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December 20, 2004

Via Hand Delivery

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Honorable Jose Montemayor
Commissioner
Texas Department of Insurance
333 Guadalupe, 13th Floor, Tower I
Austin, Texas 78701

RE: 28 TAC § 3.5001
Presumptive Premium Rates for Credit Life and Credit Accident & Health Insurance

Dear Commissioner Montemayor:

Enclosed please find the Office of Public Insurance Counsel's comments in response to the Texas Department of Insurance's proposed regulations regarding Credit Life and Credit Accident and Health rates. Attached also please find a duplicate copy of the original rate recommendations OPIC filed with your agency on June 28, 2004.

If you have any questions regarding this submission, please do not hesitate to call.

Respectfully submitted,

Erin C. Martens

Erin C. Martens
Staff Attorney

Encl.

STATEMENT OF ALLAN I. SCHWARTZ IN RESPONSE TO THE TEXAS DEPARTMENT OF INSURNACE PROPOSED REGULATION 28 TAC §3.5001 ET. SEQ.

1. Summary

The Texas Department of Insurance ("TDI") published proposed regulations dealing with credit life insurance and credit accident & health insurance in the Texas Register.[1] The Texas Office of Public Insurance Council ("OPIC") requested that AIS Risk Consultants review those proposed regulations and prepare appropriate comments.

A summary of the time line leading to the proposed regulations follows. TDI published a Notice Relating to Presumptive Premium Rates dated June 1, 2004 requesting interested parties to submit rate recommendations by June 28, 2004.[2] OPIC filed its initial comments regarding credit insurance rates on June 28, 2004, thereby complying with the very short time allowed in the TDI's notice.[3,4] Approximately 2½ months after OPIC submitted its rate proposal, TDI published a report by Milliman with rate recommendations for credit insurance.[5] TDI's proposed regulations followed about 2 months after that.

Our initial report recommended rate level changes based upon our actuarial analysis for a decrease in the presumptive premium rates for credit life insurance of -40.68%, and for a decrease in the presumptive premium rates for credit accident & health insurance of -32.48%.[6] It is still our opinion that these values are within the range of reasonable rate changes for credit life insurance and credit accident & health insurance.

There are four aspects of TDI's proposed regulations for which we will provide comments. Those are the : (i) manual rates[7], (ii) interest discount for single premium coverage, (iii) minimum loss ratio standards for approved deviations and (iv) issue of

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[1] 29 TexReg 10684 – 10692 : November 19, 2004

[2] It is my understanding that OPIC did not receive that Notice until June 10, 2004

[3] On June 28, 2004, TDI sent OPIC an e mail extending the time to make a submission until July 16, 2004.

[4] Other parties that made submissions were the Independent Bankers Association of Texas (dated July 23, 2004), American Health & Life Insurance Company (dated July 16, 2004), Consumer Credit Insurance Association (dated July 16, 2004), Resource Life Insurance Company (dated July 15, 2004) and the Center for Economic Justice (dated July 6, 2004).

[5] The Milliman report was dated September 16, 2004

[6] In accordance with TDI's instructions (29 TexReg 10686), OPIC is resubmitting the rate analysis originally provided to TDI on June 28, 2004.

[7] With regard to the manual rates, TDI essentially adopted the Milliman calculations. Hence, any comments we have regarding the rate calculations in the TDI proposal are equally applicable to the Milliman report, and vice versa.

whether separate rates should be established for Class E than for the other classes of business.

With regard to the first item, TDI's proposal is for an overall rate change across all classes and plans combined of -8.4% for credit life insurance and -3.7% credit accident & health insurance.[8] While we agree that credit insurance rates should decrease, a much larger rate decrease than the one encompassed in TDI's proposed regulations is appropriate. TDI, by not proposing a sufficiently large rate decrease, would be allowing credit insurance companies to charge Texas insurance consumers excessive rates.[9] For the second item, TDI is decreasing the interest rate that is used to discount premiums for single premium coverage to +3.5% from the current levels of +4.5% for credit life insurance and +5.63% credit accident & health insurance. For the third item, TDI is significantly decreasing the minimum loss ratio applicable to approved deviations. In all three of these areas, the regulations proposed by TDI will allow for excessive rates to be charged to purchasers of credit insurance, and will result in very high expected profits for credit insurance companies that are not warranted. With regard to the fourth issue, we agree that separate rates for Class E should be established.

