

Nevada Division of Insurance

Annual Reporting for Credit Life, Credit Accident & Health and Credit Involuntary Unemployment Insurance

2014 Instructions

1. General Instructions

These instructions are provided to assist insurers in the filing of experience and expense data pertaining to consumer credit insurance which includes credit life, credit accident and health (disability) and credit involuntary unemployment insurance as required under NAC 690A.175. Pursuant to NAC 690A.175, all insurers reporting earned premiums for credit life insurance, credit accident and health insurance, and credit involuntary unemployment (IUI) insurance in Nevada are required to submit experience data to the Nevada Division of Insurance (the Division). This information will enable the Commissioner to determine if rates are reasonable in relation to the benefits provided under the applicable policies. These annual experience reports do not replace other annual reports of credit insurance experience. They are separate and distinct from the NAIC annual statement and are not used in any manner to determine the financial condition of the company. Copies of the EXCEL spreadsheets, which must be used to report the requested information, are available on the Division's website at <http://doi.nv.gov/Insurers/Life-Health/Credit-Insurance/>. The completed spreadsheets must be submitted to the Division via SERFF. Please use TOI "Required Industry Reports – Credit" and Sub-TOI "Annual Report of Experience Data – Due June 30th". Any questions regarding the data requested should be directed to Mackay Moore at mmoore@doi.nv.gov.

(a) Companies that are required to submit data:

All insurers reporting earned premiums for consumer credit insurance during 2014 are required to provide the requested information. All companies required to report information for the state of Nevada on Parts 1, 2 or 3 of the Credit Insurance Experience Exhibit (CIEE) for the 2014 annual statement will need to report the requested information. This includes:

(1) Companies currently writing credit insurance business in Nevada.

(2) Companies no longer writing credit insurance in Nevada but reporting earned premiums for Nevada in-force policyholders.

(b) Data to be included:

The following forms are required to be submitted annually by each company:

Form NDOI-938 Consumer Credit Insurance Company Basic Information Reporting Form

Form NDOI-939 LH Consumer Credit Insurance Expense Report Form for Life & Health companies

Form NDOI-939 PC Consumer Credit Insurance Expense Report Form for P&C Companies

The following Forms are required to be submitted separately for each class of business for Nevada only data and in aggregate for nationwide data:

Form NDOI-940 Credit Life Nationwide Experience Report

Form NDOI-941 Credit Accident & Health (Disability) Insurance Nationwide Experience Report

Form NDOI-942 Credit Involuntary Unemployment Insurance Nationwide Experience Report

Form NDOI-943 Credit Life Nevada Only Experience Report

Form NDOI-944 Credit Accident & Health (Disability) Insurance Nevada Only Experience Report

Form NDOI-945 Credit Involuntary Unemployment Insurance Nevada Only Experience Report

The EXCEL template includes a separate workbook for credit Life, credit A&H and credit IUI.

Data included in this report should be the direct business of the current insurer, without adjustment for reinsurance assumed or ceded. The data should be limited to credit life, credit accident and health and credit involuntary unemployment insurance in force or directly written in the state of Nevada.

The purpose of these forms is to provide national and state experience data to determine if the benefits provided under contracts of credit insurance are reasonable in relation to premiums charged so the Division may discharge its statutory obligations for the supervision of credit insurance operations under NRS 690A.

Note that all information provided in response to this request that is not already available to the public will be held confidential.

(c) Due Dates:

All information should be submitted to the Division by June 30, 2015.

2. Detailed Instructions for Form NDOI-938 Consumer Credit Insurance Company Basic Information Reporting Form

Information Requested:

1. Company Name
2. Reporting Period

3. Company Mailing Address
4. NAIC Company Code
5. Class of Business
 - A. Credit Unions
Includes all credit insurance offered through credit unions
 - B. Commercial Banks, Savings & Loan Assoc., Mortgage Companies
Includes all credit insurance sold through commercial banks, savings and loan associations and mortgage companies.
 - C. Finance Companies, Small Loan Companies
Includes credit insurance purchased by customers of finance companies written by finance company captives as well as independent insurers
 - D. Auto Dealers
Includes auto, truck and boat dealers
Includes credit insurance extended through affiliate acceptance corporations as well as independent insurers to buyers of cars, trucks, recreational vehicles, boats, and mobile homes.
 - E. Retail Stores
Includes revolving charge accounts as well as installment credit extended through retail outlets to buyers of consumer goods
 - F. Other (Please specify)
Includes credit insurance sold through Production Credit Associations (PCAs) to farmers
6. Primary Contact Name and Title
7. Primary Contact Mailing Address
8. Primary Contact Phone, Fax Number, Email Address
9. Secondary Contact Information (Name, Phone, E-mail address)
10. Certifying Actuary Contact Information (Name, Phone, E-mail address)

