurance, which loss experience was far below the mandated 50% requirement. Adjustments to the credit life insurance *prima facie* rates was certainly in order and the Department's actuaries carefully calculated the necessary adjustment amounts in order to satisfy the 50% rule. Accordingly, the undersigned recommends that the Director adopt the Department's proposed *prima facie* credit life rates.

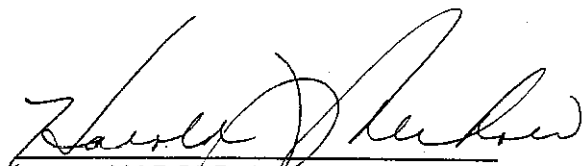
The undersigned further recommends that the Director adopt the Department's revised proposed *prima facie* credit disability rates. The Department's initial proposed rate adjustments were re-crafted in order to eliminate the anomaly created by the analysis showing that consumers receive less value for more money, depending on the circumstances under which the insurance is purchased and from whom. Elimination of the anomaly strikes a fair balance between insurers and consumers and should be adopted by the Director as recast by the Department's actuaries. Accordingly, the undersigned recommends that the Director adopt the Department's proposed *prima facie* credit disability rates.

The Department seeks implementation of these rate adjustments in 60 days from the date of the Director's Order. The Department suggests that, since the insurers were on notice that rate adjustments were being considered by the Department, they had sufficient time to prepare for such adjustments. The insurers, however, plead for a longer transition period on the basis that the network of lenders for these insurance products is far-flung and each of them needs time to implement changes to the *prima facie* rates. The undersigned believes that, although rate adjustment was well-known to the insurers, the actual rates have not been designated by the Director and the undersigned further acknowledges that some length of time will be necessary to implement the rate adjustments. The undersigned believes that 90 days from the date of the Director's Order is a fair amount of time to allow all of the insurers who offer these products to distribute the rate adjustments throughout their networks.

The Department has also asked that the Director's Order include a proscription to insurers who have previously obtained deviation rates not to piggyback those

deviations on the newly-ordered adjusted rates. The undersigned agrees that, for any insurer who obtained an order from the Department allowing a deviation from *prima facie* rates, that insurer should either conform to the newly-ordered *prima facie* rates or submit a new application for deviations from the adjusted rates. To that end, the undersigned recommends that the Director's Order contain a provision making all approved existing deviations to be null and void upon the effective date of the Director's Order. The undersigned further recommends that the Director's Order allow insurers to immediately apply for deviations from the newly-ordered adjusted rates and that any approved deviations will be effective at the time the adjusted *prima facie* rates take effect.

Respectfully submitted this 16<sup>th</sup> day of December 2002.

  
HAROLD J. MERKOW  
Hearing Officer



# **EXHIBIT C**

STATE OF ARIZONA  
FILED

STATE OF ARIZONA

DEC 24 2002

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY Kahn

In the Matter of: )  
 )  
 ) **PRIMA FACIE CREDIT LIFE INSURANCE** )  
 ) **RATES AND CREDIT DISABILITY** )  
 ) **INSURANCE RATES** )  
 )  
 )  
 )

Docket No. 02A-139-INS

ORDER

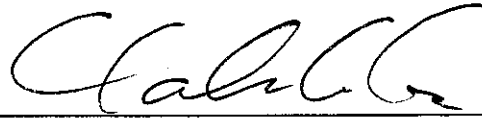
On August 6, 2002, the Director of Insurance initiated a proceeding to establish prima facie rates for credit life and credit disability insurance in accordance with A.R.S. §20-1601, et seq. and A.A.C. R20-6-604 et seq. Pursuant to the Notice of Hearing, interested persons were invited to submit written comments to the Director and to appear at the hearing on September 25, 2002. The record in this proceeding closed on December 2, 2002. On December 16, 2002, Hearing Officer Harold Merkow issued a "Report and Recommendation", a copy of which is attached and incorporated by this reference. Based upon the Hearing Officer's "Report and Recommendation", the Director enters the following Order:

1. The prima facie rates for credit life insurance set forth in Exhibit A shall be effective April 1, 2003.
2. The prima facie rates for credit disability insurance set forth in Exhibit B shall be effective April 1, 2003.
3. Deviations from prima facie rates for credit life insurance and credit disability insurance in effect prior to April 1, 2003 are not applicable to the prima facie rates established by this Order. Insurers may file for approval and use of deviated rates

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

that are higher than the prima facie rates established by this Order in accordance with the process and standards set forth in A.R.S. §20-1610 and A.A.C. R20-6-604.08. Insurers may file such deviations immediately and are responsible to make such filings sufficiently in advance of April 1, 2003 to permit an April 1, 2003 effective date.

DATED this 23<sup>rd</sup> day of December, 2002.



\_\_\_\_\_  
CHARLES R. COHEN, DIRECTOR  
Arizona Department of Insurance

1 COPY of the foregoing mailed  
this 24<sup>th</sup> day of December, 2002 to:

2 Harold J. Merkow  
3 Hearing Officer  
333 West El Camino Drive  
4 Phoenix, Arizona 85021

5 Hugh Hegyi  
Assistant Attorney General  
6 Office of the Arizona Attorney General  
1275 West Washington  
7 Phoenix, Arizona 85007  
Attorneys for the Department

8 Steven Wagner, President  
9 Admiral Life Insurance Company of America  
P.O. Box 30416  
10 Lansing, MI 48909-7916

11 David Stonecipher, President  
Alexander Hamilton Life Ins. Co.  
12 100 N. Greene St.  
Greensboro, NC 27401

13 Thomas Wilson, President  
14 Allstate Life Insurance Co.  
3100 Sanders Road  
15 Northbrook, IL 60062

16 Edward Liddy, President  
Allstate Insurance Company  
17 2775 Sanders Road, Suite H1A  
Northbrook, IL 60062

18 J. Butler, Sr. Vice President  
19 Assurant Group  
11222 Quail Roost Dr.  
20 Miami, FL 33157-6596

21 William Keeler, President  
American General Assurance Co.  
22 1000 Woodfield Rd.  
Schaumburg, IL 60173-4793

23

24

- 1 Candace Richter, Sr. Vice President  
American Health and Life Insurance Co.  
2 307 W. 7<sup>th</sup> Street, Suite 400  
Fort Worth, TX 76102
- 3  
4 Richard Morehead, President  
American Heritage Life Insurance Co.  
1776 American Heritage Life Drive  
5 Jacksonville, FL 32224
- 6 Robert Moody, President  
American National Insurance Company  
7 One Moody Plaza  
Galveston, TX 77550-7999
- 8  
9 Robert Hawkins, President  
American Underwriters Life Insurance Co.  
1035 S. 183<sup>rd</sup> Street West  
10 Goddard, KS 67052
- 11 Atul Vohra, President  
Associates Financial Life Insurance Co.  
12 P.O. Box 660028  
Dallas, TX 75266
- 13  
14 Associates Financial Life Insurance Co.  
P.O. Box 2548  
Fort Worth, TX 76113
- 15  
16 Neal Aton, President  
Balboa Life Insurance Co.  
P.O. Box 19702  
17 Irvine, CA 92623-9702
- 18 Daniel O'Brian, President  
Central National Life Insurance Co.  
19 69 Lydecker Street  
Nyack, NY 10960
- 20  
21 Lawrence D. Fisher, Sr. Vice President  
Central States Health and Life Co. of Omaha  
P.O. Box 34350  
22 Omaha, NE 68134-0359

23

24

1 John Kizer, President  
Central States Indemnity Co. of Omaha  
2 P.O. Box 34350  
Omaha, NE 68134

3 David Wood, President  
4 Centurion Life Insurance Company  
206 Eighth Street  
5 Des Moines, IA 50309

6 Barry Owens, Rate Filing Manager  
Cuna Mutual Insurance Society  
7 P.O. Box 391  
Madison, WI 53701

8 Michael Boyd, President  
9 Enterprise Life Insurance Co.  
1901 Gateway  
10 Irving, TX 75038

11 Geoffrey Stiff, President  
Federal Home Life Insurance Co.  
12 P.O. Box 466  
Lynchburg, VA 24505

13 Richard Gallagher, President  
14 Forum Insurance Co.  
200 N. Martingale Road  
15 Schaumburg, IL 60173

16 Joseph Raftery, President  
General Fidelity Life Insurance Co.  
17 201 N. Tryon Street, NC1-022-19-02  
Charlotte, NC 28255

18 Gary Muller, President  
19 Great Southern Life Insurance Co  
P.O. Box 13487  
20 Kansas City, MO 64199-3487

21

22

23

24

1 Richard Holson, President  
Guarantee Trust Life Insurance Co.  
2 1275 Milwaukee Avenue  
Glenview, IL 60025

3 Claudia H. Ormrod  
4 Director, Government Relations  
Household Life Insurance Co.  
5 200 Somerset Corporate Blvd., Suite 100  
Bridgewater, NJ 08807

6 Robert Romasco, President  
7 J.C. Penney Life Insurance Co.  
2700 W. Plano Parkway  
8 Plano, TX 75075

9 David Reduzzi, President  
J.M.I.C. Life Insurance Co.  
10 190 NW 12<sup>th</sup> Avenue  
Deerfield, FL 33442

11 Karen Miller, President  
12 Landcar Life Insurance Co.  
5650 S. State Street  
13 Murray, UT 84107

14 Ross Elliott  
Landcar Life Insurance Co.  
15 90 West 11000 South  
Sandy, UT 84070

16 Rex Eno, President  
17 Life Investors Insurance Co. of America  
4333 Edgewood Road, Northeast  
18 Cedar Rapids, IA 54299

