

SERFF Tracking #:

AULD-128931992

State Tracking #:

Company Tracking #:

GROUP LUMP SUM DISABILITY RATE
FILING

State:

District of Columbia

Filing Company:

American United Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.004 Other

Product Name:

Group Lump Sum Disability

Project Name/Number:

/

Rate Information

Rate data applies to filing.

Filing Method:

SERFF

Rate Change Type:

%

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

none

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 United Life Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	%

SERFF Tracking #:

AULD-128931992

State Tracking #:**Company Tracking #:**GROUP LUMP SUM DISABILITY RATE
FILING**State:** District of Columbia**Filing Company:**

American United Life Insurance Company

TOI/Sub-TOI: H11G Group Health - Disability Income/H11G.004 Other**Product Name:** Group Lump Sum Disability**Project Name/Number:** /

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Manual	G 3702, GC 3702	New		Lump Sum Rate Manual - 05-01-12.pdf,
2		SIC and Area Fators	G 3702, GC 3702	New		201203 OLS Rate Manual SIC and Area Only.pdf,

American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012

The following pages describe the rating process for Group Lump Sum Disability manual premiums. The major steps in the calculation can be broken down as follows:

	Page
A. Census Calculations	2
B. Rate Computation	2
C. Monthly Base Rates Per \$1,000 Benefit	3
D. Plan Design Adjustments	3
E. Occupation Adjustment and Occupation Categories	7
F. Industry and Area Adjustments	12
G. Expenses, Profit Margin, and Tolerable Loss Ratio	12

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

A. Census Calculations

Each census should contain:

1. Age, Year of Birth, or Date of Birth
2. Gender
3. Salary and Salary Mode (frequency at which the salary is paid) or Volume
4. Occupation Code
5. Class

For each life in the census, the following will be calculated:

1. Attained age as of the effective date. For YOB entries, July 1st birthdates are used. For Age entries, age is defined as age last birthday.
2. Estimated reduced benefit amount based on salary, benefit options, and age reduction schedule
3. Annual expected claim cost (Estimated reduced benefit amount x applicable occupation factor x applicable base rate)
4. GI risk benefit amount above the normal risk benefit amount

B. Rate Computation

The following calculation may be used for either composite rates or age banded rates:

Total Estimated Reduced Benefit / 1,000 / 12
x Applicable Monthly Base Rate
x Product of Plan Design Adjustments
x Average Occupation Adjustment
x Industry and Area Adjustments
= Monthly Claim Cost Rate

Monthly Claim Cost Rate / Tolerable Loss Ratio
= Monthly Manual Premium Rate

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

C. Monthly Base Rates Per \$1,000 Benefit

Gender and Age Band	Elimination Period (EP) Days					
	Up to 90	120	150	180	270	360
Female 24 and under	0.0188	0.0186	0.0178	0.0164	0.0157	0.0148
Female 25-29	0.0299	0.0288	0.0272	0.0238	0.0234	0.0218
Female 30-34	0.0450	0.0437	0.0415	0.0378	0.0370	0.0347
Female 35-39	0.0643	0.0628	0.0606	0.0566	0.0551	0.0519
Female 40-44	0.0883	0.0874	0.0858	0.0821	0.0805	0.0777
Female 45-49	0.1323	0.1325	0.1315	0.1291	0.1258	0.1208
Female 50-54	0.1832	0.1843	0.1836	0.1814	0.1790	0.1743
Female 55-59	0.2509	0.2575	0.2624	0.2665	0.2669	0.2662
Female 60 and over	0.4969	0.5109	0.5217	0.5273	0.5236	0.5071
Male 24 and under	0.0161	0.0169	0.0173	0.0167	0.0152	0.0125
Male 25-29	0.0207	0.0211	0.0212	0.0206	0.0187	0.0156
Male 30-34	0.0297	0.0306	0.0306	0.0301	0.0284	0.0256
Male 35-39	0.0487	0.0499	0.0500	0.0493	0.0471	0.0434
Male 40-44	0.0817	0.0835	0.0840	0.0835	0.0803	0.0757
Male 45-49	0.1377	0.1406	0.1425	0.1430	0.1375	0.1296
Male 50-54	0.2244	0.2303	0.2339	0.2367	0.2246	0.2088
Male 55-59	0.3428	0.3504	0.3557	0.3602	0.3378	0.3096
Male 60 and over	0.6134	0.6237	0.6297	0.6355	0.5896	0.5189

