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

In the Matter of:

No. 25A-002-INS

LOSS RATIO STANDARDS AND *PRIMA FACIE* RATES FOR CREDIT PROPERTY INSURANCE

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

YOU ARE HEREBY NOTIFIED that the Director of the Department of Insurance and Financial Institutions (“Director”) has scheduled a hearing pursuant to Arizona Revised Statutes §§ 20-1621.05(B) and (C), and appointed hearing officer Tom Zuppan, to take comments on a proposed order setting a loss ratio standard and establishing prima facie rates for credit property insurers. The above-captioned matter will be conducted at the Department of Insurance and Financial Institutions (the “Department”) as an in-person hearing (call-in capabilities will also be provided).

Date of Hearing:

March 27, 2025 at 11:15 to 11:45 a.m. (MST)

Location of Hearing:

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

To attend remotely:

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

**Phone Numbers
(US)+1 929-260-4536
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
5 property insurers on the Director’s proposed order (*see* Exhibit A). The actuarial report upon
6 which the proposed order is based is also attached to this Notice (*see* Exhibit B). The
7 Director intends that the proposed order will supersede the prior order issued by the
8 Department in 2013 (*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.

13 If submitting a written comment, please use "Credit Property Hearing" in the subject
14 line 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.

18
19 DATED this 10th 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 10th 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
11 arvin.delrosario@amirisk.com

12 American Bankers Ins. Co. of Florida
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14 Roger Revollo
15 Roger.Revollo@assurant.com

16 Central States Indemnity Co. of Omaha
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18 Mo Ashab
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20 Knightbrook Ins. Co.
21 NAIC #13722
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...

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2 cej@cej-online.org

3 Consumer Credit Ins. Assoc.
4 info@fec.gov

5 Consumer Federation of America
6 cfa@consumerfed.org

7 AHIP
8 ahip@ahip.org

9 William E. Morris Institute for Justice
10 admin@mijaz.org

11 *Mayra Kariem*

12 Mayra Kariem

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EXHIBIT A

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of:

LOSS RATIO STANDARDS AND *PRIMA FACIE* RATES FOR CREDIT PROPERTY INSURANCE

Docket No. 25A-002-INS

ORDER

Pursuant to A.R.S. §20-1621.05(B), the Director shall, at least once every three years, establish by order a loss ratio standard for credit property insurance. Concurrently, pursuant to A.R.S. §20-1621.05(C), the Director shall, by order, establish prima facie rates for credit property insurance.

On January 9, 2013, the Director issued an Order In the Matter of Loss Ratio Standards and *Prima Facie* Rates for Credit Property Insurance and Credit Unemployment Insurance, Docket No. 13A-007-INS (“the 2013 Order”). The 2013 Order established a loss ratio standard of 50% for credit property insurance to be effective January 15, 2013. The Director also established via the 2013 Order *prima facie* rates for credit property insurance as set forth in Exhibit A to the 2013 Order.

After due consideration of the enumerated factors in A.R.S. §20-1621.05, the Director enters the following Order:

1. The loss ratio standard for credit property insurance shall remain at 51.5%;
2. The *prima facie* rates for credit property insurance are revised as set forth in Exhibit A;
3. 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.R.S. §20-1621.05 for credit property insurance. When filing deviations, insurers shall use the Credibility Table attached hereto as Exhibit B (credit property).

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4. Pursuant to A.R.S. §20-1621.05(B), on or before April 1 of each year, each insurer that transacts credit property insurance shall file with the Director an experience report containing information as required on a form specified by the Director.

5. This Order is effective [_____].

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 15th Avenue, Suite 261
7 Phoenix, Arizona 85007

8 AMI Risk Consultants, Inc.
9 gailf@amirisk.com
10 arvin.delrosario@amirisk.com

11 American Bankers Ins. Co. of Florida
12 NAIC #10111
13 Roger Revollo
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15 Central States Indemnity Co. of Omaha
16 NAIC #34274
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19 Knightbrook Ins. Co.
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Consumer Credit Ins. Assoc.
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1 Consumer Federation of America
2 cfa@consumerfed.org

3 AHIP
4 ahip@ahip.org

5 William E. Morris Institute for Justice
6 admin@mijaz.org

7 **COPY** of the foregoing transmitted electronically the same date to:

8 *Mayra Kariem*

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EXHIBIT A

THE RECOMMENDED LOSS RATIO STANDARD IS 51.5%

PROPOSED PRIMA FACIE RATES FOR CREDIT PROPERTY INSURANCE ARE:

1. SINGLE PREMIUM

If the insurer charges a single premium, the rate per 100 dollars of insured value shall be:

DUAL INTEREST.....\$0.597

SINGLE INTEREST.....\$0.428

2. MONTHLY OUTSTANDING BALANCE FOR CLOSED-END CREDIT*

If the premiums are payable monthly on an outstanding balance for closed-end loan, the rate per 100 dollars of outstanding balance shall be:

DUAL INTEREST.....\$0.091

SINGLE INTEREST.....\$0.057

3. MONTHLY OUTSTANDING BALANCE FOR OPEN-END CREDIT*

If the premiums are payable monthly on an outstanding balance for an open-end loan, the rate per 100 dollars of outstanding balance shall be:

DUAL INTEREST.....\$0.049

SINGLE INTEREST.....\$0.031

DUAL INTEREST protects interest of both the borrower and the creditor

SINGLE INTEREST protects only the creditor's interest in the property.

