

State: District of Columbia **Filing Company:** Transamerica Life Insurance Company
TOI/Sub-TOI: H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group
Product Name: Outpatient GAP
Project Name/Number: Outpatient GAP/CPGAP300

Filing at a Glance

Company: Transamerica Life Insurance Company
Product Name: Outpatient GAP
State: District of Columbia
TOI: H15G Group Health - Hospital/Surgical/Medical Expense
Sub-TOI: H15G.001 Any Size Group
Filing Type: Rate
Date Submitted: 10/18/2013
SERFF Tr Num: AEGG-129151962
SERFF Status: Assigned
State Tr Num:
State Status:
Co Tr Num: OUTPATIENT GAP R
Implementation: On Approval
Date Requested:
Author(s): Billie Baldwin
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

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General Information

Project Name: Outpatient GAP	Status of Filing in Domicile: Pending
Project Number: CPGAP300	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments: Iowa is our state of domicile; no filing fee required.
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small and Large
Group Market Type: Employer, Association, Other	Explanation for Other Group Market Type: Labor Union and Credit Union
Overall Rate Impact:	Filing Status Changed: 10/24/2013
Deemer Date:	State Status Changed:
Submitted By: Billie Baldwin	Created By: Billie Baldwin
	Corresponding Filing Tracking Number:
	PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

RE: TRANSAMERICA LIFE INSURANCE COMPANY
 NAIC: 468-86231 FEIN: 39-0989781
 New Group Health Rate Filing
 CPGAP300 – Group Master Policy for Supplemental Medical Expense Insurance
 CCGAP300 – Group Certificate for Supplemental Medical Expense Insurance
 CEGAP3DC – District of Columbia Amendment

Transmitted via SERFF are the rates and Actuarial Memorandum for the above-referenced forms for your review and approval. These are new rates (and forms) and are not intended to replace any forms or rates previously approved by the Department. This filing does not contain any unusual or potentially controversial items that vary from normal company or industry standards. The forms were submitted simultaneously today under SERFF #AEGG-129151963.

This product is available for issue ages 18 and over. This product is guaranteed issue contingent on the employee/member participating in the major medical plan of the group contractholder and being actively at work (or an active member). Total expenses, inclusive of acquisition and maintenance expense, commissions and premium tax is expected to be 45.9% of earned premium. Lapse rates are composed by individuals changing employment and employers changing insurance coverage. For all durations, an aggregate lapse rate of 45% is assumed. Half of these lapses are assumed to occur uniformly throughout the year (representing those employees that terminate coverage largely due to change in employment). The remaining lapses are assumed to occur at year end as a result of a change in coverage as determined by the employer. More details can be found in the Actuarial Memorandum attached to the Rate/Rule Schedule tab.

Some information about the forms that the rates support:

CPGAP300 and CCGAP300 – This policy and certificate provide supplemental outpatient medical expense benefits which are intended to supplement a covered person's existing basic, major medical or comprehensive health insurance coverage. Coverage under this policy will NOT be issued unless an applicant has such policy in place.

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This insurance is an “excepted benefit” under 42 U.S.C.A. § 300gg-91(c)(4), because it is “similar supplemental coverage provided to coverage under a group health plan.” Accordingly, it is not subject to the insurance reforms of the Affordable Care Act.

This category of excepted benefit is for insurance that is supplemental to coverage under a group health plan and pays for items that are not covered under a group health plan, just as Medicare supplement coverage pays for items that are not covered under Medicare. The requirements for similar supplemental coverage are described in more detail in Department of Health and Human Services (HHS) regulation 45 C.F.R. 146.145(c)(5), which states:

(5) Supplemental benefits.

(i) The following benefits are excepted only if they are provided under a separate policy, certificate, or contract of insurance--

(A) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act; also known as Medigap or MedSupp insurance);

(B) Coverage supplemental to the coverage provided under Chapter 55, Title 10 of the United States Code (also known as TRICARE supplemental programs); and

(C) Similar supplemental coverage provided to coverage under a group health plan. To be similar supplemental coverage, the coverage must be specifically designed to fill gaps in primary coverage, such as coinsurance or deductibles. Similar supplemental coverage does not include coverage that becomes secondary or supplemental only under a coordination-of-benefits provision.