19 Roland Anderson, President  
Lyndon Life Insurance Co.  
20 645 Maryville Centre Dr.  
St. Louis, MO 63141

21 Lyndon Life Insurance Company  
22 200 North Martingale Road  
Schaumburg, IL 60173

23

24

- 1 Lyndon Life Insurance Company  
P.O. Box 2606
- 2 Birmingham, AL 35202
- 3
- 4 Richard Gallagher, President  
Montgomery Ward Life Insurance Co.  
200 North Martingale Road
- 5 Schaumburg, IL 60173
- 6 Christopher Chapman, President  
North Central Life Insurance Co.
- 7 3600 Route 66  
Neptune, NJ 07754
- 8
- 9 Aldo Zucaro, President  
Old Republic Life Insurance Co.  
307 N. Michigan Ave.
- 10 Chicago, IL 60601
- 11 Timothy D. Kelley  
Old United Life Insurance Co.  
P.O. Box 795
- 12 Shawnee Mission, KS 66201
- 13
- 14 John Johns, President  
Protective Life Insurance Co.  
2801 Highway 280 South
- 15 Birmingham, AL 35202
- 16 Landon Smith, President  
Resource Life Insurance Co.
- 17 1345 River Bend Dr.  
Dallas, TX 75247
- 18
- 19 Richard Tonn, President  
Service Life and Casuaity Insurance Co.  
6907 Capital of Texas Highway
- 20 Austin, TX 78755
- 21 Edward Rust, President  
State Farm Mutual Automobile Insurance Co.
- 22 One State Farm Plaza  
Bloomington, IL 61710
- 23
- 24



- 1 Michael Jones, President  
TransCity Life Insurance Company  
7500 E. McDonald Dr., Suite 700  
Scottsdale, AZ 85250
- 2
- 3 Ray Perisho, President  
4 Union Fidelity Life Insurance Co.  
5 500 Virginia Drive  
Fort Washington, PA 19034
- 6 Jeffrey Williams, President  
7 Union Security Life Insurance Co.  
8 3290 Northside Parkway, Northwest  
Atlanta, GA 30327
- 9 Stephen Smith, President  
10 Universal Underwriters Life Insurance Co.  
7045 College Boulevard  
Overland Park, KS 66211
- 11 Thomas McGraw, President  
12 Voyager Life Insurance Co.  
110 West Seventh Street  
Forth Worth, TX 76101
- 13 Frederick Geissinger, President  
14 Yosemite Insurance Co.  
15 P.O. Box 159  
Evansville, IN 47701
- 16 Sue Gove, President  
17 Zale Life Insurance Co.  
901 W. Walnut  
Irving, TX 75038
- 18 Birny Birnbaum, Consulting Economist  
19 The Center for Economic Justice  
1701 A South Second Street  
20 Austin, TX 78704
- 21 William F. Burfeind  
22 Executive Vice President  
Consumer Credit Insurance Association  
542 South Dearborn, Suite 400  
23 Chicago, IL 60605
- 24

1 Joann Waiters, Counsel  
American Council of Life Insurers  
2 1001 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-2599

3 J. Robert Hunter  
4 Director of Insurance  
Consumer Federation of America  
5 1424 16<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

6 Jim Guest, President  
7 Consumers Union  
101 Truman Avenue  
8 Yonkers, NY 10703-1057

9 J. Michael Low  
S. David Childers  
10 Low & Childers, P.C.  
2999 N. 44<sup>th</sup> Street, Suite 250  
11 Phoenix, AZ 85018

12 Gregory Y. Harris  
Lewis & Roca  
13 40 N. Central  
Phoenix, AZ 85004

14 Wendy Briggs  
15 Steptoe & Johnson  
201 E. Washington, Suite 1600  
16 Phoenix, AZ 85004

17 Jeff Gabardi, Legislative Director  
Health Insurance Association of America  
18 1201 F Street, N.W., Suite 500  
Washington, D.C. 20004-1204

19 Arthelbert Parker, President  
20 Heritage Life Insurance Co.  
500 Virginia Drive  
21 Fort Washington, PA 19034

22

23

24

- 1 Allan Stanton  
641 N. Fourth Avenue, Suite A
- 2 Phoenix, AZ 85003-1541
  
- 3 Mary R. Deig, Director of Government Relations  
American General Finance, Inc.
- 4 P.O. Box 59  
Evansville, IN 47701-0059
  
- 5 Kathy A. Steadman
- 6 Hennelly & Steadman  
322 West Roosevelt
- 7 Phoenix, AZ 85003
  
- 8 Philip T. Paris  
Law Office of Philip T. Paris
- 9 2929 N. 44<sup>th</sup> Street, Suite 120  
Phoenix, AZ 85018
  
- 10 James S. Valentine
- 11 9614 Marco Polo Road  
Peoria, AZ 85382
  
- 12 Eddie Sissons, Exec. Director
- 13 William E. Morris Institute for Justice  
P.O. Box 311
- 14 Phoenix, AZ 85001
  
- 15 Michael J. Dunaway, Ass't Vice President  
AIG Life Insurance Co.
- 16 600 King Street  
Wilmington, DE 19801
  
- 17 Anita K. Magnarini, Ass't Vice President
- 18 American Modern Life Insurance Company  
7000 Midland Boulevard
- 19 Amelia, OH 45102-2607
  
- 20 Paul K. Mikkelson, Vice President  
American Republic Insurance Company
- 21 601 6<sup>th</sup> Avenue  
Des Moines, IA 50334
  
- 22
- 23
- 24

- 1 Jerry D. Semler, President  
American United Life Insurance Co.
- 2 P.O. Box 368  
Indianapolis, IN 46206-0368
- 3
- 4 Mark Bale, Vice President  
Assurity Life Insurance Co.  
P.O. Box 82533
- 5 Lincoln, NE 68501
- 6 David P. Griffin, Ass't Vice President  
The Baltimore Life Insurance Co.  
10075 Red Run Blvd.
- 7 Owings Mills, MD 21117-4871
- 8
- 9 Jeffrey T. Blackburn, Vice President  
Farmers New World Life Insurance Co.  
3003 77<sup>th</sup> Ave. SE
- 10 Mercer Island, WA 98040
- 11 James C. Knobel, Controller  
Individual Assurance Company, Life Health & Accident  
1600 Oak Street
- 12 Kansas City, MO 64108
- 13
- 14 David A. Stonecipher, CEO  
Jefferson Pilot Financial Insurance Co.  
100 N. Greene Street
- 15 Greensboro, N.C. 27401
- 16 Robert Watts, Sr. Vice President  
John Hancock Life Ins. Co.  
P.O. Box 111
- 17 Boston, MA 02117
- 18
- 19 Joe Cappleman, Vice President  
Lincoln Memorial Life Insurance Company  
1250 Capital of Texas Highway
- 20 Bldg. 3, Suite 100  
Austin, TX 78746
- 21
- 22 MIC Life Insurance Corporation  
300 Galleria Officentre, Suite 200  
Southfield, MI 48034
- 23
- 24

1 Jacquelyn McCaslin, Vice President  
Mid West National Life Insurance Co. of Tennessee  
2 4001 McEwen Dr., Suite 200  
Dallas, TX 75244

3 Stephen M. Baloga, Ass't Vice President  
4 Monumental Life Insurance Co.  
5 520 Park Avenue  
Baltimore, MD 21201

6 Monumental Life Insurance Co.  
7 Two East Chase Street  
Baltimore, MD 21202

8 Larry Goodyear, Sr., Senior Vice President  
9 Oxford Life Insurance Co.  
2721 N. Central Ave.  
10 Phoenix, AZ 85004

11 Arleen Tyndorf, Vice President, Compliance  
The Prudential Insurance Company of America  
12 751 Broad Street  
Newark, NJ 07102

13 Major W. Park, Jr.  
14 United Fidelity Life Insurance Co.  
P.O. Box 13487  
15 Kansas City, MO 64199

16 Laynce C. Roetzel, Ass't Vice President  
USAA Life Insurance Co.  
17 9800 Fredericksburg Road  
San Antonio, TX 78288-3051

18 Mark B. Whiting  
19 Western Diversified Life Insurance Co.  
P.O. Box 0770  
20 Deerfield, IL 60015-0770

21 Westward Life Insurance Co.  
P.O. Box 6025  
22 Lakewood, CA 90714-6025

23

24

1 Linda Kilmer, Vice President  
American Bankers Insurance Co.  
2 and American Bankers Life Assurance Co. of Florida  
11222 Quail Roost Drive  
3 Miami, FL 33157

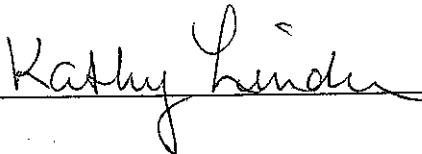
4 Deanna K. Yarbrough, Ass't Secretary  
Merit Life Insurance Co.  
5 P.O. Box 39  
Evansville, IN 47701

6  
7 Robert Wider, Counsel  
8 Law Department  
Minnesota Life Insurance Co.  
9 400 Robert Street North  
St. Paul, MN 55101

10 D.J. Powers  
11 301 Park Lane  
Austin, TX 78704

12 Gregory E. Williams,  
13 Regional Director, State Government Relations  
American Financial Services Association  
14 1566 Saint Paul Street  
Denver, CO 80206

15 Sara M. Begley, Deputy Director  
16 Vista Brown, Exec. Assistant for Policy Affairs  
Steven Ferguson, Assistant Director  
17 Alexandra Shafer, Assistant Director  
Deloris Williamson, Assistant Director  
18 Mary Butterfield, Assistant Director  
Dennis Babka, Life & Health Supervisor  
19 William Robinson, Actuary  
Arizona Department of Insurance  
20 2910 North 44<sup>th</sup> Street  
Phoenix, AZ 85018

21  
22 

23  
24

EXHIBIT A

**PRIMA FACIE RATES FOR CREDIT LIFE INSURANCE**

1. **Monthly Outstanding Balance.** If premiums are payable on a monthly outstanding balance, rates shall not exceed:
  - a. \$0.83 per month per \$1000 of outstanding insured debt on single life; and
  - b. \$1.37 per month per \$1000 of outstanding insured debt on joint lives.
2. **Single Premium.** If the insurer charges a single premium for decreasing or level benefits, the insurer shall compute the rate according to the following formula or according to a formula that produces substantially similar rates:

$$S_p = \sum_{t=1}^n [(O_p / 10) \times (I_t / I_i) \times (v^{t-1})]$$

Where,

$S_p$  = Single life, single premium rate per \$100, per annum of coverage of initial insured indebtedness.

$O_p$  = For single life decreasing benefits, the prima facie monthly premium rate  $O_p$  factor per \$1000 of outstanding balance insured indebtedness = \$0.47.