D. Plan Design Adjustments

1. Rate Guarantee Period

<u>Option</u>	<u>Factor</u>
Up to 17 months	1.00
18 to 27 months	1.00
28 to 40 months	1.05
41 to 53 months	1.08
54 or more months	1.10

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

2. Pre-Existing Condition Exclusion

<u>Option</u>	<u>Factor</u>
3/12	1.00
3/3/12	1.01
3/6/12	1.01
6/12	0.99
6/24	0.94
6/6/12	0.99
6/6/24	0.96
6/12/24	0.95
12/12	0.97
12/24	0.92
12/6/24	0.93
12/6/12	0.98
12/12/12	0.98
12/12/24	0.93

3. Benefit Eligibility Period (BEP)

<u>BEP Months*</u>	<u>Elimination Period (EP) Days</u>							
	<u>30</u>	<u>60</u>	<u>90</u>	<u>120</u>	<u>150</u>	<u>180</u>	<u>270</u>	<u>360</u>
-	0.60	0.60	0.60	0.63	0.67	0.70	0.80	0.90
6.00	0.80	0.80	0.80	0.83	0.87	0.90	0.89	0.88
12.00	0.90	0.90	0.90	0.92	0.93	0.95	0.95	0.95
24.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
36.00	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05

* Factors for other BEP Months will be linearly interpolated.

4. Waiver of Premium

<u>Option</u>	<u>Factor</u>
Begin on 13th Week	1.00
Begin on Disability Date	1.00

5. Accumulation of the EP

<u>Option</u>	<u>Factor</u>
None	1.00
2X EP	1.01

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

6. Rate Type

<u>Rate Type</u>	<u>Minimum Participation Requirement</u>	<u>Factor for Incremental Benefit Options</u>	<u>Factor for Flat Benefit Options</u>
Composite	25%	1.35	1.25
Composite	40%	1.25	1.15
Composite	50%	1.20	1.10
Composite	75%	1.15	1.05
Composite	100%	1.00	1.00
Age Banded	All	1.00	1.00

7. Guaranteed Issue Amount

The “Normal Risk” is assumed to be a % of annual salary, not to exceed specified dollar amount (set at \$50,000 for 2012 and indexed annually).

The “GI Risk” is the lesser of the maximum benefit amount and the GI, in excess of the “Normal Risk.”

The factor is a linear interpolation on the value for (Total “GI Risk” for the group + Total “Normal Risk” for the Group) / Total “Normal Risk” between 100% and 200%, with the endpoint factors being:

<u>(“GI Risk + “Normal Risk”) / “Normal Risk”</u>	<u>Factor</u>
100%	1.00
200% and above	1.20

8. Portability

<u>Option</u>	<u>Factor</u>
No	1.00
Yes – Port at Group Rates	1.02

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

9. Employer FICA Tax Services

<u>Option</u>	<u>Factor</u>
BEP months + EP months <= 6 months	1 + SS FICA tax rate
BEP months + EP months > 6 months	1 + (6 – EP months) / BEP months * SS FICA tax rate

Note: The SS FICA tax rate will be changed whenever the tax percentage changes by law. It is currently 7.65%.

10. Contribution and Participation

<u>Option</u>	<u>Factor</u>
Noncontributory	1.00
Contributory	1.00 + [.70 x (1 – Expected Participation %)]

11. Definition of Disability during the Elimination Period

<u>Option</u>	<u>Factor</u>
Regular "Own" Occ	1.00
Own Job "Specialty"	1.00

12. Definition of PTD during the Benefit Eligibility Period

<u>Option</u>	<u>Factor</u>
Any Occ	1.00
Regular "Own" Occ	1.10
Own Job "Specialty"	1.20

13. Guaranteed Increase Benefit Option

<u>Option</u>	<u>Factor</u>
<= \$2,000	1.00
> \$2,000	1 + .01 x (GIB – 2,000) / 1,000)

14. Reduced benefit for Mental Illness, Drug Alcohol, or Special Conditions

Mental Illness Limitation % x 2.9%
 + Drug/Alcohol Limitation % x 0.5%
 + Special Conditions Limitation % x 1.2%
 + 100% x (1 - 2.9% - 0.5% - 1.2%)
 = Adjustment Factor

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

E. Occupation Adjustment and Occupation Categories

The average occupation adjustment is calculated from the occupation factors weighted by the expected reduced benefit amount for the individuals in the census.