In order to rectify the problems with TDI's proposed regulations we recommend the following:

A. Adopt the rate level changes contained in the AIS analysis submitted to TDI on June 28, 2004. (A copy of this is enclosed)

B. Use a 7% interest rate to discount the rates for single premium business to the extent that investment income is not fully reflected in the manual rates.

C. Do not decrease the minimum loss ratio applicable to approved deviations.

A more detailed discussion of these issues follows.[10]

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[8] These are the overall rate changes applicable to alternative 2, which is based upon one rate for all classes combined. For some inexplicable reason, TDI's proposal has a lower overall rate decrease for alternative 1 with has class E treated separately from the other classes. (see enclosed calculations) The overall rate change should be the same for alternative 1 as for alternative 2.

[9] The amount by which TDI's proposed credit insurance rates would allow Texas insurance consumers to be overcharged on an annual basis is about $57 million a year for credit life insurance and about $55 million a year for credit accident & health insurance.

[10] We will try to limit repetition of discussion that was contained in our June 28, 2004 rate analysis. That analysis should be considered an integral part of our comments on the proposed regulations.

2. Manual Rates

The issues we will discuss regarding the manual rate calculation are the : (i) general and administrative expenses, (ii) commission component, and (iii) underwriting profit provision.[11] The values used by TDI for each of these items in deriving the manual rates result in an excessive rate level.

a) General and Administrative Expenses

The proposed regulations rely upon a combination of expenses reported by credit insurance companies covering the periods from 2000 to 2002 and 1997 to 1999, giving 25% weight to the former and 75% weight to the later.[12] We have several concerns with this procedure.

First, prior credit insurance presumptive rates have relied upon expenses during the most recently available three year period. There has been no showing that the most recent three year expense experience from 2000 to 2002 is not reliable. Furthermore, that experience is fully credible from an actuarial perspective. Therefore, the most recent three years of expense experience from 2000 to 2002 should be given 100% weight in the rate calculation.

Second, even if for some reason the current expense experience from 2000 to 2002 should be weighted with the prior expense experience from 1997 to 1999[13], then the more recent experience, since it is more relevant to current conditions, should be given the higher weight. However, the TDI proposed regulations turn this around and gives 3 times more weight to the older data from 1997 to 1999 than to the more recent experience from 2000 to 2002.[14] If the older data from 1997 to 1999 is to be combined with the new data from 2000 to 2002, then the more recent experience from 2000 to 2002 should be given a weight of 75% and the older experience from 1997 to 1999 should be given a weight of 25%.

Third, there is an error in the compilation of the expense data contained in the Milliman report that was relied upon in the TDI proposal. The Milliman report contained credit life insurance expense data in Exhibits 2-32 to 2-34 and credit accident & health insurance expense data in Exhibits 2-36 to 2-38. Those exhibits

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[11] For any item where we do not comment upon the TDI proposal, it should not be assumed that we are in agreement with TDI's proposal.

[12] 29 TexReg 10685

[13] TDI has not provided an appropriate reason for why this should be followed for the current presumptive rates when such a procedure has not been followed in the past.

[14] The TDI proposal gives 75% weight to the older data from 1997 to 1999 and gives 25% weight to the more recent experience from 2000 to 2002. 3 = 75% / 25%

in the Milliman report show expense data by component (i.e., rent, salaries and wages, etc.) and also a total. However, in every instance in the Milliman report, the total values are higher than the sum of the individual expense items. This is summarized in the following table.