This insurance meets the requirements of the HHS regulation because (1) it is issued only to individuals covered by a group health plan and is provided under a separate policy from the group health plan, (2) it is specifically designed to fill gaps in the primary coverage offered by the group health plan, such as deductibles, and (3) it does not contain a coordination-of-benefits provision and therefore does not become supplemental under a coordination-of-benefits provision.

The policy provides a benefit that will pay the deductible, coinsurance and copayment amounts that are not paid by the primary basic, major medical, or comprehensive health insurance policy. There are two major benefits provided by this Policy:

1. Outpatient Benefits for the following:

- a. Treatment in an emergency room or urgent care center for accident when a covered person is not subsequently confined;
- b. Surgery performed in a hospital outpatient facility or free-standing outpatient surgery center;
- c. Outpatient surgery performed in a physician’s office limited to \$100 per procedure;
- d. Radiological diagnostic testing performed in a hospital outpatient facility or MRI facility; or
- e. Radiation Therapy or Chemotherapy for the treatment of cancer that is not administered during an Inpatient confinement.

2. Ambulance Benefit (Accident Only) provides a transportation benefit if a covered person requires transport to a hospital or emergency center as the result of an accident.

CEGAP3DC – This state-specific amendment will be attached to the policies and certificates issued in your state. It includes any state-required changes to the policy and certificate.

These forms will be marketed to eligible groups as permitted under the laws of your state. We will be offering this product to

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the employees and/or members of employers, associations, labor unions or credit unions. This insurance will then be offered to the individual employees or members in a Worksite Marketing solicitation. Premiums may be paid by the certificateholder or the policyholder or a combination of both.

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your state. If you have any questions, please do not hesitate to contact me.

Sincerely,

Billie Jean Baldwin, FLMI, ACS, AIRC, CCP
 Senior Product Manager, Contract Compliance & Assistant Secretary
 Product Implementation Department
 Transamerica Life Insurance Company
 Telephone: 800-400-3042 x127-1098
 Email: BJ.baldwin@transamerica.com

Company and Contact

Filing Contact Information

BJ Baldwin, Manager Life Compliance	bj.baldwin@transamerica.com
PO Box 8063	800-400-3042 [Phone] 1098 [Ext]
Little Rock, AR 72203-8063	501-227-1097 [FAX]

Filing Company Information

Transamerica Life Insurance Company	CoCode: 86231	State of Domicile: Iowa
PO Box 8063	Group Code: 468	Company Type: Life and Health
Little Rock, AR 72203-8063	Group Name:	State ID Number:
(501) 227-1106 ext. [Phone]	FEIN Number: 39-0989781	

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

SERFF Tracking #:

AEGG-129151962

State Tracking #:

Company Tracking #:

OUTPATIENT GAP R

State:

District of Columbia

Filing Company:

Transamerica Life Insurance Company

TOI/Sub-TOI:

H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group

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Outpatient GAP

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Rate Information

Rate data applies to filing.

Filing Method:

None

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

10/01/2013

Filing Method of Last Filing:

None

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Transamerica Life Insurance Company	New Product	0.000%	0.000%	\$0	0	\$0	0.000%	%

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Rate Review Detail

COMPANY:

Company Name: Transamerica Life Insurance Company
 HHS Issuer Id: 00000
 Product Names: TransConnect II
 Trend Factors: In calculating initial claim costs from current experience, a one year trend factor of 5% was assumed.