WC% = % of expected reduced benefit amount for White Collar

GC% = % of expected reduced benefit amount for Grey Collar

BC% = % of expected reduced benefit amount for Blue Collar - Skilled

BCU% = % of expected reduced benefit amount for Blue Collar - Unskilled

Occupation Adjustment = (WC% x 1.00) + (GC% x 1.20) + (BCS% x 1.60) +
(BCU% x 2.50)

Occupational Categories

1. White Collar Occupations -- Includes persons engaged in upper-level business management and professionals.

Positions generally require a college degree and extensive experience in that business or field. Since these types of occupations generally require a high level of independent thinking and decision making, the potential to retrain or transfer attained skills is high thus enhancing return to work possibilities. In addition, since manual duties are typically not required in these occupations, the potential for incurring physical disabilities exacerbated by job are low. Job duties involve considerable responsibility for decision and policy-making and also may include supervisory responsibilities or knowledge and technical application of high technology:

Account/Portfolio Manager	Engineer, Radio/TV
Accountant or Financial Personnel	Executive
Actuary	Financial Analyst
Administrator	Funeral Director/Mortician
Advertising Agent	Geologist, (Without field duties)
Radio or TV Announcer	Insurance Broker
Appraiser or Estimator	Interior Decorator
Architect	Librarian
Administrative Assistant	Mail Clerk
Artist	Manager (In office only)
Attorney	Office Manager
Buyer or Purchasing Agent	Officer
Bank Teller	Paralegal
Chaplain, Pastor or Minister	Pharmacist
	Photographer

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

Chemist, (Except Maintenance & Production)	Plant Manager
Computer Operator	Programmer
Computer Programmer	Psychiatrist or Psychologist
Consultant	Receptionist
Bookkeeper	Sales (Office Environment)
Controller	Scientist
Cashier (Office only)	Secretary
Data Entry Clerk	Stock Broker or Bond Trader
Department Head	Superintendent, white collar
Designer	Supervisor, (White Collar Industry)
Draftsman	Teacher/Professor
Editor	Technician
Engineer, Chemical	Therapist (Physical, Occupational or Vocational)
Engineer, Civil	Underwriter
Engineer, Electrical	Veterinarian
Engineer, Mechanical	Word Processor

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

2. Gray Collar Occupations – Includes employees who are engaged in non-hazardous occupations outside of an office environment, and who need specific skills and extensive training to perform their occupation.

They have light or limited manual duties. This occupational category reflects some of the potential for transferability of skills present in white collar occupations. However, the manual duties required in these jobs do result in higher incidence of claim and could limit return to work/rehabilitation opportunities.

Assembler (high tech)
Chemist (Maintenance and Production)
Computer Technician
Construction Superintendent
Dispatcher
Dental Hygienist/Assistant

Dentists
Manager (out of office, ex., Fast Food,
Supermarket, Theater Manager)
Medical/Lab/Pharmacy

Machine Repair (Office)
Physicians/Doctors
Pilot
Reporter
Social Worker
Supervisor/Foreman
(see Occ. Notes)
Surgeon

Teachers' Aide
Technician

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

3. Blue Collar Skilled Occupations – Includes Skilled Crafts & Labor: Workers of high level who have a thorough and comprehensive knowledge of the process involved in their work.

Duties include physical or manual responsibilities not performed in an office environment and independent judgment and extensive training is required. The physical duties generally required in this class of occupation lend themselves to a higher expected incidence of claim than the white or gray collar employees. Transferability of skills and return to work opportunities are limited due to narrow skill sets and generally lower levels of formal education.

Assembler (not high tech)	Paramedic/EMT
Auto Body Repair	Plumber/Pipefitter
Cabinet Maker	Pressman/Printer
Carpenter	Production Worker
Convenience Store Manager	Quality Control Inspector
Driver (Short Haul)	Real Estate Agents
Electrician	Repairman
Engineer, Operating	Sales (outside office environment, ex. car)
Flight Attendant Duties)	Service Representative (Manual
General Contractor	Service Station Manager
Installer	Supervisor/Foreman (see Occ.
Notes)	
Machine Repair (Non-office)	Surveyor
Machinist	Tool Maker/Die Maker
Mechanic	Tool Pusher
Meter Reader	Typesetter
Nurses (LPN, LVN, LGN, RN)	Welder

American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012

4. Blue Collar Unskilled Occupations – Includes occupations that involve hazardous, stressful, or heavy manual duties, sometimes requiring the application of little or no independent judgment.