*Closed-end and open-end credit are defined in ARS §20-1621.01.

EXHIBIT B

CREDIBILITY TABLE

EARNED PREMIUM	CLAIM COUNT	CREDIBILITY FACTOR
<32,600	<6	0.00
32,600 - 59,799	6-10	0.15
59,800 - 91,399	11-16	0.20
91,400 - 132,199	17-23	0.25
132,200 - 181,199	24-32	0.30
181,200 - 236,899	33-42	0.35
236,900 - 298,699	43-54	0.40
298,700 - 368,799	55-67	0.45
368,800 - 445,499	68-81	0.50
445,500 - 530,399	82-97	0.55
530,400 - 623,399	98-113	0.60
623,400 - 722,999	114-132	0.65
723,000 - 829,099	133-151	0.70
829,100 - 943,299	152-172	0.75
943,300 - 1,065,699	173-195	0.80
1,065,700 - 1,194,599	196-219	0.85
1,194,600 - 1,330,099	220-244	0.90
1,330,100 - 1,473,699	245-270	0.95
1,473,700 +	271+	1.00

EXHIBIT B

State of Arizona
Credit Property
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. 146th 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

Dear Mr. Zuppan:

We are pleased to submit our final report on the State of Arizona Credit Property 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

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<i>Appendices</i>	<u>APPENDIX</u>
Credit Property Data Call	Appendix A
DOCKET NO. 13A-007-INS	Appendix B

AMI Risk Consultants, Inc.

Actuarial Report

Credit Property

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 Property Prima Facie Rates as established by Docket No. 13A-007-INS dated January 8, 2013.

The 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 permissible loss ratio
- 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 Property Program Types/Coverage Classifications

Arizona’s current Credit Property prima facie rates were established January 9, 2013 and are attached to this report in Appendix B. Rates are provided for the following coverage classifications:

- **Monthly Outstanding Balance – Open End Credit:** This coverage is appropriate for credit cards or revolving charge accounts and pays the for loss or damage to items purchased with the credit card. Premium is paid monthly based on the account’s current balance.
- **Single Premium:** This coverage is appropriate for a fixed term loan and pays for loss or damage to the item(s) financed with the loan. As the name suggests, the premium is paid in lump sum at the loan’s inception and is typically financed along with the loan.
- **Monthly Premium – Closed End Credit:** This coverage is appropriate for a fixed term loan and is similar to Single Premium coverage described above except that the premium is paid monthly based on the loan’s outstanding balance.

Coverage for loss or damage to an item is subject to specified perils stated in the policy and to other policy conditions. Coverage may be offered as either “Single Interest” or “Dual Interest”, where Single Interest pays the lender’s interest in the insured property (i.e. the remaining loan balance) and Dual Interest pays for both the lender’s and the borrower’s loss.

**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 an **overall 8.4% increase** to the Credit Property prima facie rates. Furthermore, we recommend that the change be distributed as follows:

Coverage Class	Proposed Rate Change%	2022 AZ Written Premium
Single Premium – Dual Interest	15.0%	\$548,625
Single Premium – Single Interest	25.0%	539,989
Monthly Outstanding Balance (Open-End Credit) – Dual Interest	-34.5%	291,882
Monthly Outstanding Balance (Open-End Credit) – Single Interest	-34.5%	0
Monthly Outstanding Balance (Closed-End Credit) – Dual Interest	10.5%	102
Monthly Outstanding Balance (Closed-End Credit) – Single Interest	10.0%	0
Total	8.4%	\$1,380,598

**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 both Arizona and Countrywide. The most recent five years available were selected in order to collect a credible volume of data for review.
- Insurance Expense Exhibits for 2020, 2021 and 2022. A 3-year average of expenses is commonly applied in determining a permissible loss ratio.

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, Monthly Outstanding Balance – Closed- End Credit, Monthly Outstanding Balance – Open-End Credit.
- **Coverage:** Single Interest and Dual Interest.

The call also requested the **average rate charged** each year in Arizona and Countrywide.

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

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

Data Received - Carriers

During 2022 there were **six** insurers actively writing Credit Property insurance in Arizona, but **three** reported minimal annual premium of less than \$25,000 in the state.

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

NAIC #	Company	Premium
10111	American Bankers Insurance Company of Florida	\$290,987
34274	Central States Indemnity Co. of Omaha	729
13722	KnightBrook Insurance Company	539,989
26565	Ohio Indemnity Company	547,741
10054	Securian Casualty Company	884
25011	Wesco Insurance Company	268
	Total	\$ 1,380,598

Data Received – Loss Experience

The **six** insurers reported the following compiled experience:

Calendar Year	Arizona	
	Earned Premium at Prima Facie	Loss Ratio
2018	\$7,090,946	38.5%
2019	2,483,418	59.6%
2020	2,727,139	38.8%
2021	775,548	59.9%
2022	1,427,589	48.6%
Total	\$14,504,640	44.3%

**Loss Ratios include 3.3% addition for Loss Adjustment Expenses.

Data Received – Expenses

The compiled expenses from the various carriers are shown on Page 6 in the Permissible Loss Ratio section.

**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. Premiums and losses could not be compared and balanced to any external source, as Credit Property is not routinely reported separately in the NAIC Annual Statement or elsewhere.

One company was asked to resubmit its experience due to an unreasonable relationship between earned premium and earned premium at prima facie.

It was expected that Credit Property experience would be reported in the Annual Statement under NAIC Line of Business 28 – Credit, and potentially combined there with other credit coverages such as Credit Unemployment. Two companies responding to the data call, however, indicated reporting under Line of Business 9 – Inland Marine.

