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Conversion Factors for 2017 NAIC Credit Insurance Experience Exhibit (CIEE) Reporting

This paper contains conversion factors that can be used to make approximate adjustments from *actual earned premiums* to *earned premiums at current prima facie rate* for the reporting of 2017 data in the Credit Insurance Experience Exhibit. This is important because the instructions to this exhibit, and the manner in which they are used, dictate that earned premiums be adjusted to the prima facie rate that existed on December 31 of the reporting year.

Life and Disability Insurance

For monthly outstanding balance business, factors are only necessary for states where the rate changes were effective in the current year and on a day later than January 1. Multiply the factor by actual earned premiums to obtain 2017 earned premiums at current prima facie rates.

For single premium business, factors were developed for 24, 36, and 48-month original terms. Select the term that most represents your average original term. These factors are to be used where all business is written at prima facie rates. Multiply them by actual earned premiums to obtain 2017 earned premiums at current prima facie rates in effect at the end of the current year.

A conversion is always necessary for the mandatory rerating states of New York, Maryland, and other states; and when an insurer chooses to charge rates other than published prima facie rates, because the actual rates vary by case, class, or other insurer-specific groupings. Since the actual rates are insurer-specific, approximate statewide conversion factors cannot be developed. Underwritten business that requires mandatory adjustments in various states are other examples where individual insurer adjustment is dictated.

A Texas adjustment will be necessary if you are charging rates in accordance with the law permitting a deviation of $\pm 30\%$. Insurer-specific factors must be developed, depending on the implementation date and the percentage adjustment used.

P&C Products

For credit property products, the only reasonable method is to report earned premiums at prima facie equal to actual earned premiums. There are less than 15 states that have adopted prima facie rates for Involuntary Unemployment, and to this point no adjustment factors have been developed. If you would like to see this report contain recommended IU adjustment factors, please let us know and we will include it in future reports.

2017 NAIC CIEE Conversion Factors

Life Insurance

| State Abbreviation | Date of Last Rate Change | Monthly Outstanding Balance Business | Single Premium Business | | |
|--------------------|--------------------------|--------------------------------------|--|--|--|
| | | | 24-Month Average Term Conversion Factors | 36-Month Average Term Conversion Factors | 48-Month Average Term Conversion Factors |
| CO | 2/1/2016 | 1.0000 | 1.0103 | 1.0277 | 1.0408 |
| IN | 6/1/2016* | 1.0000 | 1.0000 | 1.0000 | 1.0006 |
| NE | 3/1/2016 | 1.0000 | 0.9849 | 0.9677 | 0.9559 |
| NM | 3/21/2016 | 1.0000 | 0.9803 | 0.9618 | 0.9492 |
| OH | 1/1/2017 | 1.0000 | 0.9600 | 0.9513 | 0.9467 |
| VA | 1/1/2016 | 1.0000 | 1.0053 | 1.0201 | 1.0313 |
| WI | 1/1/2015 | 1.0000 | 1.0000 | 1.0007 | 1.0036 |

* The IN credit life rate change on 6/1/2016 was for the discount rate used to convert MOB to single premium only, this did not affect the single premium rate per 100 per annum. The last rate change that affected the single premium rate per 100 per annum was on 6/1/2013.

Disability Insurance

| State Abbreviation | Date of Last Rate Change | Monthly Outstanding Balance Business | Single Premium Business | | |
|--------------------|--------------------------|--------------------------------------|--|--|--|
| | | | 24-Month Average Term Conversion Factors | 36-Month Average Term Conversion Factors | 48-Month Average Term Conversion Factors |
| IN | 6/1/2016 | 1.0000 | 0.9860 | 0.9778 | 0.9724 |
| NE | 3/1/2016 | 1.0000 | 0.9526 | 0.9024 | 0.8697 |
| NM | 3/21/2016 | 1.0000 | 0.9807 | 0.9626 | 0.9502 |
| OH | 1/1/2017 | 1.0000 | 0.9026 | 0.8829 | 0.8727 |
| SC | 1/1/2015 | 1.0000 | 1.0000 | 0.9967 | 0.9836 |
| VA | 1/1/2016 | 1.0000 | 0.9934 | 0.9761 | 0.9637 |
| WI | 1/1/2015 | 1.0000 | 1.0000 | 0.9962 | 0.9815 |

Please contact us if you have any questions.

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