FORMS:

New Policy Forms: CPGAP300
 Affected Forms: None
 Other Affected Forms: None

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 12
 Benefit Change: None
 Percent Change Requested: Min: Max: Avg:

PRIOR RATE:

Total Earned Premium:
 Total Incurred Claims:
 Annual \$: Min: Max: Avg:

REQUESTED RATE:

Projected Earned Premium: 896.16
 Projected Incurred Claims: 450.00
 Annual \$: Min: 124.08 Max: 1,305.00 Avg: 896.16

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State Tracking #:**Company Tracking #:**

OUTPATIENT GAP R

State:

District of Columbia

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TOI/Sub-TOI:

H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group

Product Name:

Outpatient GAP

Project Name/Number:

Outpatient GAP/CPGAP300

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Monthly Premiums	CPGAP300	New		Monthly Premiums 50LR.pdf,

Exhibit A - Monthly Premiums TransConnect II

Base Policy Monthly Rates

Outpatient Maximum Benefit Amount	Employee < Age 55	Employee Age 55+	Employee + Spouse < Age 55	Employee + Spouse Age 55+	Employee + Child < Age 55	Employee + Child Age 55+	Family < Age 55	Family Age 55+
\$250	7.44	10.34	17.54	24.44	16.62	19.88	28.22	35.26
\$500	13.66	20.50	32.28	48.46	30.46	38.20	51.82	68.32
\$750	17.44	27.10	41.20	63.78	38.52	49.68	65.70	89.18
\$1,000	19.00	29.18	44.88	68.70	41.00	52.56	70.36	94.86
\$1,250	22.04	33.60	52.10	79.22	46.88	59.96	80.78	108.56
\$1,500	28.88	43.36	68.28	102.34	60.82	76.72	105.12	139.32
\$1,750	29.24	44.14	69.10	104.14	62.54	79.32	108.60	144.78
\$2,000	31.56	48.00	74.60	113.20	64.28	81.98	112.12	150.34
\$2,250	37.44	56.90	88.54	134.26	74.66	95.38	131.00	175.68
\$2,500	38.80	59.72	91.70	140.82	76.72	98.80	134.92	183.04
\$2,750	42.32	65.10	100.08	153.66	87.46	112.54	147.36	199.90
\$3,000	44.84	70.04	106.06	163.74	93.60	122.92	156.10	212.34
\$3,250	45.38	71.94	107.34	166.72	95.12	127.94	157.88	215.50
\$3,500	46.54	74.68	109.58	171.68	98.06	134.58	161.88	221.34
\$3,750	47.74	77.58	110.50	177.00	101.46	141.40	162.26	227.56
\$4,000	47.88	78.34	111.64	178.08	102.80	144.06	166.34	228.62
\$4,250	49.54	81.58	115.00	184.84	107.38	151.28	167.88	236.92
\$4,500	49.68	82.28	115.88	185.80	108.14	153.78	169.28	237.82
\$4,750	49.84	83.14	116.90	187.14	108.86	156.38	170.84	239.12
\$5,000	50.68	85.00	117.68	190.74	111.32	161.08	172.16	243.42
\$5,250	51.76	86.86	118.56	194.90	113.60	164.46	173.60	248.68
\$5,500	52.80	88.66	120.96	198.98	115.82	167.76	177.02	253.78
\$5,750	53.80	90.42	123.26	202.92	117.98	170.94	180.34	258.72
\$6,000	54.78	92.12	125.48	206.72	120.04	174.02	183.54	263.48
\$6,250	55.70	93.76	127.62	210.40	122.02	176.98	186.64	268.10
\$6,500	56.60	95.34	129.68	213.92	123.92	179.80	189.56	272.52
\$6,750	57.46	96.82	131.62	217.30	125.70	182.50	192.36	276.72
\$7,000	58.26	98.26	133.48	220.50	127.40	185.06	195.00	280.72
\$7,250	59.02	99.62	135.22	223.54	129.00	187.46	197.50	284.52
\$7,500	59.72	100.90	136.84	226.42	130.48	189.72	199.82	288.06
\$7,750	60.38	102.08	138.36	229.10	131.86	191.80	201.98	291.38
\$8,000	61.00	103.20	139.76	231.58	133.12	193.74	203.96	294.44
\$8,250	61.56	104.22	141.06	233.88	134.26	195.50	205.76	297.28
\$8,500	62.06	105.16	142.20	235.98	135.26	197.08	207.38	299.84
\$8,750	62.50	106.00	143.22	237.88	136.14	198.48	208.80	302.12
\$9,000	62.88	106.74	144.12	239.54	136.90	199.70	210.02	304.16
\$9,250	63.22	107.40	144.86	241.00	137.54	200.74	211.06	305.92
\$9,500	63.48	107.96	145.50	242.26	138.04	201.60	211.90	307.38
\$9,750	63.70	108.42	145.98	243.30	138.42	202.26	212.52	308.58
\$10,000	63.84	108.78	146.32	244.10	138.62	202.72	212.94	309.48