3. Detailed Instructions for Expense and allocation table - Form NDOI-939

There are two versions of this form. Items 1.1 to 1.40, inclusive, of Form NDOI-939 LH lists specific general expense items exactly as they appear in Exhibit 2 of the Annual Life/Health statement blank. Insurers using the Health Annual Statement for reporting should use the Underwriting and Investment Exhibit, Part 3 – Analysis of Expenses. Insurers using the Property/Casualty Annual Statement for reporting should use Form NDOI-939 PC to report itemized expenses as they appear on the Underwriting and Investment Exhibit – Part 3 – Analysis of Expense. NOTE: Insurers are expected to complete either form NDOI-939 LH or NDOI-939 PC.

(A) Form NDOI-939 LH

(a) Itemized General and Administrative Expenses

All items on section 1 of this form (items 1.1 to 1.40) must be reported on a nationwide basis.

Total for all lines of Insurance: Enter the amount for each expense line item.

Percentage Allocated to Credit Life Insurance. General expenses are separated into two categories – directly incurred versus allocated. Expenses directly incurred are those specifically and uniquely attributable to credit life insurance. Directly incurred expenses may include salaries, professional fees, marketing expenses, etc. whose expenditure is solely a function of the credit life insurance transaction. Allocated expenses would include corporate overhead or other expenses shared with lines of insurance other than credit life. For example, if the insurer sells several lines of insurance in addition to credit life insurance, the share of corporate management salaries assigned to credit life insurance would be the result of an allocation. If the amount represents only direct expenses incurred, you will enter 0% in the percentage column because no allocation has been used. If the amount is a result of a company-wide expense total, split between various coverages or lines of insurance, you will enter 100% because the expense is a complete function of allocation. It is likely that most entries will be either 0% or 100%. The only time you would enter a percentage between 0% and 100% is when the expense amount results from both directly incurred expenses and an allocation.

Total Credit Life Insurance Amounts: Input the total expense amount (directly incurred plus allocated amounts) for each category attributable to credit life insurance, separately for single premium (SP) and monthly outstanding balance (MOB) premium modes. The total in row 1.40 less investment expenses should reconcile to the amount shown in line 23 (general Insurance Expenses), column 6 (Credit Life Insurance) on the exhibit titled “Analysis of Operations by Lines of Business” of the NAIC Life Annual Statement for the reporting year.

Percentage Allocated to Credit A&H Insurance. General expenses are separated into two categories – directly incurred versus allocated. Expenses directly incurred are those specifically and uniquely attributable to credit A&H insurance. Directly incurred expenses may include salaries, professional fees, marketing expenses, etc. whose expenditure is solely a function of the credit A&H insurance transaction. Allocated expenses would include corporate overhead or other expenses shared with lines of insurance other than credit A&H. For example, if the insurer sells several lines of insurance in addition to credit A&H insurance, the share of corporate management salaries assigned to credit life insurance would be the result of an allocation. If the amount represents only direct expenses incurred, you will enter 0% in the percentage column, because no allocation has been used. If the amount is a result of a company-wide expense total, split between various coverages or lines of insurance, you will enter 100%, because the expense is a complete function of allocation. It is likely that most entries will be either 0% or 100%. The only time you would enter a percentage between 0% and 100% is when the expense amount results from both directly incurred expenses and an allocation.

Total Credit A&H Insurance Amounts: Input the total expense amount (directly incurred plus allocated amounts) for each category attributable to credit A&H insurance, separately for single premium (SP) and monthly outstanding balance (MOB) premium modes. The total in row 1.40 less investment expenses should reconcile to the amount shown in line 23 (general Insurance Expenses), column 10 (Credit Accident and Health Insurance) on the exhibit titled “Analysis of Operations by Lines of Business” of the NAIC Life Annual Statement for the reporting year.