$O_p$  = For single life level benefits, the prima facie monthly premium rate  $O_p$  factor per \$1000 of outstanding balance insured indebtedness = \$0.83.

$n$  = The number of months in the term of the insurance coverage.

$I_t$  = The scheduled amount of insurance for month  $t$ .

$I_i$  = The initial amount of insurance, except for a net insurance plan, "Ii" is the initial principal loan balance.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**EXHIBIT A**

***PRIMA FACIE* RATES FOR CREDIT LIFE INSURANCE**

$V = 1 / (1 + .0036)$  where the .0036 represents the sum of an annual discount rate of 4% for interest, plus 0.4% annual for mortality.

**3. Joint Coverage.** Rates for joint coverage shall not exceed 165% of the rates for single life coverage.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

**EXHIBIT B**

**PRIMA FACIE RATES FOR CREDIT DISABILITY INSURANCE**

1. If a debtor pays a single premium for coverage, the *prima facie* rate per \$100 of initial debt for single disability shall not exceed the amount set forth for the Plan of Benefits, Class of business, and Duration of coverage as set forth in Appendix A to this Exhibit.
  
2. If premiums are paid on the basis of a monthly premium rate, per \$1000 of outstanding insured gross debt, the insurer shall compute premiums according to the following formula or according to a formula that the Director has approved and that produces rates that are actuarially equivalent to the single premium rates in paragraph (1) above:

$$OP_n = (10 \times SP_n) / \sum_{t=1}^n [(v^{t-1}) \times (n-t+1) / n]$$

Where,

$SP_n$  = Single life, single premium *prima facie* rate per \$100, per annum of coverage of initial insured debt.

$OP_n$  = Single life, monthly premium rate per \$1000 of outstanding balance insured debt.

$n$  = The number of months in the term of the insurance coverage.

$V = 1/(1 + .0033)$  where the .0033 represents an annual discount rate of 4% for interest.

**EXHIBIT B**

***PRIMA FACIE* RATES FOR CREDIT DISABILITY INSURANCE**

3. Rates for joint coverage shall not exceed 165% of the rates for single life coverage.
4. The outstanding balance rate may be either a term-specified rate or may be a single composite term outstanding balance rate.

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 1 CREDIT UNIONS**

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.22	0.00	61	3.67	3.26	121	5.05	4.72
2	0.33	0.25	62	3.71	3.29	122	5.07	4.74
3	0.45	0.33	63	3.73	3.33	123	5.09	4.76
4	0.56	0.41	64	3.77	3.35	124	5.12	4.78
5	0.67	0.48	65	3.80	3.38	125	5.14	4.81
6	0.78	0.57	66	3.83	3.41	126	5.16	4.83
7	0.88	0.65	67	3.87	3.44	127	5.18	4.85
8	1.00	0.73	68	3.90	3.48	128	5.21	4.86
9	1.10	0.82	69	3.92	3.51	129	5.23	4.89
10	1.22	0.89	70	3.95	3.53	130	5.24	4.91
11	1.33	0.97	71	3.98	3.56	131	5.26	4.93
12	1.43	1.05	72	4.01	3.59	132	5.29	4.95
13	1.50	1.10	73	4.04	3.62	133	5.31	4.98
14	1.56	1.16	74	4.07	3.65	134	5.33	5.00
15	1.62	1.22	75	4.09	3.68	135	5.35	5.02
16	1.67	1.27	76	4.11	3.71	136	5.38	5.04
17	1.73	1.33	77	4.14	3.73	137	5.40	5.06
18	1.79	1.39	78	4.16	3.76	138	5.42	5.08
19	1.84	1.44	79	4.19	3.79	139	5.43	5.10
20	1.90	1.50	80	4.22	3.82	140	5.46	5.12
21	1.96	1.56	81	4.24	3.84	141	5.48	5.15
22	2.01	1.61	82	4.27	3.87	142	5.50	5.17
23	2.07	1.66	83	4.29	3.90	143	5.52	5.19
24	2.13	1.71	84	4.31	3.92	144	5.55	5.21
25	2.18	1.76	85	4.34	3.95	145	5.57	5.23
26	2.22	1.81	86	4.36	3.97	146	5.59	5.25
27	2.27	1.86	87	4.38	4.00	147	5.61	5.27
28	2.33	1.91	88	4.41	4.02	148	5.63	5.29
29	2.38	1.96	89	4.44	4.04	149	5.65	5.32
30	2.43	2.01	90	4.46	4.07	150	5.67	5.34
31	2.47	2.06	91	4.47	4.09	151	5.69	5.36
32	2.53	2.10	92	4.49	4.11	152	5.72	5.38
33	2.57	2.16	93	4.52	4.14	153	5.74	5.41
34	2.61	2.19	94	4.54	4.16	154	5.76	5.42
35	2.67	2.24	95	4.56	4.18	155	5.78	5.44
36	2.71	2.29	96	4.58	4.21	156	5.80	5.46
37	2.76	2.33	97	4.61	4.23	157	5.82	5.49
38	2.80	2.38	98	4.63	4.26	158	5.84	5.51
39	2.84	2.41	99	4.64	4.28	159	5.86	5.53
40	2.89	2.46	100	4.66	4.29	160	5.89	5.55
41	2.93	2.50	101	4.68	4.32	161	5.91	5.58
42	2.97	2.55	102	4.70	4.34	162	5.93	5.60
43	3.01	2.58	103	4.72	4.36	163	5.95	5.61
44	3.05	2.63	104	4.74	4.38	164	5.98	5.63
45	3.10	2.67	105	4.76	4.41	165	5.99	5.66
46	3.14	2.71	106	4.78	4.43	166	6.01	5.68
47	3.17	2.76	107	4.80	4.44	167	6.03	5.70
48	3.21	2.78	108	4.82	4.47	168	6.06	5.72
49	3.25	2.83	109	4.84	4.48	169	6.08	5.75
50	3.29	2.87	110	4.85	4.50	170	6.10	5.77
51	3.33	2.90	111	4.87	4.52	171	6.12	5.79
52	3.36	2.94	112	4.89	4.55	172	6.15	5.80
53	3.40	2.98	113	4.91	4.56	173	6.17	5.83
54	3.44	3.01	114	4.92	4.58	174	6.18	5.85
55	3.47	3.05	115	4.95	4.61	175	6.20	5.87
56	3.51	3.09	116	4.96	4.63	176	6.23	5.89
57	3.54	3.12	117	4.98	4.64	177	6.25	5.92
58	3.57	3.15	118	5.00	4.66	178	6.27	5.94
59	3.61	3.18	119	5.01	4.68	179	6.29	5.96
60	3.64	3.22	120	5.04	4.69	180	6.32	5.98

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 1 CREDIT UNIONS**

RETROACTIVE			RETROACTIVE			RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.26	0.00	61	3.92	3.61	121	5.39	5.04
2	0.39	0.35	62	3.96	3.64	122	5.41	5.07
3	0.51	0.47	63	3.99	3.68	123	5.42	5.09
4	0.65	0.59	64	4.03	3.70	124	5.45	5.11
5	0.77	0.71	65	4.06	3.73	125	5.47	5.12
6	0.89	0.83	66	4.09	3.76	126	5.49	5.15
7	1.03	0.95	67	4.12	3.79	127	5.51	5.17
8	1.16	1.06	68	4.16	3.82	128	5.53	5.19
9	1.27	1.18	69	4.19	3.85	129	5.55	5.21
10	1.41	1.30	70	4.22	3.89	130	5.57	5.23
11	1.54	1.41	71	4.25	3.91	131	5.59	5.25
12	1.66	1.53	72	4.28	3.94	132	5.61	5.27
13	1.72	1.58	73	4.30	3.97	133	5.63	5.29
14	1.78	1.64	74	4.33	3.99	134	5.65	5.31
15	1.84	1.68	75	4.36	4.02	135	5.67	5.33
16	1.90	1.74	76	4.39	4.05	136	5.70	5.35
17	1.96	1.79	77	4.41	4.08	137	5.71	5.37
18	2.01	1.85	78	4.45	4.10	138	5.73	5.40
19	2.07	1.90	79	4.48	4.13	139	5.75	5.41
20	2.12	1.95	80	4.50	4.16	140	5.78	5.43
21	2.17	2.00	81	4.52	4.19	141	5.80	5.45
22	2.23	2.05	82	4.55	4.20	142	5.81	5.48
23	2.28	2.09	83	4.58	4.23	143	5.83	5.50
24	2.34	2.15	84	4.60	4.26	144	5.86	5.51
25	2.39	2.19	85	4.63	4.28	145	5.88	5.53
26	2.45	2.24	86	4.66	4.30	146	5.90	5.56
27	2.50	2.28	87	4.69	4.33	147	5.92	5.58
28	2.55	2.34	88	4.70	4.36	148	5.94	5.60
29	2.59	2.38	89	4.73	4.38	149	5.96	5.61
30	2.65	2.42	90	4.76	4.40	150	5.98	5.64
31	2.69	2.48	91	4.78	4.42	151	6.00	5.66
32	2.75	2.51	92	4.80	4.45	152	6.02	5.68
33	2.79	2.56	93	4.82	4.47	153	6.04	5.70
34	2.84	2.60	94	4.85	4.50	154	6.06	5.72
35	2.88	2.64	95	4.87	4.52	155	6.08	5.74
36	2.94	2.69	96	4.90	4.54	156	6.11	5.76
37	2.98	2.73	97	4.91	4.56	157	6.12	5.78
38	3.02	2.78	98	4.93	4.58	158	6.14	5.81
39	3.08	2.81	99	4.96	4.60	159	6.16	5.82
40	3.11	2.86	100	4.98	4.63	160	6.19	5.84
41	3.16	2.89	101	5.01	4.65	161	6.21	5.86
42	3.20	2.94	102	5.02	4.67	162	6.22	5.89
43	3.24	2.97	103	5.04	4.69	163	6.24	5.91
44	3.29	3.01	104	5.07	4.71	164	6.27	5.92
45	3.32	3.05	105	5.09	4.73	165	6.29	5.94
46	3.37	3.08	106	5.11	4.75	166	6.31	5.97
47	3.40	3.13	107	5.12	4.77	167	6.32	5.99
48	3.45	3.16	108	5.14	4.80	168	6.35	6.01
49	3.49	3.20	109	5.16	4.81	169	6.37	6.02
50	3.53	3.24	110	5.18	4.83	170	6.39	6.05
51	3.57	3.27	111	5.21	4.85	171	6.41	6.07
52	3.60	3.30	112	5.22	4.88	172	6.43	6.09
53	3.64	3.35	113	5.23	4.89	173	6.45	6.11
54	3.68	3.38	114	5.26	4.90	174	6.47	6.13
55	3.71	3.41	115	5.28	4.93	175	6.49	6.15
56	3.76	3.45	116	5.29	4.95	176	6.52	6.17
57	3.79	3.49	117	5.31	4.97	177	6.53	6.19
58	3.82	3.51	118	5.33	4.99	178	6.55	6.22
59	3.86	3.54	119	5.34	5.01	179	6.57	6.23
60	3.89	3.58	120	5.36	5.02	180	6.60	6.25