Data Adjustments

We relied on Arizona Earned Premium at Prima Facie as reported by each company, subject to the reasonability testing mentioned above, and made no adjustments to the data received beyond the inclusion of a load for loss adjustment expenses and an allowance for loss ratio trend.

**Permissible
Loss Ratio**

The permissible loss ratio was determined as 100% minus the sum of allowances for insurer expenses and profit, as shown below.

DEVELOPMENT OF THE PERMISSIBLE LOSS RATIO

Expense Category	% Provision
Commission	36.5%
Other Acquisition	1.2%
General	3.0%
Taxes, Licenses & Fees	2.7%
Profit & Contingencies	5.0%
Total Expense	48.5%
Permissible Loss & LAE Ratio	51.5%

The expense percentages were compiled from the Insurance Expense Exhibits for 2020, 2021 and 2022 provided by the insurers.

The profit margin is unchanged from a prior review and was based on the stated margins from credit insurance rate filings. In checking more recent filings the margins ranged from 5% to 8%. However, assuming a margin much higher than 5% would produce a permissible loss ratio below 50%. Furthermore, the commission percentage includes both advance and contingent/profit share compensation and therefore provides an additional allowance for company profit that is subsequently shared with the lending institution or retailer.

Credibility

We assumed a full credibility standard based on earned premium of **\$1,473,696**

This standard was derived by trending the standard in Table C1 of Docket No. 13A-007-INS from 2013 to 2024. The trend factor was based on the Consumer Price Index.

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, Page 1** 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 **3.3%** to allow for loss adjustment expenses. That percentage was derived from the Insurance Expense Exhibits of the various insurers.

Incurred loss ratios were **trended at 3.5% per year** from the midpoint of the experience year to mid-2026. This assumes the revised rates will be in effect for the three-year period 2025 – 2027.

We selected the all-year weighted average experience loss ratio of **55.8%**.

Due to the 5-year premium volume of **\$14,504,640**, the loss ratio was assumed to be fully credible.

Compared to the Permissible Loss & LAE Ratio of **51.5%**, the overall rate level change indication was **+8.4%**.

Proposed Rates

CURRENT

	Single Interest	Dual Interest
SINGLE PREMIUM RATE PER \$100 OF INSURED VALUE	0.34	0.52
MONTHLY PREMIUM RATES (CLOSED-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.05	0.08
MONTHLY PREMIUM RATES (OPEN-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.047	0.075

PROPOSED

	Single Interest	Dual Interest
SINGLE PREMIUM RATE PER \$100 OF INSURED VALUE	0.428	0.597
MONTHLY PREMIUM RATES (CLOSED-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.057	0.091
MONTHLY PREMIUM RATES (OPEN-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.031	0.049

CHANGE

	Single Interest	Dual Interest
SINGLE PREMIUM RATE PER \$100 OF INSURED VALUE	25.0%	15.0%
MONTHLY PREMIUM RATES (CLOSED-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	10.0%	10.0%
MONTHLY PREMIUM RATES (OPEN-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	-34.5%	-34.5%

**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 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

- Page 1 – Overall Rate Change Indication
- Page 2 - Full Credibility Standard Based on Earned Premium
- Page 3 - Development of Permissible Loss Ratio

Exhibit II – Rate Change Allocation

**Attached
Appendices**

The following appendices are attached to this report:

Appendix A – Credit Property Data Call

Appendix B – Docket No. 13A-007-INS

AMI Risk Consultants, Inc.

Actuarial Exhibits

**ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY
CREDIT PROPERTY**

**2025 PROPOSED RATES
SUMMARY OF RATE CHANGE**

CURRENT

	Single Interest	Dual Interest
SINGLE PREMIUM RATE PER \$100 OF INSURED VALUE	0.34	0.52
MONTHLY PREMIUM RATES (CLOSED-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.05	0.08
MONTHLY PREMIUM RATES (OPEN-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.047	0.075

PROPOSED

	Single Interest	Dual Interest
SINGLE PREMIUM RATE PER \$100 OF INSURED VALUE	0.428	0.597
MONTHLY PREMIUM RATES (CLOSED-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.057	0.091
MONTHLY PREMIUM RATES (OPEN-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	0.031	0.049

CHANGE

	Single Interest	Dual Interest
SINGLE PREMIUM RATE PER \$100 OF INSURED VALUE	25.0%	15.0%
MONTHLY PREMIUM RATES (CLOSED-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	10.0%	10.0%
MONTHLY PREMIUM RATES (OPEN-END CREDIT) PER \$100 OF OUTSTANDING BALANCE	-34.5%	-34.5%

**ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY
CREDIT PROPERTY
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	7,090,946	2,642,562	1.033	38.5%	1.27	49.0%
2019	2,483,418	1,433,151	1.033	59.6%	1.27	75.8%
2020	2,727,139	1,023,383	1.033	38.8%	1.32	51.0%
2021	775,548	449,442	1.033	59.9%	1.19	71.1%
2022	1,427,589	671,798	1.033	48.6%	1.15	55.8%
Total	14,504,640	6,220,336	1.033	44.3%		55.8%

(7) All-year weighted average	55.8%
3-year weighted average	55.6%
All year average x-hi/lo	59.3%
(8) Selected Arizona Loss & LAE Ratio	55.8%
(9) Credibility	100.0%
(10) Permissible Loss & LAE Ratio	51.5%
(11) Overall Rate Level Indication	8.4%
(12) Proposed Overall Rate Change	8.4%

