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## **Conversion Factors for 2018 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 2018 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 2018 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 2018 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.

## 2018 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	1.0005	1.0045	1.0158
NE	3/1/2016	1.0000	0.9988	0.9932	0.9812
NH	1/30/2018	0.9973	0.9806	0.9768	0.9748
NM	3/21/2016	1.0000	0.9983	0.9911	0.9777
OH	1/1/2017	1.0000	0.9949	0.9813	0.9716
VA	1/1/2016	1.0000	1.0000	1.0023	1.0115
WI	1/1/2018	1.0000	0.9723	0.9662	0.9634

### 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	0.9985	0.9936	0.9872
NE	3/1/2016	1.0000	0.9962	0.9783	0.9414
NH CU	1/30/2018	0.9798	0.8684	0.8464	0.8350
NH Banks	1/30/2018	1.0042	1.0319	1.0385	1.0420
NH Dealers	1/30/2018	0.9799	0.8687	0.8467	0.8354
NH Other	1/30/2018	0.9796	0.8670	0.8449	0.8334
NM	1/1/2018	1.0000	0.9469	0.9291	0.9109
OH	1/1/2017	1.0000	0.9869	0.9531	0.9296
SC*	1/1/2018	1.0000	1.0000	1.0000	0.9978
VA	1/1/2016	1.0000	1.0000	0.9972	0.9861
WI	1/1/2018	1.0000	0.8803	0.8569	0.8426

The NH rates for Finance Companies did not change in 2018

\* The SC credit A&H rate change on 1/1/2018 was for the open-end MOB rate only

Please contact us if you have any questions.

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