APPENDIX A

ARIZONA CREDIT DISABILITY RATES  
**CLASS 2 BANKS, SAVINGS AND LOAN INSTITUTIONS, AND MORTGAGE COMPANIES**

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.17	0.00	61	2.90	2.57	121	3.99	3.73
2	0.26	0.20	62	2.93	2.60	122	4.01	3.74
3	0.35	0.26	63	2.95	2.63	123	4.02	3.76
4	0.44	0.32	64	2.98	2.65	124	4.04	3.77
5	0.53	0.38	65	3.00	2.67	125	4.06	3.80
6	0.62	0.45	66	3.02	2.69	126	4.07	3.81
7	0.70	0.51	67	3.05	2.72	127	4.09	3.83
8	0.79	0.58	68	3.08	2.75	128	4.11	3.84
9	0.87	0.65	69	3.10	2.77	129	4.13	3.86
10	0.96	0.71	70	3.12	2.79	130	4.14	3.88
11	1.05	0.77	71	3.14	2.81	131	4.16	3.89
12	1.13	0.83	72	3.17	2.84	132	4.18	3.91
13	1.19	0.87	73	3.19	2.86	133	4.19	3.93
14	1.23	0.92	74	3.21	2.88	134	4.21	3.95
15	1.28	0.96	75	3.23	2.90	135	4.22	3.96
16	1.32	1.01	76	3.25	2.93	136	4.25	3.98
17	1.37	1.05	77	3.27	2.95	137	4.26	4.00
18	1.41	1.10	78	3.29	2.97	138	4.28	4.01
19	1.46	1.14	79	3.31	2.99	139	4.29	4.03
20	1.50	1.19	80	3.33	3.02	140	4.31	4.04
21	1.55	1.23	81	3.35	3.03	141	4.33	4.07
22	1.59	1.27	82	3.37	3.05	142	4.34	4.08
23	1.64	1.31	83	3.39	3.08	143	4.36	4.10
24	1.68	1.35	84	3.41	3.10	144	4.38	4.11
25	1.72	1.39	85	3.43	3.12	145	4.40	4.13
26	1.76	1.43	86	3.44	3.14	146	4.41	4.15
27	1.79	1.47	87	3.46	3.16	147	4.43	4.16
28	1.84	1.51	88	3.48	3.17	148	4.45	4.18
29	1.88	1.55	89	3.50	3.19	149	4.46	4.20
30	1.92	1.59	90	3.52	3.21	150	4.48	4.22
31	1.95	1.63	91	3.53	3.23	151	4.49	4.23
32	2.00	1.66	92	3.55	3.25	152	4.52	4.25
33	2.03	1.70	93	3.57	3.27	153	4.53	4.27
34	2.06	1.73	94	3.59	3.29	154	4.55	4.28
35	2.11	1.77	95	3.60	3.30	155	4.56	4.30
36	2.14	1.81	96	3.62	3.32	156	4.58	4.31
37	2.18	1.84	97	3.64	3.34	157	4.60	4.34
38	2.21	1.88	98	3.65	3.36	158	4.61	4.35
39	2.24	1.91	99	3.66	3.38	159	4.63	4.37
40	2.28	1.94	100	3.68	3.39	160	4.65	4.38
41	2.31	1.97	101	3.70	3.41	161	4.67	4.40
42	2.35	2.01	102	3.71	3.43	162	4.68	4.42
43	2.38	2.04	103	3.73	3.44	163	4.70	4.43
44	2.41	2.08	104	3.74	3.46	164	4.72	4.45
45	2.45	2.11	105	3.76	3.48	165	4.73	4.47
46	2.48	2.14	106	3.77	3.50	166	4.75	4.49
47	2.51	2.18	107	3.79	3.50	167	4.76	4.50
48	2.54	2.20	108	3.80	3.53	168	4.79	4.52
49	2.57	2.24	109	3.82	3.54	169	4.80	4.54
50	2.60	2.27	110	3.83	3.56	170	4.82	4.55
51	2.63	2.29	111	3.85	3.57	171	4.83	4.57
52	2.66	2.32	112	3.86	3.59	172	4.85	4.58
53	2.69	2.36	113	3.88	3.60	173	4.87	4.61
54	2.72	2.38	114	3.89	3.62	174	4.88	4.62
55	2.74	2.41	115	3.91	3.64	175	4.90	4.64
56	2.77	2.44	116	3.92	3.65	176	4.92	4.65
57	2.80	2.46	117	3.93	3.66	177	4.94	4.67
58	2.82	2.49	118	3.95	3.68	178	4.95	4.69
59	2.85	2.51	119	3.95	3.70	179	4.97	4.70
60	2.87	2.54	120	3.98	3.71	180	4.99	4.72

APPENDIX A

ARIZONA CREDIT DISABILITY RATES  
CLASS 2 BANKS, SAVINGS AND LOAN INSTITUTIONS, AND MORTGAGE COMPANIES

RETROACTIVE			RETROACTIVE			RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.16	0.00	61	2.37	2.18	121	3.26	3.05
2	0.24	0.21	62	2.39	2.20	122	3.27	3.06
3	0.31	0.29	63	2.41	2.22	123	3.28	3.07
4	0.39	0.36	64	2.44	2.24	124	3.29	3.09
5	0.47	0.43	65	2.45	2.26	125	3.31	3.10
6	0.54	0.50	66	2.47	2.27	126	3.32	3.11
7	0.62	0.57	67	2.49	2.29	127	3.33	3.12
8	0.70	0.64	68	2.51	2.31	128	3.34	3.14
9	0.77	0.72	69	2.53	2.33	129	3.36	3.15
10	0.85	0.79	70	2.55	2.35	130	3.37	3.16
11	0.93	0.85	71	2.57	2.37	131	3.38	3.17
12	1.00	0.92	72	2.59	2.38	132	3.39	3.18
13	1.04	0.96	73	2.60	2.40	133	3.40	3.20
14	1.08	0.99	74	2.62	2.41	134	3.42	3.21
15	1.11	1.02	75	2.63	2.43	135	3.43	3.22
16	1.15	1.05	76	2.65	2.45	136	3.44	3.23
17	1.18	1.08	77	2.67	2.46	137	3.45	3.25
18	1.22	1.12	78	2.69	2.48	138	3.47	3.26
19	1.25	1.15	79	2.71	2.50	139	3.48	3.27
20	1.28	1.18	80	2.72	2.51	140	3.49	3.28
21	1.31	1.21	81	2.73	2.53	141	3.50	3.29
22	1.35	1.24	82	2.75	2.54	142	3.51	3.31
23	1.38	1.27	83	2.77	2.56	143	3.53	3.32
24	1.41	1.30	84	2.78	2.57	144	3.54	3.33
25	1.45	1.33	85	2.80	2.59	145	3.55	3.34
26	1.48	1.35	86	2.82	2.60	146	3.56	3.36
27	1.51	1.38	87	2.83	2.62	147	3.58	3.37
28	1.54	1.41	88	2.84	2.63	148	3.59	3.38
29	1.57	1.44	89	2.86	2.65	149	3.60	3.39
30	1.60	1.46	90	2.88	2.66	150	3.61	3.41
31	1.63	1.50	91	2.89	2.67	151	3.62	3.42
32	1.66	1.52	92	2.90	2.69	152	3.64	3.43
33	1.69	1.55	93	2.92	2.70	153	3.65	3.44
34	1.72	1.57	94	2.93	2.72	154	3.66	3.46
35	1.74	1.60	95	2.94	2.73	155	3.67	3.47
36	1.78	1.63	96	2.96	2.74	156	3.69	3.48
37	1.80	1.65	97	2.97	2.76	157	3.70	3.49
38	1.83	1.68	98	2.98	2.77	158	3.71	3.51
39	1.86	1.70	99	3.00	2.78	159	3.72	3.52
40	1.88	1.73	100	3.01	2.80	160	3.74	3.53
41	1.91	1.75	101	3.03	2.81	161	3.75	3.54
42	1.94	1.78	102	3.04	2.82	162	3.76	3.56
43	1.96	1.79	103	3.05	2.83	163	3.77	3.57
44	1.99	1.82	104	3.06	2.85	164	3.79	3.58
45	2.01	1.84	105	3.07	2.86	165	3.80	3.59
46	2.04	1.86	106	3.09	2.87	166	3.81	3.61
47	2.06	1.89	107	3.10	2.88	167	3.82	3.62
48	2.08	1.91	108	3.11	2.90	168	3.84	3.63
49	2.11	1.94	109	3.12	2.91	169	3.85	3.64
50	2.13	1.96	110	3.13	2.92	170	3.86	3.66
51	2.16	1.97	111	3.15	2.93	171	3.87	3.67
52	2.18	2.00	112	3.16	2.95	172	3.89	3.68
53	2.20	2.02	113	3.16	2.95	173	3.90	3.69
54	2.22	2.04	114	3.18	2.96	174	3.91	3.71
55	2.24	2.06	115	3.19	2.98	175	3.92	3.72
56	2.27	2.08	116	3.20	2.99	176	3.94	3.73
57	2.29	2.11	117	3.21	3.00	177	3.95	3.74
58	2.31	2.12	118	3.22	3.01	178	3.96	3.76
59	2.33	2.14	119	3.23	3.03	179	3.97	3.77
60	2.35	2.16	120	3.24	3.04	180	3.99	3.78