Notes:

- (1) , (2) & (3) - Per data call compilation
- (4) = (2) x (3) / (1)
- (5), (8) & (12) - Per AMI selection
- (6) = (4) x (5)
- (7) - As described
- (9) = SQRT(Total of (1) / full credibility standard from Exhibit I, Page 2)
- (10) - Per Exhibit I, Page 3
- (11) = (8) / (10) -1

ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY
CREDIT PROPERTY
2025 PROPOSED RATES
FULL CREDIBILITY STANDARD BASED ON EARNED PREMIUM

- | | | |
|-----|-------------|--|
| (1) | \$1,083,600 | Full credibility standard in Table C1 - Docket No. 13A-007-INS dated January 9, 2013 |
| (2) | 1.36 | Trend from 2013 to 2024 based on CPI |
| (3) | \$1,473,696 | Trended full credibility standard |

ARIZONA CREDIT INSURANCE PRIMA FACIE RATE STUDY
CREDIT PROPERTY
2025 PROPOSED RATES

DEVELOPMENT OF PERMISSIBLE LOSS RATIO

	Expense Category	
(1)	Commission	36.5%
(2)	Other Acquisition	1.2%
(3)	General	3.0%
(4)	Taxes, Licenses & Fees	2.7%
(5)	Underwriting Profit	5.0%
(6)	Total Expense	48.5%
(7)	Permissible Loss Ratio	51.5%

Notes:

(1) - (4): Company averages for 2018 - 2022.

Commission includes both advance and contingent.

(5) - Selected

(6) = Sum of (1) through (5).

(7) = 1 - (6),

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

RATE CHANGE ALLOCATION

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 Interest / Single Premium	3,776,954	2,146,833	1.033	58.7%	1.26	74.0%
Single Interest / Monthly Premium - Closed-End Credit	0	0	1.033	0.0%	1.26	0.0%
Single Interest / Monthly OB - Open-End Credit	0	0	1.033	0.0%	1.26	0.0%
Dual Interest / Single Premium	8,609,478	3,855,231	1.033	46.3%	1.26	58.3%
Dual Interest / Monthly Premium - Closed-End Credit	510	0	1.033	0.0%	1.26	0.0%
Dual Interest / Monthly OB - Open-End Credit	2,117,698	218,272	1.033	10.7%	1.26	13.4%
Total	14,504,640	6,220,336	1.033	44.3%	1.26	55.8%

Program Type	Credibility	Credibility Adjusted Loss & LAE Ratio	Permissible Loss Ratio	Indicated Rate Change	Selected Rate Change
	(7)	(8)	(9)	(10)	(11)
Single Interest / Single Premium	100.0%	74.0%	51.5%	43.7%	25.0%
Single Interest / Monthly Premium - Closed-End Credit	0.0%	55.8%	51.5%	8.4%	10.0%
Single Interest / Monthly OB - Open-End Credit	0.0%	55.8%	51.5%	8.4%	-34.5%
Dual Interest / Single Premium	100.0%	58.3%	51.5%	13.2%	15.0%
Dual Interest / Monthly Premium - Closed-End Credit	1.9%	54.8%	51.5%	6.4%	10.0%
Dual Interest / Monthly OB - Open-End Credit	100.0%	13.4%	51.5%	-73.9%	-34.5%
Total	100.0%	55.8%	51.5%		8.4%

Notes:

- (1) , (2) & (3) - Per data call compilation
- (4) = (2) x (3) / (1)
- (5) & (11) - Per AMI selection
- (6) = (4) x (5)
- (7) = SQRT((1) / full credibility standard from Exhibit I, Page 2)
- (8) = (6) x (7) + (1-(7)) x Total of(6)
- (9) = Per Exhibit I, Page 3.
- (10) = (8) / (9) -1

AMI Risk Consultants, Inc.

Appendices

APPENDIX A

CREDIT PROPERTY DATA CALL

State of Arizona Credit Property Data Call Instructions

1. Submit your company's (companies') credit property 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, this transmittal form and Insurance Expense Exhibits for 2020, 2021 and 2022 to:

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

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

CREDIT PROPERTY TRANSMITTAL

Company Name (s):

Company NAIC Number(s):

Data File Name:

	Grand Totals Submitted*
Arizona Written Premium	
Countrywide Written Premium	
Arizona Earned Premium	
Arizona Earned Premium at Prima Facie Rates	
Countrywide Earned Premium	
Arizona Paid Losses	
Countrywide Paid Losses	
Arizona Incurred Losses	
Countrywide 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 Property
Arizona and Countrywide**

Provide credit property 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 Property programs in this file.
 Include the Company Name(s) and Credit Property in the file’s name.
 Note: The file can be created in a 19-column Excel file and then saved as .csv.