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Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	Cover Letter - DC Rate Filing.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	No third party filer involved.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Act_Memo_Generic_v2.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Justification
Bypass Reason:	We are filing the rate as a separate filing. Please see the actuarial certification in the Actuarial Memorandum.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	This is a new filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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SERFF Tracking #:

AEGG-129151962

State Tracking #:

Company Tracking #:

OUTPATIENT GAP R

State:

District of Columbia

Filing Company:

Transamerica Life Insurance Company

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H15G Group Health - Hospital/Surgical/Medical Expense/H15G.001 Any Size Group

Product Name:

Outpatient GAP

Project Name/Number:

Outpatient GAP/CPGAP300

Bypass Reason:	This is a new filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	Not applicable to this filing.
Attachment(s):	
Item Status:	
Status Date:	



Transamerica Life Insurance Company
Monumental Life Insurance Company
Home Office: Cedar Rapids, Iowa

Administrative Office
1400 Centerview Drive, P.O. Box 8063
Little Rock, Arkansas 72203-8063
(800) 400-3042

RE: TRANSAMERICA LIFE INSURANCE COMPANY
NAIC: 468-86231 FEIN: 39-0989781
New Group Health Rate Filing
CPGAP300 – Group Master Policy for Supplemental Medical Expense Insurance
CCGAP300 – Group Certificate for Supplemental Medical Expense Insurance
CEGAP3DC – District of Columbia Amendment

Transmitted via SERFF are the above-referenced forms for your review and approval. These are new rates (and forms) and are not intended to replace any forms or rates previously approved by the Department. This filing does not contain any unusual or potentially controversial items that vary from normal company or industry standards. The forms were submitted simultaneously today under SERFF #AEGG-129151963.

This product is available for issue ages 18 and over. This product is guaranteed issue contingent on the employee/member participating in the major medical plan of the group contractholder and being actively at work (or an active member). Total expenses, inclusive of acquisition and maintenance expense, commissions and premium tax is expected to be 45.9% of earned premium. Lapse rates are composed by individuals changing employment and employers changing insurance coverage. For all durations, an aggregate lapse rate of 45% is assumed. Half of these lapses are assumed to occur uniformly throughout the year (representing those employees that terminate coverage largely due to change in employment). The remaining lapses are assumed to occur at year end as a result of a change in coverage as determined by the employer. More details can be found in the Actuarial Memorandum attached to the Rate/Rule Schedule tab.

Some information about the forms that the rates support:

CPGAP300 and CCGAP300 – This policy and certificate provide supplemental outpatient medical expense benefits which are intended to supplement a covered person's existing basic, major medical or comprehensive health insurance coverage. Coverage under this policy will NOT be issued unless an applicant has such policy in place.

This insurance is an "excepted benefit" under 42 U.S.C.A. § 300gg-91(c)(4), because it is "similar supplemental coverage provided to coverage under a group health plan." Accordingly, it is not subject to the insurance reforms of the Affordable Care Act.

This category of excepted benefit is for insurance that is supplemental to coverage under a group health plan and pays for items that are not covered under a group health plan, just as Medicare supplement coverage pays for items that are not covered under Medicare. The requirements for similar supplemental coverage are described in more detail in Department of Health and Human Services (HHS) regulation 45 C.F.R. 146.145(c)(5), which states:

(5) Supplemental benefits.

(i) The following benefits are excepted only if they are provided under a separate policy, certificate, or contract of insurance--

- (A) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act; also known as Medigap or MedSupp insurance);
- (B) Coverage supplemental to the coverage provided under Chapter 55, Title 10 of the United States Code (also known as TRICARE supplemental programs); and
- (C) Similar supplemental coverage provided to coverage under a group health plan. To be similar supplemental coverage, the coverage must be specifically designed to fill gaps in primary coverage, such as coinsurance or deductibles. Similar supplemental coverage does not include coverage that becomes secondary or supplemental only under a coordination-of-benefits provision.