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 3 FINANCE COMPANIES, SMALL LOAN COMPANIES, AND A.R.S. 6-601(5) CONSUMER LENDERS

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.26	0.00	61	4.40	3.91	121	6.06	5.67
2	0.40	0.30	62	4.45	3.94	122	6.09	5.69
3	0.54	0.40	63	4.48	3.99	123	6.11	5.71
4	0.67	0.49	64	4.53	4.02	124	6.14	5.73
5	0.80	0.58	65	4.56	4.06	125	6.17	5.77
6	0.93	0.68	66	4.59	4.09	126	6.19	5.79
7	1.06	0.78	67	4.64	4.13	127	6.21	5.81
8	1.20	0.88	68	4.67	4.17	128	6.25	5.84
9	1.32	0.98	69	4.71	4.21	129	6.27	5.87
10	1.46	1.07	70	4.74	4.24	130	6.29	5.89
11	1.60	1.16	71	4.78	4.28	131	6.32	5.92
12	1.72	1.25	72	4.81	4.31	132	6.35	5.94
13	1.80	1.32	73	4.85	4.34	133	6.37	5.97
14	1.87	1.39	74	4.88	4.38	134	6.40	6.00
15	1.94	1.46	75	4.90	4.41	135	6.42	6.02
16	2.01	1.53	76	4.94	4.45	136	6.45	6.04
17	2.07	1.60	77	4.97	4.48	137	6.48	6.08
18	2.14	1.66	78	4.99	4.51	138	6.50	6.10
19	2.21	1.73	79	5.03	4.55	139	6.52	6.12
20	2.28	1.80	80	5.06	4.58	140	6.55	6.14
21	2.35	1.87	81	5.08	4.61	141	6.58	6.18
22	2.42	1.93	82	5.12	4.64	142	6.60	6.20
23	2.49	2.00	83	5.15	4.67	143	6.62	6.22
24	2.55	2.05	84	5.18	4.71	144	6.66	6.25
25	2.61	2.11	85	5.21	4.74	145	6.68	6.28
26	2.67	2.18	86	5.23	4.77	146	6.70	6.30
27	2.72	2.23	87	5.26	4.80	147	6.73	6.33
28	2.79	2.29	88	5.29	4.82	148	6.76	6.35
29	2.86	2.35	89	5.32	4.85	149	6.78	6.38
30	2.92	2.42	90	5.35	4.88	150	6.81	6.41
31	2.96	2.47	91	5.37	4.91	151	6.83	6.43
32	3.03	2.52	92	5.39	4.94	152	6.86	6.45
33	3.09	2.59	93	5.43	4.97	153	6.89	6.49
34	3.14	2.63	94	5.45	4.99	154	6.91	6.51
35	3.20	2.69	95	5.47	5.02	155	6.93	6.53
36	3.25	2.75	96	5.49	5.05	156	6.97	6.56
37	3.31	2.79	97	5.53	5.07	157	6.99	6.59
38	3.36	2.85	98	5.55	5.11	158	7.01	6.61
39	3.41	2.90	99	5.56	5.13	159	7.03	6.63
40	3.47	2.95	100	5.60	5.15	160	7.07	6.66
41	3.51	3.00	101	5.62	5.19	161	7.09	6.69
42	3.57	3.06	102	5.64	5.21	162	7.11	6.71
43	3.61	3.10	103	5.67	5.23	163	7.14	6.74
44	3.66	3.16	104	5.69	5.26	164	7.17	6.76
45	3.72	3.20	105	5.71	5.29	165	7.19	6.79
46	3.76	3.25	106	5.73	5.31	166	7.22	6.82
47	3.81	3.31	107	5.76	5.32	167	7.24	6.84
48	3.85	3.34	108	5.78	5.36	168	7.27	6.86
49	3.90	3.40	109	5.80	5.38	169	7.30	6.90
50	3.94	3.44	110	5.83	5.40	170	7.32	6.92
51	3.99	3.48	111	5.85	5.43	171	7.34	6.94
52	4.04	3.52	112	5.87	5.46	172	7.38	6.97
53	4.08	3.58	113	5.89	5.47	173	7.40	7.00
54	4.13	3.61	114	5.91	5.49	174	7.42	7.02
55	4.16	3.66	115	5.94	5.53	175	7.44	7.05
56	4.21	3.71	116	5.95	5.55	176	7.48	7.07
57	4.25	3.74	117	5.97	5.56	177	7.50	7.10
58	4.29	3.78	118	6.00	5.60	178	7.52	7.13
59	4.33	3.82	119	6.01	5.62	179	7.55	7.15
60	4.37	3.86	120	6.04	5.63	180	7.58	7.17

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 3 FINANCE COMPANIES, SMALL LOAN COMPANIES, AND A.R.S. 6-601(5) CONSUMER LENDERS

RETROACTIVE			RETROACTIVE			RETROACTIVE		
<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>
1	0.19	0.00	61	2.80	2.58	121	3.85	3.60
2	0.28	0.25	62	2.83	2.60	122	3.86	3.62
3	0.36	0.34	63	2.85	2.63	123	3.87	3.63
4	0.46	0.42	64	2.88	2.65	124	3.89	3.65
5	0.55	0.51	65	2.90	2.67	125	3.91	3.66
6	0.64	0.59	66	2.92	2.68	126	3.92	3.68
7	0.73	0.68	67	2.94	2.71	127	3.93	3.69
8	0.83	0.76	68	2.97	2.73	128	3.95	3.71
9	0.91	0.85	69	2.99	2.75	129	3.97	3.72
10	1.01	0.93	70	3.02	2.78	130	3.98	3.74
11	1.10	1.01	71	3.04	2.80	131	3.99	3.75
12	1.18	1.09	72	3.06	2.81	132	4.01	3.76
13	1.23	1.13	73	3.07	2.83	133	4.02	3.78
14	1.27	1.17	74	3.09	2.85	134	4.04	3.80
15	1.31	1.20	75	3.11	2.87	135	4.05	3.81
16	1.36	1.24	76	3.13	2.89	136	4.07	3.82
17	1.40	1.28	77	3.15	2.91	137	4.08	3.84
18	1.44	1.32	78	3.18	2.93	138	4.10	3.85
19	1.48	1.36	79	3.20	2.95	139	4.11	3.87
20	1.51	1.39	80	3.21	2.97	140	4.13	3.88
21	1.55	1.43	81	3.23	2.99	141	4.14	3.89
22	1.59	1.46	82	3.25	3.00	142	4.15	3.91
23	1.63	1.50	83	3.27	3.02	143	4.17	3.93
24	1.67	1.53	84	3.29	3.04	144	4.19	3.94
25	1.71	1.57	85	3.31	3.06	145	4.20	3.95
26	1.75	1.60	86	3.33	3.07	146	4.21	3.97
27	1.79	1.63	87	3.35	3.09	147	4.23	3.98
28	1.82	1.67	88	3.36	3.11	148	4.24	4.00
29	1.85	1.70	89	3.38	3.13	149	4.26	4.01
30	1.89	1.73	90	3.40	3.15	150	4.27	4.03
31	1.92	1.77	91	3.41	3.16	151	4.28	4.04
32	1.96	1.79	92	3.43	3.18	152	4.30	4.06
33	2.00	1.83	93	3.45	3.19	153	4.32	4.07
34	2.03	1.86	94	3.46	3.21	154	4.33	4.09
35	2.06	1.89	95	3.48	3.23	155	4.34	4.10
36	2.10	1.92	96	3.50	3.24	156	4.36	4.11
37	2.13	1.95	97	3.51	3.26	157	4.37	4.13
38	2.16	1.98	98	3.52	3.27	158	4.39	4.15
39	2.20	2.01	99	3.54	3.29	159	4.40	4.16
40	2.22	2.04	100	3.56	3.31	160	4.42	4.17
41	2.26	2.07	101	3.58	3.32	161	4.43	4.19
42	2.29	2.10	102	3.59	3.33	162	4.45	4.21
43	2.31	2.12	103	3.60	3.35	163	4.46	4.22
44	2.35	2.15	104	3.62	3.37	164	4.48	4.23
45	2.37	2.18	105	3.63	3.38	165	4.49	4.24
46	2.41	2.20	106	3.65	3.39	166	4.50	4.26
47	2.43	2.24	107	3.66	3.41	167	4.52	4.28
48	2.46	2.26	108	3.67	3.43	168	4.54	4.29
49	2.49	2.29	109	3.69	3.44	169	4.55	4.30
50	2.52	2.31	110	3.70	3.45	170	4.56	4.32
51	2.55	2.33	111	3.72	3.46	171	4.58	4.34
52	2.57	2.36	112	3.73	3.48	172	4.60	4.35
53	2.60	2.39	113	3.74	3.49	173	4.61	4.36
54	2.63	2.41	114	3.76	3.50	174	4.62	4.38
55	2.65	2.44	115	3.77	3.52	175	4.63	4.39
56	2.68	2.46	116	3.78	3.54	176	4.65	4.41
57	2.70	2.49	117	3.80	3.55	177	4.67	4.42
58	2.73	2.51	118	3.81	3.56	178	4.68	4.44
59	2.76	2.53	119	3.82	3.58	179	4.69	4.45
60	2.78	2.55	120	3.83	3.59	180	4.71	4.47



APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 4 DEALERS, INCLUDING AUTO, TRUCK AND BOAT DEALERS, RETAIL STORES, AND OTHER PERSONS  
SELLING FINANCED GOODS**