Duties are often elementary and can be learned in a few days or have a high risk of on the job injury. “Service” employees, with extensive exposure to the public, are included in this category of occupations. The requirements of performing mundane or physical duties result in the highest expected incidence of claims of all four occupational categories. In addition, there are little, if any, transferable skills attained in these occupations. This negatively impacts the claim management effort.

Air Traffic Controller
Baker
Barber/Hair Dresser
Bartender
Butcher

Cafeteria/Kitchen Worker
Child Care Worker
Cook/Chef
Counter Clerk/Sales/Retail
Dock Worker (Longshoreman, Stevedores)
Driller (except Oil)
Driver (Bus, Long Haul, Taxi, Delivery)

Drywaller
Entertainment Worker (Actor, Musician)

Exterminator
Farm/Dairy Worker
Fireman
Gardener
Gas Station Worker
Grocery Clerk
Groundskeeper/Landscaper
Heavy Equipment Operator
Inventory Clerk (manual duties)
Janitor/Custodian
Laborer
Lineman/Cable Worker

Maintenance
Mason/Tile Layer
Messenger
Mill Worker
Natural Resource Worker
(Logger, Fisherman,
Quarryman, Miner)
Nurses' Aide/Orderly
Oil Driller
Packing/Material Handler
Painter
Policeman
Poultry Plant Processor
Residential Real Estate
Agent/Broker
Roofer
Sales (outside office
environment, ex. Door-to-door)
Security Guard
Shipping & Receiving Clerk
Sport Pro/Coach
Steel Worker
Stock Clerk
Tailor
Waiter/Waitress
Warehouseman/Clerk
Window Washer

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

F. Industry and Area Adjustments

The overall average for the industry adjustments is 0.98.
The overall average for the area adjustments is 1.00.
Both tables are available upon request.

G. Expenses, Profit Margin, and Tolerable Loss Ratio

Flat Expenses – These are comprised of per enrolled life, per group, and % of claims factors, which are all available upon request.

Percentage Expenses and Profit Margin -- Available upon request.

Premium Tax, Licenses, and Fees -- Available upon request.

Note: The state premium tax will be changed in accordance with changes states make to their health premium tax.

Commissions (may be flat or scheduled commissions)

a) Scheduled Commissions – One schedule option is our Schedule C, shown below:

<u>Annual Premium</u>	<u>Schedule C</u>
First \$10,000	10.00%
Next \$10,000	8.00%
Next \$10,000	4.00%
Next \$10,000	2.75%
Next \$30,000	2.50%
Next \$30,000	2.00%
Over \$100,000	0.75%

b) Flat Commissions -- Optional flat commissions are input by the user.

c) Overrides -- 2% of premium

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

A breakdown of the anticipated pricing expenses for the block follows:

<u>Expense Type</u>	<u>% of Premium</u>
Commissions	11%
Overrides	2%
Non-Commission Expenses	18%
Taxes, Licenses, and Fees (includes Premium Tax)	3%
<u>Profit Margin</u>	<u>6%</u>
Total Expenses	40%
Anticipated Tolerable Loss Ratio for the Block	60%

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

F. Industry and Area Adjustments

The overall average for the industry adjustments is 0.98.

The overall average for the area adjustments is 1.00.

SIC	Factor
0111-0971	1.12
1011-1241	1.4
1311-1389	1.32
1411-1499	1.4
1521-1522	1.16
1531-1629	1.12
1711	1.25
1721	1.12
1731	1.25
1741-1799	1.12
2011-2015	1.08
2021-2099	1
2111-2141	1.2
2211-2399	1.12
2411-2429	1.32
2431-2499	1.16
2511-2599	0.92
2611-2631	1.08
2652-2741	0.96
2752-2771	0.92
2782-2796	1
2812-2819	1.03
2821-2824	0.9
2833-2836	0.89
2841-2844	1.04
2851-2899	1.08
2911-2999	1.16
3011-3089	0.88
3111-3199	1.08
3211-3291	0.92
3292	1.16
3295	0.92
3312-3399	1.11
3411-3433	1.04
3441-3449	1
3451-3499	1.04
3511-3569	0.92
3571-3579	0.88
3581-3648	0.92
3651-3669	0.8