Comparison of Sum of Individual Expense Items to Total in Milliman Report

Year	Sum of Individual Expenses	Value Used by Milliman	Difference
		Credit Life Insurance	
2000	$193,610,053	$207,595,734	7.2%
2001	$219,189,227	$234,008,529	6.8%
2002	$206,435,616	$219,575,419	6.4%
Combined	$619,234,896	$661,179,682	6.8%
		Credit Accident & Health Insurance	
2000	$188,659,534	$201,566,000	6.8%
2001	$291,732,568	$302,377,040	3.6%
2002	$269,136,035	$283,843,386	5.5%
Combined	$749,528,137	$787,786,426	5.1%

Hence, the expense values used by Milliman, and adopted by TDI, are higher than the actual sum of the reported expenses by about 7% for credit life insurance and by about 5% for credit accident & health insurance.

b) *Commission Component*

The proposed regulations use a commission component of 25%.[15] This is unchanged from the value used in the 1999 presumptive rate order. This continuation of the commission provision in the current presumptive rates for inclusion in the prospective presumptive rate fails to reflect that credit insurance companies now have the ability to receive an automatic 30% upward deviation

[15] 29 TexReg 10685

above the presumptive premium rates.[16] This ability did not exist at the time of the 1999 presumptive rate order.

Since credit insurance companies have the ability to charge rates 30% higher than the presumptive rates, without any type of regulatory approval, it is appropriate to use a provision for commissions lower than the value that was used when credit insurance companies did not have that ability. In light of this, the provision for commissions in the presumptive rates should be lowered from the current value of 25% to no more than 20%.

c) *Underwriting Profit*

The proposed regulations use an underwriting profit provision of 5.75%.[17] This compares to the underwriting profit provisions underlying the current rates of -2% for credit life insurance[18] and -4% for credit accident & health insurance.[19] The proposed change in the underwriting profit provision by TDI underlying the presumptive rates increases the otherwise indicted rates by about +12% for credit life insurance and by about +15% for credit accident & health insurance.[20]

There are three main factors that impact the indicated underwriting profit. Those are the : (i) target return on equity, (ii) investment income rate and (iii) investment income on reserves. For each of these components the Milliman analysis, and hence TDI's proposed regulations, use values that inflate the underwriting profit provision.

For the ***target after – tax return on equity***, TDI's proposed regulations use a value of 12.0%. This is clearly an excessive value, without any reasonable support. Our June 2004 analysis contained a detailed cost of capital analysis indicating that an appropriate after – tax return on equity is 9.7%.[21] The most

[16] Texas Insurance Code § 1153.105, *Rate Within Certain Percentages of Presumptive Rate,* allows credit insurance companies to charge up to 30% higher than the presumptive rate without the approval of the Commissioner of Insurance. This should be considered in determining the presumptive rate that the Commissioner of Insurance adopts. It would be appropriate to set the presumptive rate at the low end of the range of reasonable values that complies with the statutory provisions, since credit insurance companies can charge up to 30% more than that rate without regulatory approval.

[17] 29 TexReg 10685

[18] Order No. 99-1481, Finding of Fact 63

[19] Order No. 99-1481, Finding of Fact 77

[20] The rates increase by more than the change in the underwriting profit provision, since a higher underwriting profit provision results in more commissions being paid.

[21] Schedule AIS-5, Sheet 1, Line (6)

recent Decision by the Commissioner of Insurance on the issue of the cost of capital was in the Texas Title Insurance Biennial Rate Hearing.[22] In that case, the Commissioner found that a reasonable cost of capital is 10.5%.[23] In marked contrast, the Milliman recommendation for the 12% after – tax cost of capital is quite unscientific and unreliable, in that it appears to be based totally upon the rate of return that insurance companies want to earn.[24] It should be obvious that simply accepting as a target return the value that insurance companies desire will lead to an excessive profit provision. But unfortunately, that appears to be exactly what the Milliman analysis is based upon, and what TDI has used in the proposed regulations.