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY	Duration	14 - DAY	30 - DAY
1	0.17	0.00	61	2.90	2.57	121	3.99	3.73
2	0.26	0.20	62	2.93	2.60	122	4.01	3.74
3	0.35	0.26	63	2.95	2.63	123	4.02	3.76
4	0.44	0.32	64	2.98	2.65	124	4.04	3.77
5	0.53	0.38	65	3.00	2.67	125	4.06	3.80
6	0.62	0.45	66	3.02	2.69	126	4.07	3.81
7	0.70	0.51	67	3.05	2.72	127	4.09	3.83
8	0.79	0.58	68	3.08	2.75	128	4.11	3.84
9	0.87	0.65	69	3.10	2.77	129	4.13	3.86
10	0.96	0.71	70	3.12	2.79	130	4.14	3.88
11	1.05	0.77	71	3.14	2.81	131	4.16	3.89
12	1.13	0.83	72	3.17	2.84	132	4.18	3.91
13	1.19	0.87	73	3.19	2.86	133	4.19	3.93
14	1.23	0.92	74	3.21	2.88	134	4.21	3.95
15	1.28	0.96	75	3.23	2.90	135	4.22	3.96
16	1.32	1.01	76	3.25	2.93	136	4.25	3.98
17	1.37	1.05	77	3.27	2.95	137	4.26	4.00
18	1.41	1.10	78	3.29	2.97	138	4.28	4.01
19	1.46	1.14	79	3.31	2.99	139	4.29	4.03
20	1.50	1.19	80	3.33	3.02	140	4.31	4.04
21	1.55	1.23	81	3.35	3.03	141	4.33	4.07
22	1.59	1.27	82	3.37	3.05	142	4.34	4.08
23	1.64	1.31	83	3.39	3.08	143	4.36	4.10
24	1.68	1.35	84	3.41	3.10	144	4.38	4.11
25	1.72	1.39	85	3.43	3.12	145	4.40	4.13
26	1.76	1.43	86	3.44	3.14	146	4.41	4.15
27	1.79	1.47	87	3.46	3.16	147	4.43	4.16
28	1.84	1.51	88	3.48	3.17	148	4.45	4.18
29	1.88	1.55	89	3.50	3.19	149	4.46	4.20
30	1.92	1.59	90	3.52	3.21	150	4.48	4.22
31	1.95	1.63	91	3.53	3.23	151	4.49	4.23
32	2.00	1.66	92	3.55	3.25	152	4.52	4.25
33	2.03	1.70	93	3.57	3.27	153	4.53	4.27
34	2.06	1.73	94	3.59	3.29	154	4.55	4.28
35	2.11	1.77	95	3.60	3.30	155	4.56	4.30
36	2.14	1.81	96	3.62	3.32	156	4.58	4.31
37	2.18	1.84	97	3.64	3.34	157	4.60	4.34
38	2.21	1.88	98	3.65	3.36	158	4.61	4.35
39	2.24	1.91	99	3.66	3.38	159	4.63	4.37
40	2.28	1.94	100	3.68	3.39	160	4.65	4.38
41	2.31	1.97	101	3.70	3.41	161	4.67	4.40
42	2.35	2.01	102	3.71	3.43	162	4.68	4.42
43	2.38	2.04	103	3.73	3.44	163	4.70	4.43
44	2.41	2.08	104	3.74	3.46	164	4.72	4.45
45	2.45	2.11	105	3.76	3.48	165	4.73	4.47
46	2.48	2.14	106	3.77	3.50	166	4.75	4.49
47	2.51	2.18	107	3.79	3.50	167	4.76	4.50
48	2.54	2.20	108	3.80	3.53	168	4.79	4.52
49	2.57	2.24	109	3.82	3.54	169	4.80	4.54
50	2.60	2.27	110	3.83	3.56	170	4.82	4.55
51	2.63	2.29	111	3.85	3.57	171	4.83	4.57
52	2.66	2.32	112	3.86	3.59	172	4.85	4.58
53	2.69	2.36	113	3.88	3.60	173	4.87	4.61
54	2.72	2.38	114	3.89	3.62	174	4.88	4.62
55	2.74	2.41	115	3.91	3.64	175	4.90	4.64
56	2.77	2.44	116	3.92	3.65	176	4.92	4.65
57	2.80	2.46	117	3.93	3.66	177	4.94	4.67
58	2.82	2.49	118	3.95	3.68	178	4.95	4.69
59	2.85	2.51	119	3.95	3.70	179	4.97	4.70
60	2.87	2.54	120	3.98	3.71	180	4.99	4.72

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

**CLASS 4 DEALERS, INCLUDING AUTO, TRUCK AND BOAT DEALERS, RETAIL STORES, AND OTHER PERSONS  
SELLING FINANCED GOODS**

RETROACTIVE			RETROACTIVE			RETROACTIVE		
Duration	14-DAY	30-DAY	Duration	14-DAY	30-DAY	Duration	14-DAY	30-DAY
1	0.15	0.00	61	2.24	2.06	121	3.08	2.88
2	0.22	0.20	62	2.26	2.08	122	3.09	2.90
3	0.29	0.27	63	2.28	2.10	123	3.10	2.91
4	0.37	0.34	64	2.30	2.12	124	3.11	2.92
5	0.44	0.41	65	2.32	2.13	125	3.13	2.93
6	0.51	0.47	66	2.33	2.15	126	3.14	2.94
7	0.59	0.54	67	2.36	2.17	127	3.15	2.95
8	0.66	0.61	68	2.38	2.18	128	3.16	2.96
9	0.73	0.68	69	2.39	2.20	129	3.17	2.97
10	0.81	0.74	70	2.41	2.22	130	3.18	2.99
11	0.88	0.81	71	2.43	2.24	131	3.19	3.00
12	0.95	0.87	72	2.44	2.25	132	3.21	3.01
13	0.98	0.90	73	2.46	2.27	133	3.22	3.02
14	1.02	0.94	74	2.48	2.28	134	3.23	3.04
15	1.05	0.96	75	2.49	2.30	135	3.24	3.05
16	1.09	0.99	76	2.51	2.31	136	3.26	3.06
17	1.12	1.02	77	2.52	2.33	137	3.27	3.07
18	1.15	1.06	78	2.54	2.35	138	3.28	3.08
19	1.18	1.09	79	2.56	2.36	139	3.29	3.09
20	1.21	1.11	80	2.57	2.38	140	3.30	3.10
21	1.24	1.14	81	2.58	2.39	141	3.31	3.11
22	1.27	1.17	82	2.60	2.40	142	3.32	3.13
23	1.31	1.20	83	2.62	2.42	143	3.33	3.14
24	1.34	1.23	84	2.63	2.43	144	3.35	3.15
25	1.37	1.25	85	2.65	2.44	145	3.36	3.16
26	1.40	1.28	86	2.66	2.46	146	3.37	3.18
27	1.43	1.31	87	2.68	2.48	147	3.38	3.19
28	1.46	1.34	88	2.69	2.49	148	3.40	3.20
29	1.48	1.36	89	2.70	2.50	149	3.41	3.21
30	1.51	1.38	90	2.72	2.52	150	3.42	3.22
31	1.54	1.41	91	2.73	2.53	151	3.43	3.23
32	1.57	1.44	92	2.74	2.54	152	3.44	3.24
33	1.60	1.46	93	2.76	2.55	153	3.45	3.26
34	1.62	1.49	94	2.77	2.57	154	3.46	3.27
35	1.65	1.51	95	2.78	2.58	155	3.47	3.28
36	1.68	1.54	96	2.80	2.59	156	3.49	3.29
37	1.70	1.56	97	2.81	2.61	157	3.50	3.30
38	1.73	1.59	98	2.82	2.62	158	3.51	3.32
39	1.76	1.61	99	2.83	2.63	159	3.52	3.33
40	1.78	1.63	100	2.84	2.65	160	3.54	3.34
41	1.80	1.65	101	2.86	2.66	161	3.55	3.35
42	1.83	1.68	102	2.87	2.67	162	3.56	3.36
43	1.85	1.70	103	2.88	2.68	163	3.57	3.37
44	1.88	1.72	104	2.90	2.69	164	3.58	3.39
45	1.90	1.74	105	2.91	2.70	165	3.59	3.40
46	1.92	1.76	106	2.92	2.71	166	3.60	3.41
47	1.94	1.79	107	2.93	2.72	167	3.61	3.42
48	1.97	1.80	108	2.94	2.74	168	3.63	3.43
49	1.99	1.83	109	2.95	2.75	169	3.64	3.44
50	2.02	1.85	110	2.96	2.76	170	3.65	3.46
51	2.04	1.87	111	2.97	2.77	171	3.66	3.47
52	2.06	1.89	112	2.98	2.79	172	3.68	3.48
53	2.08	1.91	113	2.99	2.79	173	3.69	3.49
54	2.10	1.93	114	3.01	2.80	174	3.70	3.50
55	2.12	1.95	115	3.02	2.82	175	3.71	3.52
56	2.15	1.97	116	3.02	2.83	176	3.72	3.53
57	2.16	1.99	117	3.04	2.84	177	3.73	3.54
58	2.18	2.01	118	3.05	2.85	178	3.74	3.55
59	2.20	2.02	119	3.05	2.86	179	3.75	3.56
60	2.23	2.04	120	3.06	2.87	180	3.77	3.57

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 5 ALL OTHER PERSONS SELLING CREDIT INSURANCE NOT SPECIFICALLY LISTED ABOVE

