

2760.0020 DEFINITIONS.

Subpart 1. **Scope.** The terms used in this chapter have the meanings given them in this part.

Subp. 2. **Account.** "Account" means the aggregate coverage for a single plan of insurance written under one agreement through one or more creditors by the insurer, whether coverage is written on a group or individual policy basis.

Subp. 3. **Average number of life years.** "Average number of life years" means the average number of group certificates or individual policies in force during a period times the number of years in the period.

Subp. 4. **Claims.** "Claims" means benefits payable on death or disability, including any accrued interest but excluding loss adjustment expense, claims settlement costs, or other additions of any kind.

Subp. 5. **Closed-end credit.** "Closed-end credit" means a credit transaction that does not meet the definition of open-end credit.

Subp. 6. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subp. 7. **Credibility factor.** "Credibility factor" means the factor calculated by using the credibility table in part 2760.0090.

Subp. 8. **Critical period accident and health coverage.** "Critical period accident and health coverage" means credit accident and health coverage that provides a maximum benefit period of a specified number of monthly benefits or to the end of a coverage period, whichever is less.

Subp. 9. **Earned premiums.** "Earned premiums" means the total gross premiums received during a period reduced by premiums refunded and adjusted for changes in premium reserves as described in the Credit Insurance Experience Exhibit instructions published by the National Association of Insurance Commissioners.

Subp. 10. **Effective date of coverage.** "Effective date of coverage" is the date of initial indebtedness, except that for each part of the insurance attributable to a different advance or a charge to the account it is the date on which the advance or charge occurs.

Subp. 11. **Evidence of individual insurability.** "Evidence of individual insurability" means a statement furnished by the debtor, as a condition of insurance becoming effective, that relates specifically to the health status or the health or medical history of the debtor.

Subp. 12. **Incurred claims.** "Incurred claims" means claims paid during a period, adjusted for the change in claim reserves from the beginning to the end of that period as described in the Credit Insurance Experience Exhibit instructions published by the National Association of Insurance Commissioners.

Subp. 13. **Loss ratio.** "Loss ratio" means incurred claims divided by earned premiums.

Subp. 14. **Open-end credit.** "Open-end credit" means credit extended by a creditor under an agreement in which:

- A. the creditor reasonably contemplates repeated transactions;
- B. the creditor imposes a finance charge from time to time on an outstanding unpaid balance; and
- C. the amount of credit that may be extended to the debtor during the term of the agreement up to any limit set by the creditor is generally made available to the extent that any outstanding balance is repaid.

Subp. 15. **Plan of insurance.** "Plan of insurance" means any of the following:

- A. credit life insurance on a single premium basis, including single and joint life coverage, and including decreasing and level insurance;
- B. credit life insurance on a monthly premium basis, including single and joint life coverage;
- C. credit accident and health insurance on a single premium basis, including single and joint coverage; or
- D. credit accident and health insurance on a monthly premium basis, including single and joint coverage.

Subp. 16. **Preexisting condition.** "Preexisting condition" means any condition for which the insured debtor received medical advice, consultation, or treatment within six months before the effective date of the coverage.

Subp. 17. **Prima facie rates.** "Prima facie rates" means the starting rates shown in parts 2760.0050 and 2760.0060 and any subsequent rates as adjusted for a later time period pursuant to part 2760.0080.

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