

**State:** District of Columbia **Filing Company:** American Heritage Life Insurance Company  
**TOI/Sub-TOI:** H07G Group Health - Specified Disease - Limited Benefit/H07G.002A Dread Disease - Cancer Only  
**Product Name:** Group Cancer Initial Diagnosis Rider  
**Project Name/Number:** /GCPR RATE

## Filing at a Glance

Company: American Heritage Life Insurance Company  
 Product Name: Group Cancer Initial Diagnosis Rider  
 State: District of Columbia  
 TOI: H07G Group Health - Specified Disease - Limited Benefit  
 Sub-TOI: H07G.002A Dread Disease - Cancer Only  
 Filing Type: Rate  
 Date Submitted: 01/15/2013  
 SERFF Tr Num: ALST-128843094  
 SERFF Status: Assigned  
 State Tr Num:  
 State Status:  
 Co Tr Num: GCPR RATE  
 Implementation: On Approval  
 Date Requested:  
 Author(s): Jennifer Aiello, Lynn Bautista, Juli Clausen, Sara Welch  
 Reviewer(s): Darniece Shirley (primary), Carolyn King  
 Disposition Date:  
 Disposition Status:  
 Implementation Date:  
 State Filing Description:

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## General Information

Project Name:	Status of Filing in Domicile: Not Filed
Project Number: GCPR RATE	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small and Large
Group Market Type: Employer, Association	Overall Rate Impact:
Filing Status Changed: 01/18/2013	
State Status Changed:	Deemer Date:
Created By: Juli Clausen	Submitted By: Juli Clausen
Corresponding Filing Tracking Number:	

### Filing Description:

RE: Rate Filing for Group Cancer Initial Diagnosis Progressive Benefit Rider Forms GPCPR and GCCPR  
 NAIC Number: 60534  
 FEIN Number: 59-0781901

### To Whom It May Concern:

An actuarial memorandum and rates are being submitted for your review and approval. These forms are new and do not replace any forms previously approved by your department. These products are solicited by agents licensed to do business within your state and will be marketed to approved groups.

Forms GPCPR and GCCPR will be used with our Group Cancer Insurance product previously approved by your department as follows:

GVCP3DC and GVCC3DC approved on 5/19/09 under filing number ALST-126146138

The corresponding forms filing for these riders is ALST-128843081.

If you have any questions regarding this filing, feel free to contact me at [jclav@allstate.com](mailto:jclav@allstate.com), or (904) 992-2912. Thank you for your continued consideration.

## Company and Contact

### Filing Contact Information

Juli Clausen , Ettain Group	<a href="mailto:jclav@allstate.com">jclav@allstate.com</a>
Attn: Compliance Department	904-992-2912 [Phone]
1776 American Heritage Life Drive	904-992-2975 [FAX]
Jacksonville, FL 32224-6687	

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**Filing Company Information**

American Heritage Life Insurance Company	CoCode: 60534	State of Domicile: Florida
ATTN: Legal/Compliance	Group Code: 8	Company Type: Life and Health
1776 American Heritage Life Drive	Group Name: Allstate	State ID Number:
Jacksonville, FL 32224-9983	FEIN Number: 59-0781901	
(904) 992-1776 ext. [Phone]		

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**Filing Fees**

Fee Required? No  
Retaliatory? No  
Fee Explanation:

SERFF Tracking #:

ALST-128843094

State Tracking #:

Company Tracking #:

GCPR RATE

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## Supporting Document Schedules

		Item Status:	Status Date:
Bypassed - Item:	Cover Letter All Filings		
Bypass Reason:	Please see the Filing Description in the General Information tab for this information.		
		Item Status:	Status Date:
Bypassed - Item:	Certificate of Authority to File		
Bypass Reason:	No third party filer		
		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memorandum		
Comments:			
Attachment(s):	GCCPR_ActMemo_MostV6.pdf		
		Item Status:	Status Date:
Bypassed - Item:	Actuarial Justification		
Bypass Reason:	Please see the attached Actuarial Memorandum for the actuarial justification.		
		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		
Bypass Reason:	Not applicable to this filing		
		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
Bypass Reason:	Not applicable to this filing		
		Item Status:	Status Date:
Bypassed - Item:	Rate Summary Worksheet		
Bypass Reason:	Not applicable to this filing.		

American Heritage Life Insurance Company  
Jacksonville, Florida

Actuarial Memorandum  
Group Cancer Rider Forms GPCPR and GCCPR

**1. Scope and Purpose of Filing**

This is a new filing of the rates for American Heritage Life Insurance Company's Group Cancer Rider GPCPR and GCCPR. This rider can be attached to an AHL Group Cancer forms. The purpose of this rate filing is to support the rates filed with this form. This rate filing is not intended to be used for any other purpose.

**2. Description of Benefits** Please refer to the rider contract for details. The following benefit is paid:

- a) Progressive Benefit – Pays a one-time benefit when a covered person is diagnosed as having cancer (other than skin cancer) for the first time after the effective date of coverage for that covered person. The benefit amount is \$400 per unit for each complete year the rider is in force. This benefit is payable only once per covered person's lifetime.

**3. Renewability**

Individual certificates can only be terminated for reasons stated in the policy. The group policy is cancelable subject to a 31 day notice, or longer if mandated, and subject to the reasons stated in the policy. This rider is also terminated once the benefits for all covered persons have been paid.

