

SERFF Tracking #:

AMGN-128823573

State Tracking #:

Company Tracking #:

12100 - ACCIDENT CARE DIRECT PLUS -
RATE

State: District of Columbia **Filing Company:** American General Life Insurance Company
TOI/Sub-TOI: H03I Individual Health - Accidental Death & Dismemberment/H03I.000 Health - Accidental Death & Dismemberment
Product Name: Accident Care Direct Plus
Project Name/Number: Accident Care Direct Plus/

Rate Information

Rate data applies to filing.

Filing Method: SERFF New Filing
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing: N/A - New Filing

Company Rate Information

Company Name:	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):
American General Life Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Schedule of Rates	12100	New		ACD Plus - Schedule of Rates - NW.pdf

Accident Policy Form:

**AIG Accident Care Direct Plus
Rate Sheet
Premiums per Unit (1 Unit = \$1,000)**

Accidental Death, Dismemberment, Paralysis

Ages	Insured		
	Insured	Spouse	Children
18-69	\$ 1.98	\$ 1.78	\$ 1.33
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Accidental Death and Dismemberment

Ages	Insured		
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18-69	\$1.88	\$1.67	\$1.29
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Accidental Death and Paralysis

Ages	Insured		
	Insured	Spouse	Children
18-69	\$1.77	\$1.54	\$1.19
70-80	\$5.30	\$4.42	

Accidental Death

Ages	Insured		
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18-69	\$ 1.68	\$ 1.45	\$ 1.10
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Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Cover Letter All Filings		
Comments:	Cover letter is included under the "Filing Description" on the "General Information" tab.		
		Item Status:	Status Date:
Bypassed - Item:	Certificate of Authority to File		
Bypass Reason:	N/A		
		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memorandum		
Comments:			
Attachment(s):			
ACD Plus - Act Memo and Rates - NW.pdf			
		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:	Included in attached actuarial memorandum.		
		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		
Bypass Reason:	N/A		
		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
Bypass Reason:	N/A		
		Item Status:	Status Date:
Bypassed - Item:	Rate Summary Worksheet		
Bypass Reason:	N/A		

AMERICAN GENERAL LIFE INSURANCE COMPANY
2929 Allen Parkway, Houston, Texas 77019

Accident Policy Form:
12100

Actuarial Memorandum
AG Accident Care Direct Plus

Scope and Purpose: The purpose of this actuarial memorandum is to present information to demonstrate the reasonableness of the work performed in determining the premium rates to be used for the forms and to demonstrate compliance with the state's requirements. This rate filing is not intended to be used for other purposes. The premiums are for an Insured, an Insured Spouse and Children and the premiums for an Insured and an Insured Spouse are on a unisex basis.

Benefits: Individual, lump sum accidental death, dismemberment or paralysis benefits. Benefits are payable for covered accidents that occur while the policy is in force. Loss (death, dismemberment or paralysis) must occur within 90 days after a covered accident to be payable. Benefit payment, as a percent of coverage amount, for the covered loss is as follows:

a. Life	100%
b. Both Hands or Feet	100%
c. Sight of Both Eyes	100%
d. One Hand and One Foot	100%
e. Either One Hand or One Foot and Sight of One Eye	100%
f. Quadriplegia	100%
g. Total Hearing Loss	100%
h. Severe Burn	100%
i. Paraplegia	50%
j. Either One Hand or One Foot	50%
k. Sight of One Eye	50%
l. Hemiplegia	50%

Coverage amounts are available in units of \$1,000. The policy pays for only one loss per accident; the benefit paid will be based on the largest benefit payable. Common carrier benefit – the benefit payment is tripled if the loss occurs in a common carrier accident

Benefits for an Insured Spouse and an Insured Child are in relation to the benefits for the Insured. The current marketing plan has benefit levels of 50% of the Insured's benefits for an Insured Spouse and 20% for an Insured Child. Benefits reduce by 50% on the policy anniversary following attainment of age 70. However, the initial benefit levels are guaranteed for five years. Quadriplegia, paraplegia, hemiplegia and total hearing loss have an elimination period of 30 days. No elimination period is required on other types of loss.

The current marketing plan is to have all policies provide accidental death, dismemberment and paralysis coverage. The company reserves the right to market accidental death and dismemberment, accidental death and paralysis, or accidental death coverage

Accident Policy Form:

Renewability: This policy form is guaranteed renewable for life.

Applicability: This form is for new issues only.

Morbidity: The underlying accidental death rates were developed from general population data using the 2007 experience reported in the *National Safety Council Injury Facts (2011 Edition)*. These are adjusted as described below. The accidental death rates from *Injury Facts* are adjusted to reflect the exclusion in the policy for person's operating a vehicle while having blood alcohol content at or above the level made illegal for operation of such vehicle. Common carrier deaths are assumed to be 1.2% of the accidental deaths before adjustment. The 1.2% was determined by looking at the Bus, Railway Train or Railway Vehicle, Streetcar, Water Transport and Air and Space Transport accidental deaths to total accidental deaths for years 1999 - 2007.