Basis for allocation. This item refers to how allocated expenses were determined. If the percentage allocated is greater than 0%, explain the basis of allocation such as: square feet of office space, number of employees, premium volume, number of claims, policies or certificates of insurance in-force, policies or certificates of insurance issued or any other basis employed.

Items 2, 3 and 4 below refer to amounts that would be reported on Exhibit 3 – Taxes, Licenses and Fees for consumer credit business written in the state of Nevada.

(b) State Premium Tax: This item should be completed for credit life and credit A&H insurance, separately for SP and MOB premium modes, based on taxes paid on insurance premiums for policies sold in Nevada. This item should be the same as reported in Exhibit 3 of the annual life/health statement for Nevada business only.

(c) Other State Taxes: This item should be completed for credit life and credit A&H insurance, separately for SP and MOB premium modes, based on taxes paid for policies sold in Nevada.

(d) State Regulatory License Fees and Fund Assessments: This item should be completed for credit life and credit A&H insurance, separately for SP and MOB premium modes, based on taxes paid for policies sold in Nevada.

(B) Form NDOI-939 PC

(a) Itemized General and Administrative Expenses

Items 1 to 30 must be reported on a nationwide basis.

Total for all lines of Insurance: Enter the amount for each expense line item.

Percentage Allocated to Credit Involuntary Unemployment Insurance. General expenses are separated into two categories – directly incurred versus allocated. Expenses directly incurred are those specifically and uniquely attributable to credit IUI. Directly incurred expenses may include salaries, professional fees, marketing expenses, etc. whose expenditure is solely a function of the credit IUI transaction. Allocated expenses would include corporate overhead or other expenses shared with lines of insurance other than credit life. For example, if the insurer sells several lines of insurance in addition to credit IUI insurance, the share of corporate management salaries assigned to credit life insurance would be the result of an allocation. If the amount represents only direct expenses incurred, you will enter 0% in percentage column because no allocation has been used. If the amount is a result of a company wide expense total, split between various coverages or lines of insurance, you will enter 100% because the expense is a complete function of allocation. It is likely that most entries will be either 0% or 100%. The only time you would enter a percentage between 0% and 100% is when the expense amount results from both directly incurred expenses and an allocation.

Total Credit Involuntary Unemployment Insurance Amounts: Input the total expense amount (directly incurred plus allocated amounts) for each category attributable to credit IUI insurance, separately for single premium (SP) and monthly outstanding balance (MOB) premium modes. The total in row 30 should reconcile to the credit IUI portion of the amount shown on line 28 (Credit), column 29 (General Expenses Incurred) of Part III – Allocation to Lines of Direct Business Written of the Annual Statement.

Percentage Allocated to Credit A&H Insurance. General expenses are separated into two categories – directly incurred versus allocated. Expenses directly incurred are those specifically and uniquely attributable to credit A&H insurance. Directly incurred expenses may include salaries, professional fees, marketing expenses, etc. whose expenditure is solely a function of the credit A&H insurance transaction. Allocated expenses would include corporate overhead or other expenses shared with lines of insurance other than credit A&H. For example, if the insurer sells several lines of insurance in addition to credit A&H insurance, the share of corporate management salaries assigned to credit life insurance would be the result of an allocation. If the amount represents only direct expenses incurred, you will enter 0% in the percentage column, because no allocation has been used. If the amount is a result of a company wide expense total, split between various coverages or lines of insurance, you will enter 100% because the expense is a complete function of allocation. It is likely that most entries will be either 0% or 100%. The only time you would enter a percentage between 0% and 100% is when the expense amount results from both directly incurred expenses and an allocation.

Total Credit A&H Insurance Amounts: Input the total expense amount (directly incurred plus allocated amounts) for each category attributable to credit A&H insurance, separately for single premium (SP) and monthly outstanding balance (MOB) premium modes. The total in row 30 should reconcile to the amount shown on line 14 (Credit A&H), column 29 (General Expenses Incurred) of Part III – Allocation to Lines of Direct Business Written of the Annual Statement.

Basis for allocation. This item refers to how allocated expenses were determined. If the percentage allocated is greater than 0%, explain the basis of allocation; such as: square feet of office space, number of employees, premium volume, number of claims, policies or certificates of insurance in-force, policies or certificates of insurance issued or any other basis employed.