NON-RETROACTIVE			NON-RETROACTIVE			NON-RETROACTIVE		
<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>	<u>Duration</u>	<u>14 - DAY</u>	<u>30 - DAY</u>
1	0.20	0.00	61	3.32	2.95	121	4.58	4.27
2	0.30	0.22	62	3.35	2.98	122	4.59	4.29
3	0.40	0.30	63	3.38	3.01	123	4.61	4.31
4	0.51	0.37	64	3.41	3.04	124	4.64	4.33
5	0.60	0.44	65	3.44	3.06	125	4.65	4.35
6	0.71	0.52	66	3.47	3.09	126	4.67	4.37
7	0.80	0.58	67	3.50	3.11	127	4.69	4.39
8	0.90	0.66	68	3.53	3.15	128	4.71	4.40
9	1.00	0.74	69	3.55	3.17	129	4.73	4.43
10	1.10	0.81	70	3.58	3.20	130	4.75	4.45
11	1.20	0.88	71	3.60	3.23	131	4.76	4.46
12	1.30	0.95	72	3.63	3.25	132	4.79	4.48
13	1.36	1.00	73	3.66	3.28	133	4.81	4.51
14	1.41	1.05	74	3.68	3.30	134	4.82	4.52
15	1.46	1.10	75	3.70	3.33	135	4.84	4.54
16	1.51	1.15	76	3.72	3.35	136	4.87	4.56
17	1.57	1.20	77	3.75	3.38	137	4.88	4.58
18	1.62	1.26	78	3.77	3.41	138	4.90	4.60
19	1.67	1.31	79	3.79	3.43	139	4.92	4.62
20	1.72	1.36	80	3.82	3.46	140	4.95	4.64
21	1.77	1.41	81	3.84	3.47	141	4.96	4.66
22	1.82	1.45	82	3.86	3.50	142	4.98	4.68
23	1.87	1.51	83	3.89	3.53	143	5.00	4.70
24	1.93	1.55	84	3.90	3.55	144	5.02	4.71
25	1.97	1.59	85	3.93	3.58	145	5.04	4.74
26	2.01	1.64	86	3.95	3.59	146	5.06	4.76
27	2.06	1.69	87	3.96	3.62	147	5.07	4.77
28	2.11	1.73	88	3.99	3.64	148	5.10	4.79
29	2.16	1.77	89	4.02	3.66	149	5.12	4.82
30	2.20	1.82	90	4.03	3.68	150	5.13	4.83
31	2.24	1.87	91	4.05	3.71	151	5.15	4.85
32	2.29	1.90	92	4.07	3.72	152	5.18	4.87
33	2.33	1.95	93	4.09	3.75	153	5.19	4.89
34	2.37	1.99	94	4.11	3.77	154	5.21	4.91
35	2.42	2.03	95	4.13	3.78	155	5.23	4.93
36	2.45	2.07	96	4.15	3.81	156	5.25	4.95
37	2.49	2.11	97	4.17	3.83	157	5.27	4.97
38	2.54	2.15	98	4.19	3.85	158	5.29	4.99
39	2.57	2.18	99	4.20	3.87	159	5.31	5.01
40	2.61	2.23	100	4.22	3.89	160	5.33	5.02
41	2.65	2.26	101	4.24	3.91	161	5.35	5.05
42	2.69	2.30	102	4.26	3.93	162	5.37	5.07
43	2.73	2.34	103	4.27	3.95	163	5.38	5.08
44	2.76	2.38	104	4.29	3.96	164	5.41	5.10
45	2.80	2.42	105	4.31	3.99	165	5.43	5.13
46	2.84	2.45	106	4.33	4.01	166	5.44	5.14
47	2.87	2.49	107	4.34	4.02	167	5.46	5.16
48	2.91	2.52	108	4.36	4.04	168	5.49	5.18
49	2.94	2.56	109	4.38	4.06	169	5.50	5.20
50	2.98	2.60	110	4.39	4.08	170	5.52	5.22
51	3.01	2.62	111	4.41	4.09	171	5.54	5.24
52	3.04	2.66	112	4.43	4.12	172	5.56	5.25
53	3.08	2.70	113	4.45	4.13	173	5.58	5.28
54	3.11	2.73	114	4.45	4.15	174	5.60	5.30
55	3.14	2.76	115	4.48	4.17	175	5.62	5.31
56	3.17	2.80	116	4.49	4.19	176	5.64	5.33
57	3.21	2.82	117	4.51	4.20	177	5.66	5.36
58	3.23	2.86	118	4.52	4.22	178	5.68	5.38
59	3.27	2.88	119	4.53	4.24	179	5.69	5.39
60	3.29	2.92	120	4.56	4.25	180	5.72	5.41

APPENDIX A

ARIZONA CREDIT DISABILITY RATES

CLASS 5 ALL OTHER PERSONS SELLING CREDIT INSURANCE NOT SPECIFICALLY LISTED ABOVE

Duration	RETROACTIVE		Duration	RETROACTIVE		Duration	RETROACTIVE	
	14 - DAY	30 - DAY		14 - DAY	30 - DAY		14 - DAY	30 - DAY
1	0.16	0.00	61	2.37	2.18	121	3.26	3.05
2	0.24	0.21	62	2.39	2.20	122	3.27	3.06
3	0.31	0.29	63	2.41	2.22	123	3.28	3.07
4	0.39	0.36	64	2.44	2.24	124	3.29	3.09
5	0.47	0.43	65	2.45	2.26	125	3.31	3.10
6	0.54	0.50	66	2.47	2.27	126	3.32	3.11
7	0.62	0.57	67	2.49	2.29	127	3.33	3.12
8	0.70	0.64	68	2.51	2.31	128	3.34	3.14
9	0.77	0.72	69	2.53	2.33	129	3.36	3.15
10	0.85	0.79	70	2.55	2.35	130	3.37	3.16
11	0.93	0.85	71	2.57	2.37	131	3.38	3.17
12	1.00	0.92	72	2.59	2.38	132	3.39	3.18
13	1.04	0.96	73	2.60	2.40	133	3.40	3.20
14	1.08	0.99	74	2.62	2.41	134	3.42	3.21
15	1.11	1.02	75	2.63	2.43	135	3.43	3.22
16	1.15	1.05	76	2.65	2.45	136	3.44	3.23
17	1.18	1.08	77	2.67	2.46	137	3.45	3.25
18	1.22	1.12	78	2.69	2.48	138	3.47	3.26
19	1.25	1.15	79	2.71	2.50	139	3.48	3.27
20	1.28	1.18	80	2.72	2.51	140	3.49	3.28
21	1.31	1.21	81	2.73	2.53	141	3.50	3.29
22	1.35	1.24	82	2.75	2.54	142	3.51	3.31
23	1.38	1.27	83	2.77	2.56	143	3.53	3.32
24	1.41	1.30	84	2.78	2.57	144	3.54	3.33
25	1.45	1.33	85	2.80	2.59	145	3.55	3.34
26	1.48	1.35	86	2.82	2.60	146	3.56	3.36
27	1.51	1.38	87	2.83	2.62	147	3.58	3.37
28	1.54	1.41	88	2.84	2.63	148	3.59	3.38
29	1.57	1.44	89	2.86	2.65	149	3.60	3.39
30	1.60	1.46	90	2.88	2.66	150	3.61	3.41
31	1.63	1.50	91	2.89	2.67	151	3.62	3.42
32	1.66	1.52	92	2.90	2.69	152	3.64	3.43
33	1.69	1.55	93	2.92	2.70	153	3.65	3.44
34	1.72	1.57	94	2.93	2.72	154	3.66	3.46
35	1.74	1.60	95	2.94	2.73	155	3.67	3.47
36	1.78	1.63	96	2.96	2.74	156	3.69	3.48
37	1.80	1.65	97	2.97	2.76	157	3.70	3.49
38	1.83	1.68	98	2.98	2.77	158	3.71	3.51
39	1.86	1.70	99	3.00	2.78	159	3.72	3.52
40	1.88	1.73	100	3.01	2.80	160	3.74	3.53
41	1.91	1.75	101	3.03	2.81	161	3.75	3.54
42	1.94	1.78	102	3.04	2.82	162	3.76	3.56
43	1.96	1.79	103	3.05	2.83	163	3.77	3.57
44	1.99	1.82	104	3.06	2.85	164	3.79	3.58
45	2.01	1.84	105	3.07	2.86	165	3.80	3.59
46	2.04	1.86	106	3.09	2.87	166	3.81	3.61
47	2.06	1.89	107	3.10	2.88	167	3.82	3.62
48	2.08	1.91	108	3.11	2.90	168	3.84	3.63
49	2.11	1.94	109	3.12	2.91	169	3.85	3.64
50	2.13	1.96	110	3.13	2.92	170	3.86	3.66
51	2.16	1.97	111	3.15	2.93	171	3.87	3.67
52	2.18	2.00	112	3.16	2.95	172	3.89	3.68
53	2.20	2.02	113	3.16	2.95	173	3.90	3.69
54	2.22	2.04	114	3.18	2.96	174	3.91	3.71
55	2.24	2.06	115	3.19	2.98	175	3.92	3.72
56	2.27	2.08	116	3.20	2.99	176	3.94	3.73
57	2.29	2.11	117	3.21	3.00	177	3.95	3.74
58	2.31	2.12	118	3.22	3.01	178	3.96	3.76
59	2.33	2.14	119	3.23	3.03	179	3.97	3.77
60	2.35	2.16	120	3.24	3.04	180	3.99	3.78

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of:

*Prima facie* RATES FOR CREDIT  
LIFE INSURANCE AND CREDIT  
DISABILITY INSURANCE

Docket No. 02A-139-INS

HEARING OFFICER'S  
REPORT AND RECOMMENDATION

---

A Public Hearing was conducted on September 25, 2002 to consider objections to the Department's proposed *prima facie* rate adjustments for credit life insurance and credit disability insurance, which rates have been proposed pursuant to Arizona Administrative Code provisions R20-6-604.04 and R20-6-604.05.

The basis for the Department's actions is found in Arizona Revised Statutes §20-1610 which provides in part:

- (A) The amount charged to a debtor for credit life insurance or credit disability insurance [shall not] exceed the premium for the particular coverage that is specified in the schedule of rates then on file with the Director...
- (B) Each schedule of premium and revision thereof pertaining to the sale or provision in Arizona of any credit life insurance or credit disability insurance shall be filed with the director by each insurer engaged in these transactions...The Director shall disapprove the schedule if in the director's opinion the premium

rates charged or to be charged are excessive in relationship to benefits that may be awarded. In determining whether to disapprove the schedule the director shall accord due consideration to past and prospective loss experience within and outside Arizona, to underwriting practice and judgment to and all other factors relevant to the relationship between premium rates and benefits.

To that end, the Department has promulgated regulations which establish standards for meeting the requirements of the above-cited statute. Those standards require a rate for credit life insurance that yields a loss ratio of no less than 50% and yields a loss ratio of no less than 60% for credit disability insurance, see A.A.C. R20-6-604.02. Additional regulations promulgated by the Department allow the Department to set *prima facie* rates for these insurance products and those rates are presumed to comply with the required loss ratios, see A.A.C. R20-6-603.03, R20-6-604.04 and R20-604.05.