This insurance meets the requirements of the HHS regulation because (1) it is issued only to individuals covered by a group health plan and is provided under a separate policy from the group health plan, (2) it is specifically designed to fill gaps in the primary coverage offered by the group health plan, such as deductibles, and (3) it does not contain a coordination-of-benefits provision and therefore does not become supplemental under a coordination-of-benefits provision.

The policy provides a benefit that will pay the deductible, coinsurance and copayment amounts that are not paid by the primary basic, major medical, or comprehensive health insurance policy. There are two major benefits provided by this Policy:

1. Outpatient Benefits for the following:
 - a. Treatment in an emergency room or urgent care center for accident when a covered person is not subsequently confined;
 - b. Surgery performed in a hospital outpatient facility or free-standing outpatient surgery center;
 - c. Outpatient surgery performed in a physician's office limited to \$100 per procedure;
 - d. Radiological diagnostic testing performed in a hospital outpatient facility or MRI facility; or
 - e. Radiation Therapy or Chemotherapy for the treatment of cancer that is not administered during an Inpatient confinement.
2. Ambulance Benefit (Accident Only) provides a transportation benefit if a covered person requires transport to a hospital or emergency center as the result of an accident.

CEGAP3DC – This state-specific amendment will be attached to the policies and certificates issued in your state. It includes any state-required changes to the policy and certificate.

There is no employee/member application for this coverage. As long as the employee/member meets the eligibility requirements, his or her coverage will be guaranteed issue.

These forms will be marketed to eligible groups as permitted under the laws of your state. We will be offering this product to the employees and/or members of employers, associations, labor unions or credit unions. This insurance will then be offered to the individual employees or members in a Worksite Marketing solicitation. Premiums may be paid by the certificateholder or the policyholder or a combination of both.

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your state. If you have any questions, please do not hesitate to contact me.

Sincerely,



Billie Jean Baldwin, FLMI, ACS, AIRC, CCP
Senior Product Manager, Contract Compliance & Assistant Secretary
Product Implementation Department
Transamerica Life Insurance Company
Telephone: 800-400-3042 x127-1098
Email: BJ.baldwin@transamerica.com

Transamerica Life Insurance Company

Transamerica Group Supplemental Medical Expense Plan

Group Master Policy Form Number: CPGAP300

1. Scope and Purpose

The purpose of this memorandum is to satisfy the filing requirements for Transamerica Life Insurance Company's (Transamerica) Group Supplemental Medical Expense Plan. The memorandum summarizes plan benefits and pricing assumptions and certifies that premium rates are reasonable in relationship to the benefits. The information in this memorandum may not be appropriate for other purposes.

2. Benefit Description

This policy is a group insurance product. This policy is intended to cover certain portions of the employees/members cost sharing responsibility under their major medical plan up to a stated maximum annual dollar amount. The following benefits are covered by the policy.

a. Outpatient Benefits

- i. Treatment in a hospital emergency room or urgent care center due to an Accident.
- ii. Surgery performed in a Hospital outpatient facility or a free-standing outpatient surgery center.
- iii. Outpatient surgery performed in a physician's office, limited to \$100 per surgical procedure.
- iv. Radiological diagnostic testing (such as X-rays and MRI's) performed in a hospital outpatient facility or MRI facility.
- v. MRI's, CT scans, PET scans, diagnostic ultrasounds, cardiac stress tests, and electrocardiograms while performed in a physician's office.
- vi. Outpatient treatment for radiation and/or chemotherapy for the purpose of treating cancer.

b. Ambulance Benefit for Accidents Only

- i. Provides payment of the ambulance benefit when transportation is required to a hospital or emergency center for injuries sustained in an accident.

All benefits payable are limited to any deductible, coinsurance, or copayment amounts that are not covered by the insureds underlying major medical plan.

3. Applicability and Renewability

This form will be available to employer-employee groups. Additionally, we reserve the right to

sell these contracts to any legitimate group allowed by your State's laws and or regulations. Premiums may be changed, based on the notice requirements in the policy, at the discretion of Transamerica. Additionally, the contract may be terminated based on the termination provisions in the policy.