For the ***investment income rate***, TDI's proposed regulations use a value of 3.5%. This is clearly too low a value, without any reasonable support. Our June 2004 analysis contained information regarding the actual investment returns earned by insurance companies, and found that during the last decade it had ranged from about 5½% to 9%, with an average of about 7½%.[25] The most recent Decision by the Commissioner of Insurance on the issue of the investment income rate was in the Texas Title Insurance Biennial Rate Hearing.[26] In that case, the Commissioner found that a reasonable investment income rate is 6.0%.[27] The 3.5% investment return in the proposed regulation is based upon the following, "An annual earning rate of 3.5% was assumed for the investment income component. This rate is based on review of past and current yield for U.S. Treasury and corporate bonds with durations of less than five years."[28] However, these are not the only types of investments made by life and accident & health insurance companies. The TDI proposal, by ignoring the actual investments made by insurance companies, has understated the expected investment return. This in turn results in an inflated rate level.

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[22] Docket No. 2538

[23] Order No. 04-0405, Finding of Fact 113

[24] The Milliman work papers include e mails between Tim Lee and Brad Smith stating that, "I think many companies target a 15% (leveraged) ROE and typically accept a 12% unleveraged ROE in pricing and acquisition of blocks of business."

[25] Schedule AIS-6, Sheet 9

[26] Docket No. 2538

[27] Order No. 04-0405, Findings of Fact 122, 126 and 127

[28] 29 TexReg 10685

For the ***investment income on reserves***, TDI's proposed regulations use a value of 0.0%. TDI's basis for ignoring investment income on reserves in deriving the proposed presumptive rates is that, "Investment income is excluded from this proposal, however, because single premium rates are currently discounted for interest in the presumptive premium rate calculation formula and because the investment income in outstanding balance business is negligible."[29] The TDI position to ignore investment income on reserves is correct only if two conditions are met. Those two conditions are that : (i) the premiums at current presumptive rates used in the rate calculation were appropriately adjusted for the discounting of single premium business[30] and (ii) the interest rate used to discount single premium business in the future is appropriate. There are serious concerns with regard to whether or not the first of these assumptions is satisfied. The Milliman report[31] acknowledges that, "In this Data Call, the Earned Premiums at Presumptive Rates (PEP) was subject to, potentially, the greatest misstatement. When current Presumptive Premium Rates were set, two factors were initiated that could have caused confusion in the reporting of the PEP. The first was the implementation of a discount factor." Hence, Milliman admits that there are concerns whether the first of the underlying assumptions for the TDI procedure of ignoring investment income on reserves is satisfied. With regard to the second assumption, the interest rate proposed by TDI to discount single premium rates of 3½% is significantly lower than the actual return that can be expected by insurance companies. Hence, the second assumption upon which the TDI procedure of ignoring investment income on reserves is based is known to be violated. In our June 2004 analysis we based the amount of investment income on reserves on the actual values reported by insurance companies for credit life insurance and credit accident & health insurance.[32]

In summary regarding the underwriting profit provision, TDI used values for the (i) target return on equity, (ii) investment income rate and (iii) investment income on reserves; which all result in an inflated underwriting profit provision. In fact, the change in the underwriting profit provisions underlying the current presumptive premium rates to those in TDI's proposed regulations will increase the indicated rates by about +12% for credit life insurance and by about +15% for credit accident & health insurance.

[29] 29 TexReg 10685

[30] If the discount is not removed from the premiums at the current presumptive rates, then those premiums will be understated, and cause an inflated rate level indication, which will offset any impact of discounting single premium business for interest.

[31] Milliman Report, Page 25

[32] Schedule AIS-6, Sheets 1 and 3

3. Interest Discount for Single Premium Coverage

The proposed regulations use an interest rate of 3.5% to discount the single premium credit insurance rates.[33] This is a reduction from the interest rates currently used to discount single premium credit insurance rates of 4.5% for credit life insurance[34] and 5.63% for credit accident & health insurance[35]. TDI's proposed reduction in the interest rate used to discount single premium rates is in effect a "hidden" rate increase.