Items 2, 3, and 4 below refer to amounts that would be reported under item 20 Underwriting and Investment Exhibit Part 3 – Expenses for consumer credit business written in the state of Nevada.

(b) Nevada State Premium Tax: This item should be completed for credit IUI and credit A&H insurance, separately for SP and MOB premium modes, based on taxes paid on insurance premiums for policies sold in Nevada.

(c) Other State Taxes - Nevada: This item should be completed for credit IUI and credit A&H insurance, separately for SP and MOB premium modes, based on taxes paid for policies sold in Nevada.

(d) Nevada State Regulatory License Fees and Fund Assessments: This item should be completed for credit IUI and credit A&H insurance, separately for SP and MOB premium modes, based on taxes paid for policies sold in Nevada.

4. Detailed Instructions for Credit Life Insurance Experience Reports - Forms NVDOI 940, NDOI 943

(1) Earned premiums.

Line 1.3 Net written premiums. Net premiums to be shown on line 1.3 are to be determined as follows: Gross premium written (before deductions for dividends and experience rating credits) less refunds on terminations.

Line 1.6 Actual earned premiums. The total of all premiums earned at the premium rates actually charged and in force during the reporting period.

Line 1.7 Earned premiums at prima facie rate. Actual earned premiums adjusted to the amount which would have been earned had the premium rate during the reporting period been equal to the prima facie rate in effect at the end of the reporting year. Note that if premiums in force differ from the prima facie rate in effect at the end of the reporting year, line 1.6 will not equal line 1.7. NOTE: Earned premiums at prima facie rates should be reported PRIOR TO the application of the discount factor.

(2) Mean Insurance in force, line 5

(A) Particular care should be exercised to assure sufficiently accurate results in determining the amounts of "mean insurance in force".

(B) The average of the monthly amounts should be calculated and entered as the mean insurance in force on line 4. Exclude reinsurance assumed or ceded. For joint coverage, the amount of insurance in force shall equal the death benefit payable under the contract and shall not be reported as twice the death benefit.

(3) Commissions and Service Fees Incurred, line 3.1

The amount to be reported on this line shall be the total amount of commissions and service fees incurred for direct business only. Commissions and service fees incurred means those that are paid plus the change in due and unpaid commissions and service fees. The commissions shall be inclusive of commissions for agents or general agents.

(4) Policy Information

The second page of each experience report form includes three questions regarding the number and average term of policies in Nevada and nationwide.

Question 1 asks about the number of policies in-force at the beginning of the reporting period.

Question 2 asks about the number of policies in-force at the end of the reporting period.

Question 3 asks for the average term of single premium policies during the reporting period.

(A) Line 1 Total number of policies and certificates of insurance in force at the start of the reporting year. The sum total of policies and certificates of insurance which are in force at the beginning of the reporting year are to be reflected on line 1. If coverage for both life and disability are written on the same policy or certificate of insurance, report as if each had been written separately.

(B) Line 2 Total number of policies and certificates of insurance in force at the end of the reporting year. The sum total of policies and certificates of insurance which were in force at the beginning of the reporting year plus those that took effect during the reporting year minus those that terminated during the year are to be reflected on line 2. If coverage for both life and disability are written on the same policy or certificate of insurance, report as if each had been written separately.

(C) Line 3 Average term of policies incepting in the reporting year. The average original term of all single premium policies and certificates of insurance which took effect during the reporting year shall be reflected on line 3 to the nearest whole month.

5. Detailed Instructions for Credit Accident & Health Insurance Experience Reports - Forms NVDOI 941, NDOI 944

(1) Earned premiums.

Line 1.3 Net written premiums. Net premiums to be shown on line 1.3 are to be determined as follows: Gross written premiums (before deductions for dividends and experience rating credits) less refunds on terminations.

Line 1.6 Actual Earned premiums. The total of all premiums earned at the premium rates actually charged and in force during the reporting period.

Line 1.7 Earned premiums at prima facie rate. Actual earned premiums adjusted to the amount which would have been earned had the premium rate during the reporting period been equal to the prima facie rate in effect at the end of the reporting year. Note that if premiums in force differ from the prima facie rate in effect at the end of the reporting year, line 1.6 will not equal line 1.7. NOTE: When completing forms the earned premiums at prima facie rates should be reported PRIOR TO the application of the discount factor.