4. Morbidity

Assumed claim costs for all but the radiation/chemotherapy benefit were developed based on company experience using Transamerica's currently marketed TransConnect product. The only benefit difference between the TransConnect product being marketed today and this product is the exclusion of all inpatient benefits from the new product. Inpatient claims were stripped from the claims experience and the remaining claims data was used to price this product. These claims were increased by 5% to reflect the anticipated trend for these benefits.

Radiation/chemotherapy incidence rates were developed based on company experience using Transamerica's Cancer Select product. These incidence rates were multiplied by the maximum outpatient benefit reduced by the expected outpatient benefit assuming no radiation/chemotherapy benefit to produce the claim costs for the radiation/chemotherapy benefit.

5. Persistency

Lapse rates are composed by individuals changing employment and employers changing insurance coverage. For all durations, an aggregate lapse rate of 45% is assumed. Half of these lapses are assumed to occur uniformly throughout the year (representing those employees that terminate coverage largely due to change in employment). The remaining lapses are assumed to occur at year end as a result of a change in coverage as determined by the employer.

6. Expenses

Total expenses, inclusive of acquisition and maintenance expense, commissions and premium tax is expected to be 45.9% of earned premium.

7. Marketing Method

This product will be sold by licensed independent agents and brokers to employer, association and labor union groups. It will be packaged with their comprehensive medical health plan.

8. Underwriting

This product is guaranteed issue contingent on the employee/member participating in the major medical plan of the group contract holder and being actively at work (or an active member).

9. Premium Classes and Issue Age Range

This product is available for issue ages 18 and over. The primary insured must be employed by, or an active member of, the entity holding the group master policy at the time of enrollment.

Standard premiums for this policy vary by issue age, employee/spouse/child status, industry, and maximum benefit amount. Standard premiums assume that this product is sold in conjunction with the employer's major medical plan. Standard rates may be adjusted for industry, marketing method, experience, trend, area factors, the underlying deductible of this plan (assumed to be \$0 unless noted otherwise), and other cost factors. In all cases, any adjustments to standard premiums will produce new premiums that are expected to meet or exceed the minimum loss ratio requirements of your state for this type of product. Standard premiums are listed in Exhibit A.

10. Area Factors

There are currently no area factors. As experience emerges, we may determine the need for rating factors based on geography.

11. Distribution of Business and Average Annual Premium

The following distribution of business was assumed using those contracts in force in 2012.

Attained Age	Distribution
54 and under	80%
55+	20%

Distribution of Premium by Family Status	
EE Only	49.1%
EE + Spouse	14.5%
EE + Child	9.9%
Family	26.5%

Based on 2012's distribution of business, the average monthly premium per certificate is \$76.84.

12. Premium Modalization Rules

Modal factors are as follows:

Mode	Factor
Annual	1.0000
Semi-Annual	0.5000
Quarterly	0.2500
Monthly	0.0833

13. Reserves

Reserves will be calculated and held to meet or exceed the minimum reserve requirement in your state.

14. Trend Assumptions

In calculating initial claim costs from current experience, a one year trend factor of 5% was assumed.

15. Anticipated Loss Ratio

This policy has been priced to meet a 50.2% loss ratio. The loss ratio is calculated as policy benefits divided by premiums for a one-year time period. The lifetime anticipated loss ratio exceeds the minimum state requirements for this type of supplemental coverage.

16. Contingency and Risk Margins

A 5% contingency load has been assumed in pricing.

17. Proposed Effective Date

This form will become effective immediately upon approval.

18. Actuarial Certification

I hereby certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:

- a) The assumptions represent my best judgment as to the expected value for each assumption and are consistent with the issuer's business plan at the time of the filing;
- b) The anticipated lifetime loss ratio meets or exceeds the appropriate regulatory minimum value;
- c) The filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board, including the Standard on data quality;
- d) The filing is in compliance with the applicable laws and regulations in your state;
- e) The rates are reasonable in relationship to the benefits.



Joseph L. Nichols, FSA, MAAA

August 2, 2013

Attachments: Exhibit A – Monthly Premium Rates