

**304.19-080 Filing -- Effectiveness and withdrawal.**

- (1) All such policies, certificates of insurance, notices of proposed insurance, applications for insurance, indorsements and riders delivered or issued for delivery in this state and the schedule of premium rates pertaining thereto shall be filed with the commissioner.
- (2) All life insurance and all health insurance in connection with loans or other credit transactions shall be subject to the provisions of this subtitle, except health insurance in connection with a loan or other credit transaction of more than five (5) years' duration or life insurance in connection with a loan or other credit transaction of more than ten (10) years' duration; nor shall insurance be subject to provisions of this subtitle where the issuance of such insurance is an isolated transaction on the part of the insurer not relating to an agreement or a plan for insuring debtors of the creditor; nor shall insurance issued for an amount in excess of forty thousand dollars (\$40,000) be subject to this subtitle.
- (3) (a) Credit life insurance. The premium rates set forth hereunder, or actuarially equivalent, shall not exceed:
  1. For decreasing term credit life insurance, a single premium of sixty cents (\$0.60) per annum per one hundred dollars (\$100) of scheduled indebtedness, or sixty-five cents (\$0.65) per annum per one hundred dollars (\$100) of scheduled indebtedness if dismemberment benefits are included in the policy;
  2. Single premium rates for indebtedness repayable in monthly installments other than twelve (12) in number shall not exceed one-twelfth (1/12) of the above premium rate multiplied by the number of full months in the scheduled period;
  3. A premium payable monthly at the rate of ninety-two cents (\$0.92) per one thousand dollars (\$1,000) of outstanding unpaid insured indebtedness or one dollar (\$1) per one thousand dollars (\$1,000) of outstanding unpaid insured indebtedness if dismemberment benefits are included in the policy, will be deemed the actuarial equivalent of the foregoing rates; and
  4. For level term credit life insurance, a single premium of one dollar and twenty cents (\$1.20) per annum per one hundred dollars (\$100) of indebtedness or one dollar and thirty cents (\$1.30) per one hundred dollars (\$100) of indebtedness if dismemberment benefits are included in the policy.
- (b)
  1. The standards set forth above are applicable to a plan of death benefits with or without requirements for evidence of insurability which contain no exclusions except for suicide; other exclusions must receive the approval of the commissioner.
  2. Coverage shall be offered to all debtors regardless of age; or to all debtors not older than the applicable age limit which shall be not less than sixty-five (65) at the inception of the indebtedness or sixty-six (66)

at the scheduled maturity date of the transaction, provided that each company's right to underwrite risks on an individual basis shall not be restricted by this subparagraph. Appropriate adjustments may be made with the approval of the commissioner if premium rates are determined according to the age of the insured debtor or by age brackets.

3. Rates for use with forms which are more restrictive in any material respect shall reflect such variations in lower rates. Similarly, forms providing more extensive benefits than set forth above may carry appropriately higher charges.
4. The standards set forth above shall be applicable to contracts which may contain a provision excluding or denying a claim for death, resulting from pre-existing illness, disease or physical condition for which the debtor received medical advice, consultation or treatment during the twelve (12) month period immediately preceding the effective date of the debtor's coverage and which would ordinarily be expected to affect materially the debtor's health during the period of coverage; provided, however, that after such coverage has been in force for six (6) months (twelve (12) months for contracts of more than three (3) years), this pre-existing exclusion clause shall not operate to deny coverage for any death thereafter. The contract shall contain no other provision which excludes or restricts liability in the event of death caused in a certain specified manner, except provisions excluding or restricting coverage in the event of intentionally self-inflicted injuries, foreign travel or residence, flight in nonscheduled aircraft, war or military service.

(4) (a) Credit health insurance. The following premium rates, or actuarially equivalent rates, shall be charged for the coverages set forth hereunder:

Single Premium Per \$100 of Initial Indebtedness

Number of Monthly Installments	Nonretroactive Basis		Retroactive Basis	
	14-Day Wait	30-Day Wait	14-Day Wait	30-Day Wait
1-6 months	\$ 1.51	\$ .69	\$2.02	\$ .92
7-12 months	2.02	.91	2.69	1.22
13-19 months	2.50	1.56	3.33	2.08
20-24 months	2.93	1.84	3.91	2.45
25-30 months	3.28	2.34	4.37	3.12
31-36 months	3.85	2.77	5.14	3.70
37-48 months	4.77	3.67	6.36	4.89
49-60 months	5.68	4.58	7.58	6.11

- (b) 1. The standards set forth above shall be applicable to contracts which may contain a provision excluding or denying a claim for disability, resulting from pre-existing illness, disease or physical condition for which the

debtor received medical advice, consultation or treatment during the twelve (12) month period immediately preceding the effective date of the debtor's coverage and which would ordinarily be expected to affect materially the debtor's health during the period of coverage; provided, however, that after such coverage has been in force for six (6) months (twelve (12) months for contracts of more than three (3) years), this pre-existing exclusion clause shall not operate to deny coverage for any disability commencing thereafter. The contract shall contain no other provision which excludes or restricts liability in the event of disability caused in a certain specified manner, except provisions excluding or restricting coverage in the event of pregnancy, intentionally self-inflicted injuries, foreign travel or residence, flight in nonscheduled aircraft, war or military service.

2. Coverage shall be offered to all debtors regardless of age, or to all debtors not older than the applicable age limit which shall be not less than sixty-five (65) at the inception of the indebtedness or sixty-six (66) at the scheduled maturity date of the transaction, provided that each company's right to underwrite risks on an individual basis shall not be restricted by this subparagraph. Appropriate adjustments may be made with the approval of the commissioner if premium rates are determined according to the age of the insured debtor or by age brackets.
  3. Rates for use with forms which are more restrictive in any material respect shall reflect such variations in lower rates. Similarly, forms providing more extensive benefits than set forth above may carry appropriately higher charges.
- (5) Statistical reporting. Each insurer writing credit life or credit health insurance within this state shall keep and maintain statistical data of its experience on these kinds of insurance. The insurer shall, on or before May 1 of each year, file with the commissioner its statistical experience data for the year ending December 31 immediately preceding. Such experience shall be reported on forms conforming to those now or hereafter from time to time adopted by the National Association of Insurance Commissioners.
- (6) If a group policy has been delivered in this state before June 18, 1980, or has been or is delivered in another state before or on or after June 18, 1980, the insurer shall be required to file only the group certificate and notice of proposed insurance delivered or issued for delivery in this state as specified in subsections (2) and (4) of KRS 304.19-070, and such forms shall be approved by the commissioner if they conform with the requirements specified in such subsections and if the schedules of premium rates applicable to the insurance evidenced by such certificate or notice are not in excess of the insurer's schedules of premium rates filed with the commissioner. The premium rate in effect on existing group policies may be continued until the first policy anniversary date following June 18, 1980. After June 18, 1980, no borrower shall be added to an existing group policy at rates higher than those set forth in subsections (3) and (4) of this section.

- (7) The foregoing rates and procedures are deemed to be legislative prerogatives and shall not be subject to administrative or executive change or modification.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 1302, effective July 15, 2010. -- Amended 1984 Ky. Acts ch. 204, sec. 1, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 339, sec. 1, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 363, sec. 3, effective July 15, 1980. -- Created 1970 Ky. Acts ch. 301, subtit. 19, sec. 8, effective June 18, 1970.