As previously discussed, the 3½% interest rate included in the TDI proposal is too low and does not reflect the actual expected investment results of insurance companies. TDI, by proposing an interest discount rate that is too low, will be allowing excessive premiums to be charged for credit insurance.

4. Minimum Loss Ratio Applicable to Approved Deviations

TDI is significantly decreasing the minimum loss ratio applicable to approved deviations. A comparison of the current and proposed minimum loss ratios is set forth in the following table.[36]

Minimum Loss Ratio Applicable to Approved Deviations

Class	Plan	Current	Alternative 1	Alternative 2
		Credit Life Insurance		
E	All	50%	41%	43%
All Other	All	50%	47%	43%

[33] 28 TAC §3.5206, Figures 1 and 2

[34] Order No, 99 – 1481, Finding of Fact 100

[35] Order No, 99 – 1481, Finding of Fact 101

[36] 29 TexReg 10689

Credit Accident & Health Insurance

E	10-14, 22-26	60%	45%	46%
E	16 – 19	60%	42%	44%
All Other	10-14, 22-26	60%	50%	46%
All Other	16 – 19	60%	45%	44%

As can be clearly seen, TDI's proposal requires a much smaller percentage of the premium be available to pay benefits to claimants, and allows insurance companies to keep a much larger percentage of the premium for expenses, commissions and profit. The change from a minimum loss ratio of 60% to 42% can have the impact of raising the rates charged to insureds by 43%.[37] TDI has provided no reasonable basis as to why the minimum loss ratio applicable to approved deviations should be changed to allow such dramatic rate increases.

5. **One Rate for All Classes versus a Separate Rate for Class E**

Our June 2004 rate analysis for credit insurance rates found that there are sufficient credible consistent differences between the various classes of business. This supports the position that the rates established for the different classes of business should vary. For this reason, we concur with the TDI proposal to develop separate rates for Class E based upon the experience for that business.

In the prior credit insurance presumptive rate proceedings, certain issues were raised with regard to the use of different rates by class. The following provides a discussion of the issues, along with the conclusion that it is completely consistent with actuarial and regulatory principles to use credit insurance rates that vary by class.

One objection was that the use of class rating would be too confusing. That is simply not accurate. The widespread use of computers makes it just as simple to have multiple class rates as just one class rate. For some lines of insurance, such as private passenger automobile insurance, there are thousands of possible different class rates, and that has not presented any problems.

Another objection was that it would be confusing to consumers if they found that credit insurance rates varied among the different classes. This is much more a

[37] 43% = [60% / 42% - 1] X 100%

hypothetical concern than a reality. Consumers very rarely shop for credit insurance. It is sold at the same time as the product being bought by the consumer. Furthermore, the use of deviations for credit insurance will mean that varying rates between sellers of credit insurance will exist anyway in the marketplace.

Furthermore, if the credit insurance rates are not set by class, but an overall rate across all classes is set, a very likely possibility is that for the classes of business for whom that one uniform rate is too low will use higher rates, while at the same time the classes of business for whom that one uniform rate is too high will not use lower rates. This will tend to lead to an unbalanced situation where consumers are being charged overall premiums that are excessive and confiscatory.

It is completely consistent with actuarial and regulatory principles to use credit insurance rates that vary by class of business.

6. Conclusion

TDI's proposed regulations regarding credit life insurance and credit accident & health insurance contain numerous provisions that allow insurance companies to charge excessive premiums to Texas consumers of credit insurance. In order to rectify the problems with TDI's proposed regulations we recommend the following:

A. Adopt the rate level changes contained in the AIS analysis submitted to TDI on June 28, 2004. (A copy of this is enclosed)

B. Use a 7% interest rate to discount the rates for single premium business to the extent that investment income is not fully reflected in the manual rates.

