



ADMINISTRATIVE RULES OF MONTANA

6.6.1101 CREDIT LIFE INSURANCE -- ACCEPTABLE RATES

- (1) Except as may otherwise be provided in this subchapter, the following rates for credit life insurance may be considered "prima facie acceptable rates" for purposes of 33-21-205, MCA. Rates which are filed by any company for the indicated coverage will be considered acceptable without substantiating data if they do not exceed these premium rates:
 - (a) If premiums are payable on a monthly outstanding balance basis the rate is \$.80 per month per \$1,000 of outstanding insured debt on single life and \$1.40 per month per \$1,000 of outstanding insured debt on joint life.
 - (b) If the premium is charged on a single premium basis, the rate must be computed according to the following formula or according to a formula approved by the commissioner which produces a rate which is substantially the same as the rate produced by the following formula:

$$S_p = \sum_{t=1}^n \left(\frac{O_p}{10} \times \frac{I_t}{I_i} \times v^{t-1} \right)$$
$$v = \frac{1}{1 + (dis)}$$

S_p = Single premium rate per \$100 of initial credit life insurance coverage.

O_p = \$.80, the prima facie credit life insurance premium rate for monthly outstanding balance coverage from (1).

I_t = The scheduled amount of insurance for month t .

I_i = Initial amount of insurance. For a net insurance policy, I_i equals the initial principal balance of the loan.

$dis = .0036$, representing an annual discount rate of 4% for the interest plus .4% for mortality.

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

(c) The premium rate for joint credit life coverage must not exceed 1.75 times the permitted single credit life rate.

(2) An insurer may at any time charge a rate which is less than the basic maximum rate set forth above.

Authorizing statute(s): 33-21-111, MCA

Implementing statute(s): 33-21-205, MCA

History: NEW, Eff. 4/4/75; AMD, 1978 MAR p. 887, Eff. 10/15/78; AMD, 1993 MAR p. 2764, Eff. 11/25/93; AMD, 1996 MAR p. 2157, Eff. 6/21/96.