The Department is required to review *prima facie* rates every three years using three criteria, to-wit: 1) Determine the rate of expected claims on a statewide basis; 2) Compare the rate of expected claims with the rate of actual claims for the past three years determined from the incurred claims and earned premiums at *prima facie* rates; and, 3) If the Director determines that the *prima facie* rates require adjustment, issue a notice of hearing and proposed order adjusting the actual statewide *prima facie* rates. The instant hearing is the result of the three year rate review process.

Based on the information and documentation presented at the public hearing, the undersigned finds the following:

1. The Department undertook two actuarial reviews of the credit life and credit disability insurance industries during 2001 and 2002, each of which examined the loss experience results of various classes of lenders and types of plans offered by the lenders. The first review covered the period of 1997 through 1999. The second review covered the period of 1998 through 2000;

2. Actual loss ratios for the various plans by the classes of lenders were sorted by the Department and charted from information filed with the Department by the insurers on their Form A submissions;

3. Based on the actual loss ratios, the Department concluded that all plans offered by all classes of lenders required adjustment in order to comply with the required loss ratios;

4. The Department prepared schedules of such adjustments for each plan offered by the various classes of lenders, which schedules are presented in this public hearing as the proposed adjustments to the *prima facie* rates allowed by law;

5. The Department's analysis recognized an anomaly in the area of credit disability insurance between the issuance and sale of retroactive and non-retroactive policies. The Department concluded that the anomaly exists due to the classes of lenders offering the two different forms of disability insurance, namely, the non-retroactive disability policies typically issued by credit unions offered less consumer value than the retroactive disability policies typically issued by sales finance lenders;

6. The Department's methodology in assessing the need for adjusting *prima facie* rates for credit life and credit disability insurance was contested. One of the bases for the contest is that the Department should have used a component rating method for

determining whether loss ratios by insurers meet the statutory requirements. The contestants argued that the Department should look at each company's costs of doing business as well as its commission schedules when determining whether its rates meet the loss ratios demanded by the statute and, the contestants argue, if the Department had applied component rating, the rates proposed by the Department are too low;

7. The Department's methodology for calculating adjustments to *prima facie* rates was also contested on the basis that the Department did not give "due consideration" to prospective loss experiences of insurers;

8. The Department's conclusions about rate adjustments for credit life and credit disability insurance were also contested on the basis that, if the Department adjusted rates too low, lenders would stop offering credit life and credit disability insurance as part of a sales finance transaction;

9. The Department's process of rate adjustments for credit life and credit disability insurance were also contested on the basis that the Department was examining data from macroeconomic periods which may not represent the economic conditions in Arizona for forward periods of time and, because in the last few years economic conditions have been favorable, the loss ratios experienced by insurers under the Department's proposed rules may far exceed the anticipated loss ratios in years to come;

10. The Department's methodology and results of assessing the need for adjusting *prima facie* rates for credit life and credit disability insurance was supported by the Center for Economic Justice;

11. The effective date for implementing adjustments to *prima facie* rates for



credit life and credit disability insurance must be reasonably established in order to give insurers enough time to re-program their systems.

Based on the comments received and the Department's responses to those comments, the undersigned recommends that the Director ADOPT the analysis of the Department's actuaries, that the Director ADOPT the *prima facie* rate adjustments proposed by the Department for credit life and credit disability insurance rates and that the Director ORDER that such adjusted rates take effect ninety (90) days from the date of the Director's Order.

The Department has responded to the concerns raised regarding credit disability *prima facie* rates by separating the retroactive class of insurance from the non-retroactive class of insurance and the logic for such separation is compelling. The anomaly that was created by comparing loss ratios from the two types of credit disability insurance led to the absurd result that consumers would receive less value from an insurance product that provided disability coverage, solely because the classes of lenders who offer credit disability insurance prefer one product over the other. Borrowers from credit unions would be sold non-retroactive credit disability policies which, if implemented as originally proposed by the Department, would be at the same premium cost as credit finance lenders who sold retroactive credit disability policies. Clearly, that result would not be in the best interests of consumers and the Department realized that, in the area of credit disability insurance, the class of lender matters more than the creation of a blanket rate adjustment for the type of insurance and the Department's

credit life and credit disability insurance must be reasonably established in order to give insurers enough time to re-program their systems.

Based on the comments received and the Department's responses to those comments, the undersigned recommends that the Director ADOPT the analysis of the Department's actuaries, that the Director ADOPT the *prima facie* rate adjustments proposed by the Department for credit life and credit disability insurance rates and that the Director ORDER that such adjusted rates take effect ninety (90) days from the date of the Director's Order.

The Department has responded to the concerns raised regarding credit disability *prima facie* rates by separating the retroactive class of insurance from the non-retroactive class of insurance and the logic for such separation is compelling. The anomaly that was created by comparing loss ratios from the two types of credit disability insurance led to the absurd result that consumers would receive less value from an insurance product that provided disability coverage, solely because the classes of lenders who offer credit disability insurance prefer one product over the other. Borrowers from credit unions would be sold non-retroactive credit disability policies which, if implemented as originally proposed by the Department, would be at the same premium cost as credit finance lenders who sold retroactive credit disability policies. Clearly, that result would not be in the best interests of consumers and the Department realized that, in the area of credit disability insurance, the class of lender matters more than the creation of a blanket rate adjustment for the type of insurance and the Department's

proposed rate adjustments which split the two forms of credit disability insurance eliminates the anomaly that such blanket rates would create. As such, the undersigned believes that the Department has equalized consumer cost vs. benefit for this type of insurance and therefore recommends that the proposed *prima facie* rates for credit disability insurance be adopted by the Director.

The attack on the Department's methodology, namely, using loss ratios instead of component ratings cannot be sustained. The rules for establishing rates, as they presently exist, do not allow the Department to consider anything other than loss ratios and the proposed rates were recommended based on compliance with the 50% and 60% mandates of the regulations. As such, the proposed adjustments to the *prima facie* rates for credit life and credit disability insurance should be adopted based on the Department's methodology of calculating loss ratios without regard to component ratings.

Further, since these rates are *prima facie*, if an individual insurer presents cogent evidence to the Department that the *prima facie* rates are unfavorable, that insurer may be granted a deviation from the *prima facie* rates. Calculating credit life and credit disability rates for each insurer who does business in the State of Arizona would lead to fragmented and disparate rates. Because consumers are typically not free to compare rates among insurers at the time credit life and credit disability insurance is sold, theoretical rate comparison ability would be a chimera. A unitary rate structure for credit life and credit disability insurance sales is more protective of the consumer and, since the Department has been more than generous in factoring in margins for insurers' protection, component rating should not be a consideration for the adjustment of rates

for credit life and credit disability insurance. Anyway, for companies which do not have established histories, *prima facie* rates are required.

The protest regarding the failure to give "due consideration" to the insurers' present and future claims experiences is not supported in the record. The Department made two analyses of loss experiences, one for the period of 1997 through 1999 and one for the period of 1998 through 2000. When there was no appreciable difference in the loss ratios between the two periods, the Department was content that current experience was reflected in its proposed adjustments. Nothing was presented at the public hearing to rebut the Department's conclusions. Future loss experiences are purely speculative and cannot form the basis for calculating *prima facie* rates. The undersigned is satisfied that the Department used due care in considering insurers' actual loss experiences when it recommended adjustments to the credit life and credit disability *prima facie* rates.

Overall, the objections raised to the proposed credit life insurance *prima facie* rate adjustments are not persuasive. The Department's actuaries carefully calculated insurers' experiences for successive three year periods in order to ascertain the level of losses associated with writing credit life insurance, which loss experience was far below the mandated 50% requirement. Adjustments to the credit life insurance *prima facie* rates was certainly in order and the Department's actuaries carefully calculated the necessary adjustment amounts in order to satisfy the 50% rule. Accordingly, the undersigned recommends that the Director adopt the Department's proposed *prima facie* credit life rates.

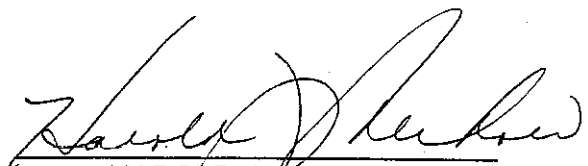
The undersigned further recommends that the Director adopt the Department's revised proposed *prima facie* credit disability rates. The Department's initial proposed rate adjustments were re-crafted in order to eliminate the anomaly created by the analysis showing that consumers receive less value for more money, depending on the circumstances under which the insurance is purchased and from whom. Elimination of the anomaly strikes a fair balance between insurers and consumers and should be adopted by the Director as recast by the Department's actuaries. Accordingly, the undersigned recommends that the Director adopt the Department's proposed *prima facie* credit disability rates.

The Department seeks implementation of these rate adjustments in 60 days from the date of the Director's Order. The Department suggests that, since the insurers were on notice that rate adjustments were being considered by the Department, they had sufficient time to prepare for such adjustments. The insurers, however, plead for a longer transition period on the basis that the network of lenders for these insurance products is far-flung and each of them needs time to implement changes to the *prima facie* rates. The undersigned believes that, although rate adjustment was well-known to the insurers, the actual rates have not been designated by the Director and the undersigned further acknowledges that some length of time will be necessary to implement the rate adjustments. The undersigned believes that 90 days from the date of the Director's Order is a fair amount of time to allow all of the insurers who offer these products to distribute the rate adjustments throughout their networks.

The Department has also asked that the Director's Order include a proscription to insurers who have previously obtained deviation rates not to piggyback those

deviations on the newly-ordered adjusted rates. The undersigned agrees that, for any insurer who obtained an order from the Department allowing a deviation from *prima facie* rates, that insurer should either conform to the newly-ordered *prima facie* rates or submit a new application for deviations from the adjusted rates. To that end, the undersigned recommends that the Director's Order contain a provision making all approved existing deviations to be null and void upon the effective date of the Director's Order. The undersigned further recommends that the Director's Order allow insurers to immediately apply for deviations from the newly-ordered adjusted rates and that any approved deviations will be effective at the time the adjusted *prima facie* rates take effect.

Respectfully submitted this 16<sup>th</sup> day of December 2002.

  
HAROLD J. MERKOW  
Hearing Officer