C. Do not decrease the minimum loss ratio applicable to approved deviations.

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Credit Life Insurance Current and Proposed Rates

Alternative 2 - All Classes Combined

Plan	(1) Earned Premium at Presumptive Rates (000's)	(2) Current Single Life Rates	(3) Proposed Alternative 2 Single Life Rates	(4) Single Life Percent Change
(1)	$274,696	0.300	0.275	-8.3%
(2)	$18,952	0.576	0.528	-8.3%
(3)	$49,178	0.480	0.440	-8.3%
(4)	$5,775	0.480	0.440	-8.3%
Total / Average	$348,601	0.328	0.301	-8.3%

Plan	Earned Premium at Presumptive Rates (000's)	Current Joint Life Rates	Proposed Alternative 2 Joint Life Rates	Joint Life Percent Change
(5)	$136,560	0.450	0.412	-8.4%
(6)	$6,657	0.864	0.792	-8.3%
(7)	$38,718	0.720	0.660	-8.3%
(8)	$2,090	0.720	0.660	-8.3%
Total / Average	$184,025	0.500	0.458	-8.4%
Overall Combined	$532,625	0.372	0.341	-8.4%

Alternative 1 - Class E and All Other Classes

Plan	(5) Earned Premium at Presumptive Rates - Class E (000's)	(6) Earned Premium at Presumptive Rates - All Other (000's)	(7a) Class E Current Single Life Rates	(7b) All Other Current Single Life Rates	(8) Proposed Alternative 1 Class E Single Life Rates	(9) Proposed Alternative 1 All Other Single Life Rates	(10) Class E Percent Change	(11) All Other Percent Change	(12) Total Single Life Percent Change
(1)	$195,688	$79,009	0.300	0.300	0.254	0.331	-15.3%	10.3%	
(2)	$13,401	$5,551	0.576	0.576	0.488	0.635	-15.3%	10.2%	
(3)	$2,079	$47,099	0.480	0.480	0.406	0.529	-15.4%	10.2%	
(4)	$0	$5,775	0.480	0.480	0.406	0.529	-15.4%	10.2%	
Tot / Avg	$211,168	$137,433	0.311	0.359	0.263	0.336	-15.3%	10.3%	
Single Life Combined Rate Change									-5.2%

Plan	Earned Premium at Presumptive Rates - Class E (000's)	Earned Premium at Presumptive Rates - All Other (000's)	Class E Current Joint Life Rates	All Other Current Joint Life Rates	Proposed Alternative 1 Class E Joint Life Rates	Proposed Alternative 1 All Other Single Life Rates	Class E Percent Change	All Other Percent Change	Total Joint Life Percent Change
(5)	$94,305	$42,254	0.450	0.450	0.381	0.496	-15.3%	10.2%	
(6)	$5,650	$1,006	0.864	0.864	0.732	0.953	-15.3%	10.3%	
(7)	$14,340	$24,378	0.720	0.720	0.610	0.794	-15.3%	10.3%	
(8)	$0	$2,090	0.720	0.720	0.610	0.794	-15.3%	10.3%	
Tot / Avg	$114,296	$69,728	0.484	0.529	0.410	0.533	-15.3%	10.2%	
Joint Life Combined Rate Change									-5.6%
Overall Combined			0.355	0.402	0.301	0.444	-15.3%	10.3%	-5.4%

Notes:

(1) Texas Department of Insurance, Credit Disability Experience Reports 2000 to 2002
(2) Order # 99-1481
(3) Commissioner's Proposal for Alternative 2
(4) (3) / (2) - 1.0
(5) Texas Department of Insurance, Credit Disability Experience Reports 2000 to 2002
(6) Texas Department of Insurance, Credit Disability Experience Reports 2000 to 2002
(7) Order # 99-1481
(8) Commissioner's Proposal for Alternative 1
(9) Commissioner's Proposal for Alternative 1
(10) (8) / (7) - 1.0
(11) (9) / (7) - 1.0
(12) [(5) Total x (10) + (6) Total x (11)] / [(5) Total + (6) Total]