**Each line should contain a total of 19 attributes. Always provide all 19 attributes.
Each Program should be reported in 5 lines.**

1	Coverage Group	Enter “Credit Property”
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	ASL	Enter the NAIC Annual Statement Line Number in which this program is reported, e.g. “28” for Credit.
7	Single or Dual Interest Coverage	Enter the most appropriate code for this program: 1- Single Interest Coverage 2 - Dual Interest Coverage
8	Program Type	Enter the most appropriate code for this program: 1- Single Premium 2 - Monthly Outstanding Balance - Closed End Credit 3 – Monthly Outstanding Balance – Open End Credit / Revolving Charge
9	Arizona Written Premium	For this program and calendar year (no commas)
10	Countrywide Written Premium	For this program and calendar year (no commas)
11	Arizona Earned Premium	For this program and calendar year (no commas)
12	Arizona Earned Premium at Prima Facie Rates	For this program and calendar year (no commas)
13	Countrywide Earned Premium	For this program and calendar year (no commas)
14	Arizona Paid Losses	For this program and calendar year (no commas)
15	Countrywide Paid Losses	For this program and calendar year (no commas)
16	Arizona Incurred Losses	For this program and calendar year (no commas)
17	Countrywide Incurred Losses	For this program and calendar year (no commas)
18	Average Rate per \$100 Charged - AZ	For this program and calendar year (no commas)
19	Average Rate per \$100 Charged - Countrywide	For this program and calendar year (no commas)

Example of data file:

CoverageGroup,CompanyName,CompanyNAICCode,CalendarYearOfExperience,ProgramName,ASL,SingleOrDualInterestCoverage,ProgramType,ArizonaWrittenPremium,CountrywideWrittenPremium,ArizonaEarnedPremium,ArizonaEarnedPremiumatPrimaFacieRates,CountrywideEarnedPremium,ArizonaPaidLosses,CountrywidePaidLosses,ArizonaIncurredLosses,CountrywideIncurredLosses,AverageRatePer\$100Charged-AZ,AverageRatePer\$100Charged-Countrywide
 CreditProperty,XYZInsuranceCompany,99999,2018,InstallmentSalesFloater,28,2,2,10000,100000,15000,12000,300000,5000,50000,7000,70000,083,.1

APPENDIX B

DOCKET NO. 13A-007-INS CURRENT PRIMA FACIE PROPERTY RATES

STATE OF ARIZONA
FILED

JAN 9 2013

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:)
)
LOSS RATIO STANDARDS AND *PRIMA*)
***FACIE* RATES FOR CREDIT PROPERTY**)
INSURANCE AND CREDIT)
UNEMPLOYMENT INSURANCE)
_____)

Docket No. 13A-007-INS
ORDER

Pursuant to A.R.S. §20-1621.05(B), the Director shall, at least once every three years, establish by order a loss ratio standard for credit property and credit unemployment insurance. Concurrently, pursuant to A.R.S. §20-1621.05(C), the Director shall, by order, establish prima facie rates for both credit property and credit unemployment insurance.

On October 15, 2003, the Director issued an Order In The Matter Of Loss Ratio Standards and *Prima Facie* Rates for Credit Property Insurance and Credit Unemployment Insurance, Docket No. 03A-092-INS ("the 2003 Order"). The 2003 Order established a loss ratio standard of 50% for credit property and credit unemployment insurance to be effective January 15, 2004. The Director also established via the 2003 Order *prima facie* rates for credit property insurance and credit unemployment insurance as set forth in Exhibits A and B to the 2003 Order.

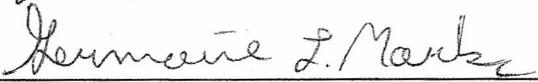
On January 15, 2007 and January 15, 2010, the Director issued Orders In The Matter of Loss Ratio Standards and *Prima Facie* Rates for Credit Property Insurance and Credit Unemployment Insurance, Docket No. 07A-005-INS and Docket No. 10A-003-INS . Neither Order changed the loss ratio standard or the *prima facie* rates for credit property or credit unemployment insurance.

1 After due consideration of the enumerated factors in A.R.S. §20-1621.05, the Director
2 enters the following Order:

- 3 1. The loss ratio standard for both credit property and credit unemployment
4 insurance shall remain at 50%;
- 5 2. The *prima facie* rates for credit property insurance are revised as set forth in
6 Exhibit A;
- 7 3. The *prima facie* rates for credit unemployment insurance are revised as set
8 forth in Exhibit B ;
- 9 4. Insurers may file for approval and use of deviated rates that are higher than
10 the *prima facie* rates established in this Order. Deviations for credit unemployment insurance
11 may be filed where loss ratios exceeded 50%. Deviations shall be filed in accordance with the
12 process and standards set forth in A.R.S. §20-1621.05 for credit property insurance and
13 A.R.S. §20-1610 for credit unemployment insurance. When filing deviations, insurers shall
14 use the Credibility Tables attached hereto as Exhibits C1(credit property) and C2 (credit
15 unemployment).

16 5. This Order is effective January 15, 2013.

17 DATED this 9th day of January 2013.

18 
19 GERMAINE L. MARKS, Director
Arizona Department of Insurance

20 COPY of the foregoing mailed
21 this 9th day of January, 2013 to:

22 Lynette Evans, Assistant Attorney General
23 Office of the Arizona Attorney General
1275 West Washington
Phoenix, Arizona 85007

1 Alexa Stephens, State Filings
American Bankers Insurance Company
2 of Florida
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3 Miami, FL 33157

4 Alexa Stephens, State Filings
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EXHIBIT A

THE RECOMMENDED LOSS RATIO STANDARD IS 50%

PROPOSED PRIMA FACIE RATES FOR CREDIT PROPERTY INSURANCE ARE:

1. SINGLE PREMIUM

If the insurer charges a single premium, the rate per 100 dollars of insured value shall be:

DUAL INTEREST.....	\$0.519
SINGLE INTEREST.....	\$0.342

2. MONTHLY OUTSTANDING BALANCE FOR CLOSED-END CREDIT*

If the premiums are payable monthly on an outstanding balance for a closed-end loan, the rate per 100 dollars of outstanding balance shall be:

DUAL INTEREST.....	\$0.083
SINGLE INTEREST.....	\$0.052

3. MONTHLY OUTSTANDING BALANCE FOR OPEN-END CREDIT*

If the premiums are payable monthly on an outstanding balance for an open-end loan, the rate per 100 dollars of outstanding balance shall be:

DUAL INTEREST.....	\$0.075
SINGLE INTEREST.....	\$0.047

DUAL INTEREST protects interests of both the borrower and the creditor.
SINGLE INTEREST protects only the creditor's interest in the property.