(2) Mean Insurance in force, line 5 (Forms NDOI-940 and NDOI-943)

(A) Particular care should be exercised to assure sufficiently accurate results in determining the amounts of "mean insurance in force".

(B) The average of the monthly amounts should be calculated and entered as the mean insurance in force on line 4. Exclude reinsurance assumed or ceded. For joint coverage, the amount of insurance in force shall equal the death benefit payable under the contract and shall not be reported as twice the death benefit.

(3) Commissions and Service Fees Incurred, line 3.1

The amount to be reported on this line shall be the total amount of commissions and service fees incurred in the state of Nevada (direct business only). Commissions and service fees incurred means those that are paid plus the change in due and unpaid commissions and service fees. The commissions shall be inclusive of commissions for agents or general agents and shall be reflected separately for each class of business and plan of benefits.

(4) Policy Information

The second page of each experience report form includes three questions regarding the number and average term of policies in Nevada and nationwide.

Question 1 asks about the number of policies in-force at the beginning of the reporting period.

Question 2 asks about the number of policies in-force at the end of the reporting period.

Question 3 asks for the average term of single premium policies during the reporting period.

(A) Line 1 Total number of policies and certificates of insurance in force at the start of the reporting year. The sum total of policies and certificates of insurance which are in force at the beginning of the reporting year are to be reflected on line 1. If coverage for both life and disability are written on the same policy or certificate of insurance, report as if each had been written separately.

(B) Line 2 Total number of policies and certificates of insurance in force at the end of the reporting year. The sum total of policies and certificates of insurance which were in force at the beginning of the reporting year plus those that took effect during the reporting year minus those that terminated during the year are to be reflected on line 2. If coverage for both life and disability are written on the same policy or certificate of insurance, report as if each had been written separately.

6. Detailed Instructions for Credit Involuntary Unemployment Insurance Experience Reports - Forms NVDOI 942, NDOI 945

(1) Earned premiums.

Line 1.3 Net written premiums. Net premiums to be shown on line 1.3 are to be determined as follows: Gross premium written (before deductions for dividends and experience rating credits) less refunds on terminations.

Line 1.6 Actual earned premiums. The total of all premiums earned at the premium rates actually charged and in force during the reporting period.

Line 1.7 Earned premiums at prima facie rate. Actual earned premiums adjusted to the amount which would have been earned had the premium rate during the reporting period been equal to the prima facie rate in effect at the end of the reporting year. Note that if premiums in force differ from the prima facie rate in effect at the end of the reporting year, line 1.6 will not equal line 1.7. NOTE: When completing forms earned premiums at prima facie rates should be reported PRIOR TO the application of the discount factor.

(2) Mean Insurance in force, line 5 (Forms NDOI-940 and NDOI-943)

(A) Particular care should be exercised to assure sufficiently accurate results in determining the amounts of "mean insurance in force".

(B) The average of the monthly amounts should be calculated and entered as the mean insurance in force on line 4. Exclude reinsurance assumed or ceded. For joint coverage, the amount of insurance in force shall equal the death benefit payable under the contract and shall not be reported as twice the death benefit.

(3) Commissions and Service Fees Incurred, line 3.1

The amount to be reported on this line shall be the total amount of commissions and service fees incurred in the state of Nevada (direct business only). Commissions and service fees incurred means those that are paid plus the change in due and unpaid commissions and service fees. The commissions shall be inclusive of commissions for agents or general agents and shall be reflected separately for each class of business and plan of benefits.

(4) Policy Information

The second page of each experience report form includes three questions regarding the number and average term of policies in Nevada and nationwide.

Question 1 asks about the number of policies in-force at the beginning of the reporting period.

Question 2 asks about the number of policies in-force at the end of the reporting period.

Question 3 asks for the average term of single premium policies during the reporting period.

(A) Line 1 Total number of policies and certificates of insurance in force at the start of the reporting year. The sum total of policies and certificates of insurance which are in force at the beginning of the reporting year are to be reflected on line 1. If coverage for both life and disability are written on the same policy or certificate of insurance, report as if each had been written separately.

(B) Line 2 Total number of policies and certificates of insurance in force at the end of the reporting year. The sum total of policies and certificates of insurance which were in force at the beginning of the reporting year plus those that took effect during the reporting year minus those that terminated during the year are to be reflected on line 2. If coverage for both life and disability are written on the same policy or certificate of insurance, report as if each had been written separately.