



# South Carolina Department of Insurance

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## BULLETIN NUMBER 2012-05

TO: Insurers Writing Credit Property Insurance in South Carolina in Conjunction with Consumer Credit Transactions subject to 1966 S.C. Act No. 988, Consumer Finance Law

FROM: Gwendolyn F. McShriff  
Acting Director *Gwendolyn F. McShriff*

SUBJECT: Notice of Tentative Credit Property Insurance Rates and Opportunity to Request a Hearing

DATE: July 31, 2012

### I. NOTICE OF TENTATIVE CREDIT PROPERTY INSURANCE RATES

Regulation 69-11.1, Regulation of Credit Insurance, requires the South Carolina Department of Insurance to promulgate tentative rates for credit property insurance by August 1 of each year. The tentative rates are those the Department believes may reasonably be expected to produce a loss ratio of not less than fifty percent (50%) in the following calendar year. This bulletin constitutes official notice of the tentative rates for 2013.

The Department has reviewed past loss experience for credit property insurance written in conjunction with consumer credit transactions subject to the Consumer Finance Law. The aggregate 2011 loss ratio at prima facie rates is twenty-five and four tenths percent (25.4%). The aggregate 2010 loss ratio was also twenty-five and four tenths percent (25.4%). Both loss ratios reflect the rate decrease of fifty-seven and eight tenths percent (57.8%) effective January 1, 2008. Because of the persistence of these low loss ratios, we are making revisions to the rates.

The tentative rates expressed as a percentage of the total amount of the loan are as follows:

| <u>Coverage</u>                              | <u>Approved Rates</u> |
|--|-----------------------|
| Automobile, Fire and Theft – Single Interest | .0103 percent         |
| Automobile Collision – Single Interest       | .0387 percent         |
| Household Goods – Single Interest            | .0212 percent         |
| Household Goods – Dual Interest              | .0113 percent         |

### II. OPPORTUNITY FOR A HEARING

Regulation 69-11.1.C.(4) provides that "every insurer which feels aggrieved by any of the rates so promulgated shall have fifteen days to request a public hearing with respect to such rate or rates." Accordingly, all requests for a hearing must be submitted to the Department in writing on or before August 15, 2012. Please direct any requests for a hearing to the attention of:

Steve Dubois  
South Carolina Department of Insurance  
Post Office Box 100105  
Columbia, South Carolina 29202-3105

All requests must include documentation supporting your position that the tentative rates for credit property insurance need to be changed. After all such hearings have been held, the final rate or an affirmation of the tentative rate shall be sent to all companies before October 1, 2012.

### **III. QUESTIONS**

Any questions or concerns about this Bulletin should be submitted in writing to the attention of:

Will Davis, FCAS, MAAA  
P&C Actuary  
South Carolina Department of Insurance  
1201 Main Street, Suite 1000  
Columbia, South Carolina 29201  
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