*Closed-end and open-end credit are defined in ARS §20-1621.01.

EXHIBIT B
ARIZONA - CREDIT UNEMPLOYMENT PRIMA FACIE RATES

TABLE A*

SINGLE PREMIUM RATES PER \$10 OF MONTHLY BENEFIT PROVIDED

Maximum Benefit Period in Months	Non Retro Benefits 30 Day Elimination Period	Retro Benefits
		30 Day Elimination Period
6	0.12	0.18
9	0.15	0.23
12	0.17	0.26
18	0.20	0.30
24	0.22	0.33
More than 24	0.23	0.35

NOTE: Single Premiums are obtained by multiplying the above rates by the term of the loan in months.

Example A

Loan of \$1200
 Level payments of \$106 per month for 12 months
 Retroactive benefits selected.
 If unemployment occurs during the first month, then all 12 payments will be covered by the insurance
 Single Premium = \$106*(.26/10)*12 = \$ 33.07

TABLE B*

MONTHLY PREMIUM RATES PER \$10 OF MONTHLY BENEFIT PROVIDED

Maximum Benefit Period in Months	Non Retro Benefits 30 Day Elimination Period	Retro Benefits
		30 Day Elimination Period
6	0.14	0.18
9	0.17	0.23
12	0.19	0.27
18	0.21	0.30
24	0.23	0.33
More than 24	0.25	0.35

Example B

Loan of \$1200
 Level payments of \$106 per month for 12 months
 Retroactive benefits selected.
 If unemployment occurs during the first month, then all 12 payments will be covered by the insurance
 Monthly premium = \$106*(.27/10) = \$ 2.86
 Total premium over the life of the loan = \$34.32 (2.86*12).

MONTHLY PREMIUM RATES PER \$100 OF OUTSTANDING BALANCE -

Applicable to Open-End Credit

Rates stated as \$0.xx per \$100 of outstanding balance per month should be consistent with the above rates. To satisfy this requirement the following formula may be used:
 $M = R \times 10 \times P$

Where:
 M = Monthly rate per \$100 of outstanding balance
 R = Rating factor selected from table C
 P = Percent of outstanding balance required as the minimum monthly payment, but not less than 3.0% (to be expressed as a decimal in the formula).

Maximum Benefit Period in Months
 For the purposes of the table below, the maximum benefit period is set to the lesser of the reciprocal of P (i.e. $1 \div P$) and the maximum number of months of unemployment benefits as specified by contract.

TABLE C**

	Maximum Benefit Period in Months	Non Retro Benefits 30 Day Elimination Period	Retro Benefits
			30 Day Elimination Period
1	6	0.140	0.158
2	9	0.170	0.202
3	12	0.190	0.237
4	18	0.210	0.263
5	24	0.230	0.289
6	More than 24	0.250	0.307

Example C

Minimum payment of 5% of outstanding balance
 Maximum coverage is for a year of payments
 Retroactive benefits selected $1/P\% = 1/.05 = 20$
 Contract specifies max 12 months of coverage
 The minimum of 20 and 12 is 12, so row 3 of Table-C is applicable
 $R = .237, P\% = .05$; thus $M = .237*10*.05 = 0.119$; the rate is 11.9 cents per \$100 of MOB.

Example D

Minimum payment of 2% of outstanding balance
 Maximum coverage term is not specified
 Retroactive benefits selected $1/P\% = 1/.03 = 33$
 33 is greater than 24, so row 6 of Table-C applies.

$R = .307, P\% = .03$; thus $M = .307*10*.03 = 0.092$; the rate is 9.2 cents per \$100 of MOB.

NOTE:
 All of the above are Single rates. Joint rates may not exceed 165% of the Single Life rates.

*Tables A and B are applicable to closed-end credit as defined in ARS § 20-1621.01

**Table C is applicable to open-end credit as defined in ARS § 20-1621.01

EXHIBIT C1
CREDIBILITY TABLE

<u>EARNED PREMIUM</u>	<u>CLAIM COUNT</u>	<u>CREDIBILITY FACTOR</u>
<24,000	<6	0
24,000 to 43,999	6-10	0.15
44,000 to 67,199	11-16	0.20
67,200 to 97,199	17-23	0.25
97,200 to 133,199	24-32	0.30
133,200 to 173,999	33-42	0.35
174,200 to 219,599	43-54	0.40
219,600 to 271,199	55-67	0.45
271,200 to 327,599	68-81	0.50
327,600 to 389,999	82-97	0.55
390,000 to 458,399	98-113	0.60
458,400 to 531,599	114-132	0.65
531,600 to 609,599	133-151	0.70
609,600 to 693,599	152-172	0.75
693,600 to 783,599	173-195	0.80
783,600 to 878,399	196-219	0.85
878,400 to 977,999	220-244	0.90
978,000 to 1,083,599	245-270	0.95
1,083,600 +	271+	1.00

IF INCURRED CLAIM COUNTS ARE AVAILABLE, USE THEM TO DETERMINE THE CREDIBILITY. IF NOT, USE ANNUAL EARNED PREMIUM. FOR 6-10 CLAIMS THE CREDIBILITY FACTOR IS 0.15.