SIC	Factor
3671-3679	0.77
3691-3694	0.92
3695	0.96
3699	0.92
3711-3751	0.99
3761-3769	0.92
3792-3799	0.99
3812-3829	0.8
3841-3873	0.88
3911-3999	0.96
4011-4013	1.33
4111-4173	1
4212-4231	1.12
4311	1
4412-4499	1.33
4512-4581	1.08
4612-4789	1
4812-4833	0.88
4841	0.91
4899	0.88
4911-4941	0.92
4952-4959	1.12
4961-4971	0.92
5012-5099	0.88
5111-5139	0.81
5141-5182	0.96
5191-5199	0.81
5211-5271	0.88
5311-5499	1.08
5511	1.16
5521-5599	1
5611-5699	0.96
5712-5736	1.04
5812-5813	1.12
5912-5999	1.08
6011-6036	0.71
6061-6062	0.77
6081-6099	0.71
6111-6163	1.08
6211-6221	1.52

SIC	Factor
6231-6289	1.2
6311-6399	0.77
6411	0.92
6512-6553	1.08
6712-6799	0.88
7011-7041	0.92
7211-7299	1
7311-7319	0.84
7322	1.27
7323-7338	1
7342-7349	1.12
7352-7359	1.04
7361	1
7363	1.08
7371-7379	0.84
7381-7382	1.12
7383	0.92
7384	1
7389	1.12
7513-7539	1.04
7542-7549	1
7622-7631	1.08
7641-7699	1.16
7812-7829	0.84
7832-7999	1
8011	2.28
8021	2.2
8031-8049	2.28
8051-8059	1.12
8062+8069	1.08
8071-8072	1
8082	1.16
8092-8099	1.6
8111	1.06
8211	0.63
8221-8222	0.65
8231-8299	0.72
8322-8399	1.24
8412-8422	1.16
8611-8621	0.88

**American United Life Insurance Company
Indianapolis, Indiana
Group Lump Sum Disability Rate Calculation
March, 2012**

SIC	Factor
8631	1.16
8641-8651	0.96
8661	0.88
8699	0.96
8711-8713	0.77
8721	0.72
8731-8734	0.75

SIC	Factor
8741-8742	0.84
8743	0.8
8744	1.2
8748	0.84
8811	1.4
8999	1.16
9111-9199	0.92

SIC	Factor
9211-9229	1.08
9311-9721	1
9999	1.25

Area Factors

State	Factor
All	1.00

SERFF Tracking #:

AULD-128931992

State Tracking #:

Company Tracking #:

GROUP LUMP SUM DISABILITY RATE
FILING

State:

District of Columbia

Filing Company:

American United Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.004 Other

Product Name:

Group Lump Sum Disability

Project Name/Number:

/

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	rate filing letter.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Lump Sum Actuarial Memorandum - 05-01-12.pdf KeyView [201203 OLS Actuarial Memorandum - DC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	Please see Rule/Rate Schedule.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

AULD-128931992

State Tracking #:**Company Tracking #:**GROUP LUMP SUM DISABILITY RATE
FILING**State:**

District of Columbia

Filing Company:

American United Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.004 Other

Product Name:

Group Lump Sum Disability

Project Name/Number:

/

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Rate Summary Worksheet
Bypass Reason:	N/A Initial filing.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Response letter dated 4/19/13
Comments:	
Attachment(s):	letter.pdf
Item Status:	
Status Date:	



Re: American United Life Insurance Company - NAIC #60895; FEIN 35-0145825
Group Lump Sum Disability Insurance
Rate Filing
Policy G 3702 and Certificate GC 3702

Dear Department of Insurance:

Attached for approval is our Actuarial Memorandum for our Group Lump Sum Disability Insurance, referenced above. Your Department approved our Policy and Certificate on March 7, 2013. The purpose of this rate filing is to demonstrate these rates are in compliance with regulatory authority.

The Actuarial Memorandum does not contain any unusual features from normal company and industry standards and is intended for use with the Group Lump Sum Disability Insurance policy and certificates.

The product is marketed to employer/employee groups through our licensed agents and brokers.

Please acknowledge the approval of these rates via SERFF.

