

**Part 2 Chapter 12:** (94-103) Credit Life and Credit Accident and Health Insurance.

**Rule 12.01:** Purpose and Authority

As a result of some concerns that the Mississippi Department of Insurance has relating to the credit life and credit accident and health insurance industry in the State of Mississippi, the Commissioner of Insurance believes that it would be in the best interest of the public of this State as well as the credit life and credit accident and health insurance companies operating in this State that this office promulgate this regulation to assist in the removal of any potential confusion or misunderstanding concerning Title 83, Chapter 53 of the 1972 Mississippi Codeas revised in 1991. This regulation is adopted pursuant to the provisions of Miss. Code Ann. §§ 25-43-1 and 83-53-29(Rev. 1991). Major concerns which will be addressed by this regulation are as follows:

- A. To ensure the proper payment of claims and/or refunds.
- B. That the insurance company ensures that sufficient documentation and records are maintained so that it can be determined if the refunds are calculated correctly and paid to the proper parties.
- C. To put insurance companies operating in this State, on notice that they are responsible to make certain that all refunds are calculated correctly and paid to the proper parties.
- D. That the proper refunds of any unearned premiums and any other fees are made to the appropriate parties.
- E. To ensure that the insurance companies refunding mechanisms correspond with what has been filed with the Mississippi Department of Insurance.

Source: Miss. Code Ann. § 83-53-29 (Rev. 2011)

**Rule 12.02:** Regulation of Refunds to Beneficiaries

- A. Each claim shall be settled pursuant to the insurance contract on file with the Mississippi Department of Insurance; this means that in cases where there is a second beneficiary, any excess proceeds after settling the claim with the first beneficiary shall be paid to the second beneficiary. If the insurance contract on file with the Department of Insurance does not comply with this regulation, then the insurance company shall file a new contract that complies with all provisions of this regulation.

- B. The Mississippi Department of Insurance will consider any non-payment to the second beneficiary a violation of the insurance laws and regulations of this State by the insurance company.
- C. Any refund owed by the insurance company shall be calculated as of the date of death.
- D. The insurer shall make certain that proper documentation is maintained so that a determination can be made as to whether the proper refunds and claims were paid to the proper parties and how they were calculated.
- E. Pursuant to Miss. Code Ann. §83-53-17(2)(Rev. 1991), the credit life premium is fully earned upon payment of a death claim. The unearned credit disability premium, as well as any other credit insurance premiums, other than credit life, shall be refunded on a “sum of the digits” ratio, commonly known as “Rule of 78’s”, when a credit life claim is paid. The insurer shall calculate the refund as of the date of death. The refund of the credit disability premium would be necessary due to the fact that after a credit life claim is made the “deceased” insured would not need a “disability” policy.
- F. Pursuant to Miss. Code Ann. §§83-53-23(2)(b) and 83-53-23(5)(Rev.1991), whenever a company exceeds the \$.80 per \$100.00 of initial insured indebtedness rate at any age, the said company will have to substantiate that the rates at all ages (i.e., each age band) produce a loss ratio of a least 50%. The fore mentioned rates will not be approved by the Department of Insurance until such time as the company substantiates a loss ratio of a least 50% on all age bands. Any company that is found charging rates that exceed the \$.80 per annum per \$100.00 of initial insured indebtedness after the effective date of this regulation, must be able to substantiate the 50% loss ratio or either be prepared to refund any overcharges.

Source: Miss. Code Ann. § 83-53-29 (Rev. 2011)

#### **Rule 12.03:** Application

If any provision or clause of this regulation or the application thereof to any person or any situation is held invalid, such invalidity shall not affect any other provision or application of the regulation which can be given effect without the invalid provision or application, and to this end, the provisions of this regulation are declared severable.

Source: Miss. Code Ann. §§ 83-53-29; 83-5-1 (Rev. 2011)

#### **Rule 12.04:** Effective Date

This Regulation shall take effect on the 1st day of March, 1995.

Source: Miss. Code Ann. 25-43-3.113 (Rev. 2010)