**4. Applicability**

The form will apply to new issues of this rider, upon approval and implementation.

**5. Morbidity**

Morbidity assumptions were developed based on company experience for a rider with a similar benefit structure.

**6. Mortality**

No explicit mortality assumption was used in pricing this form. The persistency rates take into account all causes of lapse, including death.

**7. Persistency**

The lapse rate assumptions used in pricing this form is for all causes of policy/certificate termination, including death. Lapse rates vary by age and duration. Overall lapse rates based on the anticipated mix are as follows:

Policy Year	Lapse Rate		Policy Year	Lapse Rate
1	15.5%		16	8.7%

2	22.6%		17	8.7%
3	18.8%		18	8.7%
4	16.6%		19	8.7%
5	14.6%		20	8.7%
6	13.1%		21	9.9%
7	12.0%		22	9.9%
8	11.0%		23	9.9%
9	9.7%		24	10.0%
10	8.6%		25	10.0%
11	8.6%		26	10.0%
12	8.6%		27	10.1%
13	8.6%		28	10.3%
14	8.6%		29	10.5%
15	8.6%		30	10.6%

**8. Expenses**

The expense assumptions used in pricing this form were as follows.

- Acquisition: 21.00% of premium at issue  
\$2 per rider issued
- Maintenance: 4.00% of premium inforce  
3.00% of claims paid
- Premium Tax: 2.17% of premium

**9. Marketing Method**

This product will be sold to employer groups, unions/associations, and other eligible groups on a voluntary payroll deduction basis according with the regulations of your state.

**10. Underwriting**

This rider is subject to the underwriting guidelines of the base GVC form that it is attached to.

**11. Premium Classes**

Premium rates will vary by coverage type and benefit amounts. Premiums can change based upon the experience. Gross monthly premiums are shown in Appendix A.

**12. Issue Age Range**

This form will be available to issue ages 18 and up, subject to eligibility requirements. Premiums are not based on the issue age or attained age of the primary insured.

**13. Area Factors**

The pricing of this form did not incorporate any area factors.

**14. Average Annualized Premium**

The average annualized premium assuming the distribution of business listed in item 19 is \$189.67. The average premium in AHL Group Cancer is currently \$333.07 per policy. Including this rider, that average premium will increase to \$345.30.

**15. Premium Modalization Rules**

The premium modalization will follow the rules of the underlying certificate. Our most common rule is:

Semiannual premiums equal 0.520 times the annual premium.

Quarterly premiums equal 0.265 times the annual premium.

Monthly premiums equal 0.090 times the annual premium

This form has no rider fees.

**16. Claim Liability and Reserves**

This is a new filing of this form; therefore, there are no claim liability and reserves at this point. Claim liability and reserves will be developed in accordance with the American Academy of Actuaries' Actuarial Standard of Practice Number 5, "Incurred Health Claim Liabilities".

**17. Active Life Reserves**

Statutory reserves will be held in accordance with the Standard Valuation Law.

This is a new filing of this form; therefore, there are no claim reserves at this point. Claim reserves will be developed in accordance with the American Academy of Actuaries' Actuarial Standard of Practice Number 5, "Incurred Health and Disability Claims".

**18. Anticipated Loss Ratio**

Tillinghast's TAS software was used to perform the calculations. Premiums, claims, expenses and other items were projected on a monthly basis over a 30 year period. The lifetime anticipated loss ratio for this form is 50%. This is computed as the present value of benefits divided by the present value of future premiums over the projection period. The discount rate is 5%.

**19. Distribution of Business**

Assumes that 100% of policies are on monthly mode. It is assumed that on average, 2 units of this rider will be purchased and that 6.5% of the inforce policies will have this rider.

Mix distribution by benefit group and coverage type.

Individual	Indiv & Child(ren)	Indiv & Spouse	Family	Total
53.1%	3.9%	25.0%	18.0%	100%

**20. Contingency and Risk Margins**

No explicit contingency margin was added to claim costs.

**21. Actuarial Certification**

I, Paul C. Ramirez, am an Actuary for American Heritage Life Insurance Company. I am a member of the American Academy of Actuaries and am qualified in the area of health insurance. I certify that, to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of your state and with the rules of the Department of Insurance, and complies with

all applicable Actuarial Standard of Practice, and that the benefits provided are reasonable in relation to the proposed premiums. The premium schedule is not excessive, inadequate, nor unfairly discriminatory.



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Paul C. Ramirez, A.S.A., M.A.A.A.

January 15, 2013

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Date



Appendix A  
Group Voluntary Cancer Rider Forms GPCPR and GCCPR

Annual Premium Rates per Unit  
Four Tier Rate Structure

Individual	Individual and Children	Individual and Spouse	Family
59.74	65.64	119.47	131.28

Two Tier Rate Structure

Individual	Family
59.74	124.41

Monthly Premium Rates per Unit  
Four Tier Rate Structure

Individual	Individual and Children	Individual and Spouse	Family
5.38	5.91	10.75	11.81

Two Tier Rate Structure

Individual	Family
5.38	11.20

The premium modalization will follow the rules of the underlying certificate.

Our most common rule is:

Semiannual premiums equal 0.520 times the annual premium.

Quarterly premiums equal 0.265 times the annual premium.

Monthly premiums equal 0.090 times the annual premium

This form has no rider fees.