THE EXPERIENCE PERIOD FOR THIS TABLE SHALL BE AT LEAST ONE FULL YEAR AND SHALL NOT EXCEED THREE SUCCESSIVE YEARS.

EXHIBIT C2

CREDIBILITY TABLE-IUI

<u>ANNUAL EARNED PREMIUM</u>	<u>CREDIBILITY FACTOR</u>
<24,000	0
24,000 to 43,999	0.15
44,000 to 67,199	0.20
67,200 to 97,199	0.25
97,200 to 133,199	0.30
133,200 to 173,999	0.35
174,200 to 219,599	0.40
219,600 to 271,199	0.45
271,200 to 327,599	0.50
327,600 to 389,999	0.55
390,000 to 458,399	0.60
458,400 to 531,599	0.65
531,600 to 609,599	0.70
609,600 to 693,599	0.75
693,600 to 783,599	0.80
783,600 to 878,399	0.85
878,400 to 977,999	0.90
978,000 to 1,083,599	0.95
1,083,600 +	1.00

NOTES:

- (1) Use this Table to calculate T (the credible Loss Ratio)

If: A = Actual Incurred Loss Ratio
 and: E = Expected Incurred Loss Ratio = 50% = .50
 and: Z = The Credibility Factor from the above Table

$$T = (Z \times A) + ((1-Z) \times E)$$

Rate Deviation Calculation Factor = T/E

- (2) The experience period to which this table applies shall not be less than 1 year nor greater than 3 years.

EXHIBIT C

STATE OF ARIZONA
FILED

JAN 9 2013

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of:)
)
LOSS RATIO STANDARDS AND *PRIMA*)
***FACIE* RATES FOR CREDIT PROPERTY**)
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Docket No. 13A-007-INS
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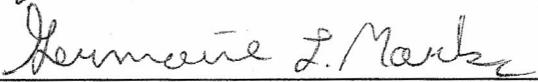
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- 9 4. Insurers may file for approval and use of deviated rates that are higher than
10 the *prima facie* rates established in this Order. Deviations for credit unemployment insurance
11 may be filed where loss ratios exceeded 50%. Deviations shall be filed in accordance with the
12 process and standards set forth in A.R.S. §20-1621.05 for credit property insurance and
13 A.R.S. §20-1610 for credit unemployment insurance. When filing deviations, insurers shall
14 use the Credibility Tables attached hereto as Exhibits C1(credit property) and C2 (credit
15 unemployment).

16 5. This Order is effective January 15, 2013.

17 DATED this 9th day of January 2013.

18 
19 GERMAINE L. MARKS, Director
Arizona Department of Insurance

20 COPY of the foregoing mailed
21 this 9th day of January, 2013 to:

22 Lynette Evans, Assistant Attorney General
23 Office of the Arizona Attorney General
1275 West Washington
Phoenix, Arizona 85007

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EXHIBIT A

THE RECOMMENDED LOSS RATIO STANDARD IS 50%

PROPOSED PRIMA FACIE RATES FOR CREDIT PROPERTY INSURANCE ARE:

1. SINGLE PREMIUM

If the insurer charges a single premium, the rate per 100 dollars of insured value shall be:

DUAL INTEREST.....	\$0.519
SINGLE INTEREST.....	\$0.342

2. MONTHLY OUTSTANDING BALANCE FOR CLOSED-END CREDIT*

If the premiums are payable monthly on an outstanding balance for a closed-end loan, the rate per 100 dollars of outstanding balance shall be:

DUAL INTEREST.....	\$0.083
SINGLE INTEREST.....	\$0.052

3. MONTHLY OUTSTANDING BALANCE FOR OPEN-END CREDIT*

If the premiums are payable monthly on an outstanding balance for an open-end loan, the rate per 100 dollars of outstanding balance shall be:

DUAL INTEREST.....	\$0.075
SINGLE INTEREST.....	\$0.047

DUAL INTEREST protects interests of both the borrower and the creditor.
SINGLE INTEREST protects only the creditor's interest in the property.

*Closed-end and open-end credit are defined in ARS §20-1621.01.

EXHIBIT B
ARIZONA - CREDIT UNEMPLOYMENT PRIMA FACIE RATES

TABLE A*

SINGLE PREMIUM RATES PER \$10 OF MONTHLY BENEFIT PROVIDED

Maximum Benefit Period in Months	Non Retro Benefits 30 Day Elimination Period	Retro Benefits
		30 Day Elimination Period
6	0.12	0.18
9	0.15	0.23
12	0.17	0.26
18	0.20	0.30
24	0.22	0.33
More than 24	0.23	0.35

NOTE: Single Premiums are obtained by multiplying the above rates by the term of the loan in months.