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Credit Disability Insurance Current and Proposed Rates

Alternative 2 - All Classes Combined

Plan	(1) Earned Premium at Presumptive Rates (000's)	(2) Current Single Life Rates	(3) Proposed Alternative 2 Single Life Rates	(4) Percent Change
(10)	$372,943	$2.79	$2.79	0.0%
(11)	$4,577	$2.11	$2.11	0.0%
(12)	$1,888	$2.55	$2.55	0.0%
(13)	$1,938	$1.83	$1.83	0.0%
(16)	$41,764	$2.00	$1.76	-12.0%
(17)	$60,664	$1.48	$1.30	-12.2%
(18)	$17,295	$1.74	$1.53	-12.1%
(19)	$52,662	$1.30	$1.14	-12.3%
(22)	$7,453	$1.51	$1.51	0.0%
(23)	$1,126	$1.14	$1.14	0.0%
(24)	$4,693	$1.38	$1.38	0.0%
(25)	$1,583	$0.99	$0.99	0.0%
Total / Avg	$568,587	$2.18	$2.10	-3.7%

Alternative 1 - Class E and All Other Classes

Plan	(5) Earned Premium at Presumptive Rates - Class E (000's)	(6) Earned Premium at Presumptive Rates - All Other (000's)	(7a) Class E Current Single Life Rates	(7b) All Other Current Single Life Rates	(8) Proposed Alternative 1 Class E Single Life Rates	(9) Proposed Alternative 1 All Other Single Life Rates	(10) Class E Percent Change	(11) All Other Percent Change	(12) Total Percent Change
(10)	$265,521	$107,423	$2.79	$2.79	$2.55	$3.37	-8.6%	20.8%	
(11)	$4,187	$390	$2.11	$2.11	$1.93	$2.55	-8.5%	20.9%	
(12)	$742	$1,145	$2.55	$2.55	$2.33	$3.08	-8.6%	20.8%	
(13)	$1,386	$551	$1.83	$1.83	$1.67	$2.21	-8.7%	20.8%	
(16)	$126	$41,638	$2.00	$2.00	$1.64	$1.82	-18.0%	-9.0%	
(17)	$21,085	$39,579	$1.48	$1.48	$1.21	$1.35	-18.2%	-8.8%	
(18)	$0	$17,295	$1.74	$1.74	$1.42	$1.58	-18.4%	-9.2%	
(19)	$1	$52,661	$1.30	$1.30	$1.06	$1.18	-18.5%	-9.2%	
(22)	$0	$7,453	$1.51	$1.51	$1.38	$1.82	-8.6%	20.8%	
(23)	$0	$1,126	$1.14	$1.14	$1.04	$1.38	-8.5%	20.9%	
(24)	$0	$4,693	$1.38	$1.38	$1.26	$1.66	-8.6%	20.8%	
(25)	$0	$1,583	$0.99	$0.99	$0.90	$1.19	-8.7%	20.8%	
Total / Avg	$293,048	$275,539	$2.60	$1.86	$2.36	$1.94	-9.3%	4.4%	
Single Life Combined Rate Change									-2.7%

Notes:

- (1) Texas Department of Insurance, Credit Disability Experience Reports 2000 to 2002
- (2) Order # 99-1481
- (3) Commissioner's Proposal for Alternative 2
- (4) (3) / (2) - 1.0
- (5) Texas Department of Insurance, Credit Disability Experience Reports 2000 to 2002
- (6) Texas Department of Insurance, Credit Disability Experience Reports 2000 to 2002
- (7) Order # 99-1481
- (8) Commissioner's Proposal for Alternative 1
- (9) Commissioner's Proposal for Alternative 1
- (10) (8) / (7) - 1.0
- (11) (9) / (7) - 1.0
- (12) [(5) Total x (10) + (6) Total x (11)] / [(5) Total + (6) Total]