If you have any questions, you may call me toll free at 877-285-7660 ext. 1927 or contact me by e-mail at productcompliance.corporatecompliance@oneamerica.com.

Sincerely,
Angie Neville

Corporate Compliance Filing Specialist

American United Life Insurance Company®
A OneAmerica Financial Partner
Indianapolis, IN
Group Lump Sum Disability
Actuarial Memorandum

Purpose

This actuarial memorandum has been prepared to support the new form filing of our Group Lump Sum Disability product. The purpose of this rate filing is to demonstrate this new rating formula is in compliance with regulatory authority. It may not be appropriate for other purposes.

Benefit Summary

This policy form provides one lump sum benefit when an individual is not able to work as a result of a permanent and total disability from an accident or sickness. Benefits are a flat amount chosen by either the employee or employer, which are subject to a maximum benefit amount defined in the policy. Benefits are payable after the elimination period (EP) requirements have been satisfied and when the person becomes permanently and totally disabled according to their contract's requirements during the benefit eligibility period (BEP). These disability benefits are not integrated with other income benefits because they are intended to help provide for the additional financial needs incurred by individuals when they suffer from severe disabilities.

Policies are issued to our customers on an optionally renewable basis with premium rates typically guaranteed for one or two years. Coverage is provided to all employees regardless of age provided they meet the eligibility requirements under the group policy.

Premium Calculation

Premium rates are calculated for each group policyholder based upon the plan of benefits, demographic composition of the employee group and characteristics of the group policyholder. Premium rates are based on a combined analysis of the 2008 GLTD table and company experience, reflecting permanent and total disability incidence. Either a single composite rate for all employees or attained age rating bands may be used. Rates in both situations will usually be presented as monthly rate per \$1,000 benefit.

Marketing Method

This product is marketed, primarily to employer groups, by captive agents and independent brokers working with AUL's group sales representatives.

Underwriting

Case-level underwriting will be done in general accordance with standard group underwriting practices. A vast majority of certificates are issued on a guaranteed basis. Medical underwriting applies only in instances such as small groups (less than 25 lives), late enrollees, or for coverage amounts in excess of the guarantee issue limit, which varies by group. These practices are common in the group insurance industry and are used to spread risk and control selection. No explicit claim cost decrease is associated with this underwriting.

Premium Classes

Premium rates vary according to the plan design chosen by the group and the demographics of the insured group including age, gender, occupation class, industry, and salary levels.

Issue Age Range

It is expected that most insureds will be between ages 19-70. Group composite rates are based on the attained ages of the covered employees.

Expense Breakdown

This product is priced to produce the following block average expenses, profit margin, and tolerable loss ratio (TLR) as a percent of premium:

Commissions and Overrides	13%
Taxes, Licenses, and Fees	3%
Other Non-Commission Expenses	18%
<u>Profit Margin</u>	<u>6%</u>

American United Life Insurance Company®
A OneAmerica Financial Partner
Indianapolis, IN
Group Lump Sum Disability
Actuarial Memorandum

Total Expenses and Profit	40%
TLR	60%

Certification

I certify that to the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws of your state and complies with Actuarial Standard of Practice No. 8. The benefits provided under this product form are deemed to be reasonable in relation to the premiums charged.

The rates as filed are anticipated to produce a loss ratio of not less than 60% as measured using statutory assumptions.

Kathy So Davis

Kathy Davis, FSA, MAAA
Sr. Associate Actuary

Date: May 7, 2012

American United Life Insurance Company®
A OneAmerica Financial Partner
Indianapolis, IN
Group Lump Sum Disability
Actuarial Memorandum

Purpose

This actuarial memorandum has been prepared to support the new form filing of our Group Lump Sum Disability product. The purpose of this rate filing is to demonstrate this new rating formula is in compliance with regulatory authority. It may not be appropriate for other purposes.

Benefit Summary

This policy form provides one lump sum benefit when an individual is not able to work as a result of a permanent and total disability from an accident or sickness. Benefits are a flat amount chosen by either the employee or employer, which are subject to a maximum benefit amount defined in the policy. Benefits are payable after the elimination period (EP) requirements have been satisfied and when the person becomes permanently and totally disabled according to their contract's requirements during the benefit eligibility period (BEP). These disability benefits are not integrated with other income benefits because they are intended to help provide for the additional financial needs incurred by individuals when they suffer from severe disabilities.