Example A

Loan of \$1200
 Level payments of \$106 per month for 12 months
 Retroactive benefits selected.
 If unemployment occurs during the first month, then all 12 payments will be covered by the insurance
 Single Premium = \$106*(.26/10)*12 = \$ 33.07

TABLE B*

MONTHLY PREMIUM RATES PER \$10 OF MONTHLY BENEFIT PROVIDED

Maximum Benefit Period in Months	Non Retro Benefits 30 Day Elimination Period	Retro Benefits
		30 Day Elimination Period
6	0.14	0.18
9	0.17	0.23
12	0.19	0.27
18	0.21	0.30
24	0.23	0.33
More than 24	0.25	0.35

Example B

Loan of \$1200
 Level payments of \$106 per month for 12 months
 Retroactive benefits selected.
 If unemployment occurs during the first month, then all 12 payments will be covered by the insurance
 Monthly premium = \$106*(.27/10) = \$ 2.86
 Total premium over the life of the loan = \$34.32 (2.86*12).

MONTHLY PREMIUM RATES PER \$100 OF OUTSTANDING BALANCE -

Applicable to Open-End Credit

Rates stated as \$0.xx per \$100 of outstanding balance per month should be consistent with the above rates. To satisfy this requirement the following formula may be used:
 $M = R \times 10 \times P$

Where:
 M = Monthly rate per \$100 of outstanding balance
 R = Rating factor selected from table C
 P = Percent of outstanding balance required as the minimum monthly payment, but not less than 3.0% (to be expressed as a decimal in the formula).

Maximum Benefit Period in Months
 For the purposes of the table below, the maximum benefit period is set to the lesser of the reciprocal of P (i.e. 1 ÷ P) and the maximum number of months of unemployment benefits as specified by contract.

TABLE C**

	Maximum Benefit Period in Months	Non Retro Benefits 30 Day Elimination Period	Retro Benefits
			30 Day Elimination Period
1	6	0.140	0.158
2	9	0.170	0.202
3	12	0.190	0.237
4	18	0.210	0.263
5	24	0.230	0.289
6	More than 24	0.250	0.307

Example C

Minimum payment of 5% of outstanding balance
 Maximum coverage is for a year of payments
 Retroactive benefits selected 1/P% = 1/.05 = 20
 Contract specifies max 12 months of coverage
 The minimum of 20 and 12 is 12, so row 3 of Table-C is applicable
 R = .237, P% = .05; thus M = .237*10*.05 = 0.119; the rate is 11.9 cents per \$100 of MOB.

Example D

Minimum payment of 2% of outstanding balance
 Maximum coverage term is not specified
 Retroactive benefits selected 1/P% = 1/.03 = 33
 33 is greater than 24, so row 6 of Table-C applies.

R = .307, P% = .03; thus M = .307*10*.03 = 0.092; the rate is 9.2 cents per \$100 of MOB.

NOTE:
 All of the above are Single rates. Joint rates may not exceed 165% of the Single Life rates.

*Tables A and B are applicable to closed-end credit as defined in ARS § 20-1621.01

**Table C is applicable to open-end credit as defined in ARS § 20-1621.01

EXHIBIT C1
CREDIBILITY TABLE

<u>EARNED PREMIUM</u>	<u>CLAIM COUNT</u>	<u>CREDIBILITY FACTOR</u>
<24,000	<6	0
24,000 to 43,999	6-10	0.15
44,000 to 67,199	11-16	0.20
67,200 to 97,199	17-23	0.25
97,200 to 133,199	24-32	0.30
133,200 to 173,999	33-42	0.35
174,200 to 219,599	43-54	0.40
219,600 to 271,199	55-67	0.45
271,200 to 327,599	68-81	0.50
327,600 to 389,999	82-97	0.55
390,000 to 458,399	98-113	0.60
458,400 to 531,599	114-132	0.65
531,600 to 609,599	133-151	0.70
609,600 to 693,599	152-172	0.75
693,600 to 783,599	173-195	0.80
783,600 to 878,399	196-219	0.85
878,400 to 977,999	220-244	0.90
978,000 to 1,083,599	245-270	0.95
1,083,600 +	271+	1.00

IF INCURRED CLAIM COUNTS ARE AVAILABLE, USE THEM TO DETERMINE THE CREDIBILITY. IF NOT, USE ANNUAL EARNED PREMIUM. FOR 6-10 CLAIMS THE CREDIBILITY FACTOR IS 0.15.

THE EXPERIENCE PERIOD FOR THIS TABLE SHALL BE AT LEAST ONE FULL YEAR AND SHALL NOT EXCEED THREE SUCCESSIVE YEARS.

EXHIBIT C2

CREDIBILITY TABLE-IUI

<u>ANNUAL EARNED PREMIUM</u>	<u>CREDIBILITY FACTOR</u>
<24,000	0
24,000 to 43,999	0.15
44,000 to 67,199	0.20
67,200 to 97,199	0.25
97,200 to 133,199	0.30
133,200 to 173,999	0.35
174,200 to 219,599	0.40
219,600 to 271,199	0.45
271,200 to 327,599	0.50
327,600 to 389,999	0.55
390,000 to 458,399	0.60
458,400 to 531,599	0.65
531,600 to 609,599	0.70
609,600 to 693,599	0.75
693,600 to 783,599	0.80
783,600 to 878,399	0.85
878,400 to 977,999	0.90
978,000 to 1,083,599	0.95
1,083,600 +	1.00

NOTES:

- (1) Use this Table to calculate T (the credible Loss Ratio)

If: A = Actual Incurred Loss Ratio
 and: E = Expected Incurred Loss Ratio = 50% = .50
 and: Z = The Credibility Factor from the above Table

$$T = (Z \times A) + ((1-Z) \times E)$$

Rate Deviation Calculation Factor = T/E

- (2) The experience period to which this table applies shall not be less than 1 year nor greater than 3 years.