Sample accidental death rates by attained age are shown in the following table:

Accidental Death Rates per 1,000 Lives

Attained Age	Male	Female
10	0.066	0.043
20	0.508	0.179
30	0.512	0.168
40	0.523	0.216
50	0.615	0.271
60	0.500	0.214
70	0.593	0.309

The rates in the table are increased to reflect the dismemberment, paralysis, total hearing loss benefit, severe burn benefit, company experience, and self-selection by purchasers (anti-selection) in a guaranteed issue offering.

Mortality (Including Accidental Deaths): 2007 US Life Table

Interest: 4%

Underwriting: This is a guaranteed issue product. Therefore, underwriting is not expected to decrease incidence rates.

Persistency: Lapse rates assumed are:

Adults:	Year	Children:	Year
45.5%	Year 1	45.5%	Year 1
22.5%	Year 2	22.5%	Year 2
16.5%	Year 3	16.5%	Year 3
15%	Year 4	15%	Year 4
12%	Year 5	12%	Year 5
10.5%	Year 6	10.5%	Year 6
7.5%	Year 7+	7.5%	Year 7-16
		100%	Year 17

Accident Policy Form:

The average issue age for Children is assumed to be age 10 and the lapse rates for years 1 through 16 is consistent with adults' lapse rate and terminates by the age of 27.

Expenses:

Acquisition	\$22 per policy 114% of premium
Maintenance:	\$39 per policy Inflation rate – 2%; 2% of premium
Taxes:	Premium tax – 2.5% Federal income tax – 35%

Marketing Method: Product will be sold to individuals using direct marketing.

Premiums: Premium rates are based on issue age with two premium bands: 18-69 and 70-80. Premiums within the age bands are available by primary Insured and Insured Spouse. Coverage for Children is offered for an additional premium. Premium rate tables are by Accidental Death, Dismemberment and Paralysis; Accidental Death and Dismemberment; Accidental Death and Paralysis; and Accidental Death.

Premium rates are level, based on issue age. Premiums were developed using Tillinghast Actuarial Software's (TAS) accident and health module. Pricing assumptions were entered into the TAS model. Cash flow projections were performed and iterations run to solve for gross premiums that are expected to provide the funds necessary to pay anticipated claims, expenses, taxes and commissions; set up appropriate reserves and surplus; provide an acceptable return to the company; and meet or exceed loss ratio requirements.

Issue Ages: 18 – 80

Area Factors: No area factors are used.

Average Annual Premium: \$439.02

Premium Modalization Rules:

Semi-annual = Annual x 0.52
Quarterly = Annual x .2625
Monthly = Annual x 0.0875

Claim Reserves: The policy provides lump sum benefits that are paid at time of claim. Therefore, claim reserves are not held.

Accident Policy Form:

Active Life Reserves: Statutory reserves are calculated using a Two-Year Full Preliminary Term Method using the 1959 ADB Table and 4.0%. Sample Mid-Terminal reserves for an Insured, Issue Age 49 are as follows:

<u>Duration</u>	<u>Issue Age</u>
1	49
2	0
3	0
4	0.19
5	0.58
6	0.98
7	1.38
8	1.78
9	2.19
10	2.6
	2.99

Trend Assumptions: No medical or insurance trends were used in pricing this product.

Minimum Required Loss Ratio: 45%

Anticipated Loss Ratio: The anticipated lifetime loss ratio is equal to or in excess of 45%. The anticipated loss ratio is calculated as the present value of incurred claims divided by the present value of earned premiums discounted at the pricing interest rate of 4%. Loss ratios by duration, without active life reserves, are as follows:

<u>Duration</u>	<u>Loss Ratio</u>
1	38.2%
2	38.3%
3	38.5%
4	38.6%
5	39.9%
6	38.9%
7	39.7%
8	40.4%
9	41.1%
10	43.8%
15	46.1%
20	62.7%
25	68.7%
30	91.8%

Accident Policy Form:

Distribution of Business:

Pivot Issue Age	Percent	Pivot Issue Age	% Male	% Female
22	2.50%	22	56.00%	44.00%
27	3.50%	27	53.50%	46.50%
32	5.00%	32	55.50%	44.50%
37	7.00%	37	57.00%	43.00%
42	11.50%	42	59.00%	41.00%
47	16.00%	47	59.00%	41.00%
52	18.50%	52	61.00%	39.00%
57	17.00%	57	62.00%	38.00%
62	12.50%	62	65.00%	35.00%
67	6.00%	67	67.50%	32.50%
72	0.50%	72	61.50%	38.50%
			60.60%	39.40%

The product was priced assuming an average size of \$205,000 for age band 18-69 and \$80,000 for age band 70-80.

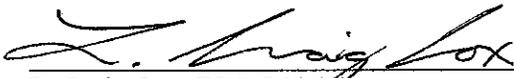
5% of sales are expected to include coverage for an Insured Spouse and 5% are expected to include coverage for Children. Assumptions of 2.4 children per household with 50% male and 50% female were used.

Contingency and Risk Margin: The provision for contingency and risk is included in the profit margin for this product.

Effective Date: The proposed effective date of the rates for the policy form is the date they are approved by the state.

Actuarial Certification:

To the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws of the state; the benefits are reasonable in relation to the premium rates charged; and the rates are not excessive, inadequate or unfairly discriminatory.


 L. Craig Cox, FSA, MAAA
 Director


 Date

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