Policies are issued to our customers on an optionally renewable basis with premium rates typically guaranteed for one or two years. Coverage is provided to all employees regardless of age provided they meet the eligibility requirements under the group policy.

Morbidity

The 2008 GLTD table and company experience on LTD were used to determine the morbidity rates used in the development of these rates. This is reasonable because we were able to develop expected permanent and total disability incidence as it relates to this new product.

Persistency

Persistency is not a significant factor with this product since it is rated on a YRT basis.

Interest Rate Assumptions

Because of the anticipated short duration from the date of disability to the date of benefit payment, there currently are no interest rate assumptions with the pricing of this product.

Premium Calculation

Premium rates are calculated for each group policyholder based upon the plan of benefits, demographic composition of the employee group and characteristics of the group policyholder. Either a single composite rate for all employees or attained age rating bands may be used. Rates in both situations will usually be presented as monthly rate per \$1,000 benefit.

Average Annual Premium

It is uncertain what the average annual premium will be for this product since it is dependent on level of coverage chosen by the group and individuals. If \$32,000 is the average benefit amount, the anticipated average annual premium per enrolled life is \$160 for the proposed product.

Marketing Method

This product is marketed, primarily to employer groups, by captive agents and independent brokers working with AUL's group sales representatives.

Underwriting

Case-level underwriting will be done in general accordance with standard group underwriting practices. A vast majority of certificates are issued on a guaranteed basis. Medical underwriting applies only in instances such as small groups (less than 25 lives), late enrollees, or for coverage amounts in excess of the guarantee issue limit, which varies by group. These practices are common in the group insurance industry and are used to spread risk and control selection. No explicit claim cost decrease is associated with this underwriting.

Premium Classes

Premium rates vary according to the plan design chosen by the group and the demographics of the insured

American United Life Insurance Company®

A OneAmerica Financial Partner

Indianapolis, IN

Group Lump Sum Disability

Actuarial Memorandum

group including age, gender, occupation class, industry, and salary levels.

Issue Age Range

It is expected that most insureds will be between ages 19-70. Group composite rates are based on the attained ages of the covered employees.

Expense Breakdown

This product is priced to produce the following block average expenses, profit margin, and tolerable loss ratio (TLR) as a percent of premium:

Commissions and Overrides	13%
Taxes, Licenses, and Fees	3%
Other Non-Commission Expenses	18%
<u>Profit Margin</u>	<u>6%</u>
Total Expenses and Profit	40%
TLR	60%

Certification

I certify that to the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws of your state and complies with Actuarial Standard of Practice No. 8. The benefits provided under this product form are deemed to be reasonable in relation to the premiums charged.

The rates as filed are anticipated to produce a loss ratio of not less than 60% as measured using statutory assumptions.



Kathy Davis, FSA, MAAA
Sr. Associate Actuary



April 19, 2013

Darniece Shirley
Government of the District of Columbia
Department of Insurance and Securities Regulation
810 First Street, N.E., Suite 701
Washington, D.C. 20002

Dear Ms. Darniece Shirley:

This letter is to respond to your objections from April 4, 2013 for the rate filing (SERFF Tracking Number AULD-128931992).

Objections 1-4: Please refer to the updated Actuarial Memorandum. New sections have been added for the morbidity, persistency, and interest rate assumptions, as well as the average annual premium.

Objection 5: Please refer to the attachment that includes the SIC and Area factors.

Objection 6: Understandably, this rate filing is for DC resident policyholders and DC domiciled group certificate holders. We are filing in all other states where it is required. To date, this new product (along with its rates) has been approved in at least 20 other states.

Objection 7: This rate filing corresponds to the product's form filing (SERFF# AULD-128910380) which was approved on March 7, 2013.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Jo Davis".

Kathy Jo Davis, FSA, MAAA

Associate Actuary, Senior

*American United Life
Insurance Company®
a ONEAMERICA® company
One American Square
P.O. Box 368
Indianapolis, IN 46206-0368
(317) 285-1877*

State:	District of Columbia	Filing Company:	American United Life Insurance Company
TOI/Sub-TOI:	H11G Group Health - Disability Income/H11G.004 Other		
Product Name:	Group Lump Sum Disability		
Project Name/Number:	/		

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/07/2013		Supporting Document	Actuarial Memorandum	04/19/2013	Lump Sum Actuarial Memorandum - 05-01-12.pdf