

State: District of Columbia **Filing Company:** BCS Insurance Company
TOI/Sub-TOI: H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity
Product Name: Hospital Medical-Surgical Fixed Indemnity
Project Name/Number: Group Fixed Indemnity/2013-02-IND

Filing at a Glance

Company: BCS Insurance Company
Product Name: Hospital Medical-Surgical Fixed Indemnity
State: District of Columbia
TOI: H14G Group Health - Hospital Indemnity
Sub-TOI: H14G.000 Health - Hospital Indemnity
Filing Type: Rate
Date Submitted: 04/21/2014
SERFF Tr Num: BCSF-129507286
SERFF Status: Pending Industry Response
State Tr Num:
State Status:
Co Tr Num: 2013-02-IND-DC
Implementation: On Approval
Date Requested:
Author(s): Susan Hiller, Harold Ekart
Reviewer(s): Darniece Shirley (primary), Alula Selassie, John Morgan
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

State: District of Columbia **Filing Company:** BCS Insurance Company
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Product Name: Hospital Medical-Surgical Fixed Indemnity
Project Name/Number: Group Fixed Indemnity/2013-02-IND

General Information

Project Name: Group Fixed Indemnity Status of Filing in Domicile: Not Filed
Project Number: 2013-02-IND Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments: Ohio is our domiciliary state
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Small and Large
Group Market Type: Employer, Trust Overall Rate Impact:
Filing Status Changed: 05/06/2014
State Status Changed: Deemer Date:
Created By: Harold Ekart Submitted By: Harold Ekart
Corresponding Filing Tracking Number:

Filing Description:

New Submission – Rate Filing for Forms Listed Below:

Form No. 25.1204 Group Fixed Indemnity Accident and Sickness Insurance Policy
Form No. 25.1404 Group Fixed Indemnity Accident and Sickness Insurance Certificate
Form No. 25.1004 (DC) Group Fixed Indemnity Accident and Sickness Insurance Policyholder Application
Form No. 25.1005 (DC) Participation Agreement and Application for Insurance

Dear Commissioner:

We are submitting the rating material for the forms listed above for your review and approval. The form filing was submitted under SERFF Tr Num: BCSF-129507287. It is currently pending with the Department. This rate filing is separate from the forms filing per the following instruction in SERFF: "Please file actuarial memorandum as a rate not as a form filing."

These forms are for use with employer/employee groups and multiple employer trusts.

These forms provide fixed indemnity accident and sickness insurance to eligible persons. Benefits are payable on a per day basis, subject to the limits and maximums stated in the schedule of benefits included as part of the certificate. Dependent coverage may be made available as well, if elected by the policyholder.

Please note that these forms do not impose any pre-existing conditions limitation. With respect to incontestability, the certificate states we will not use any statements by the insured to contest coverage or deny claims.

We reviewed the mandates as part of our filing preparation. Please note that the mammography and cytologic screening requirements of Title 31.2901 do not appear to apply to this filing because the coverage is limited benefit coverage, which is exempt under Paragraph (4).

If you have any questions or comments, please feel free to call me at (630) 472-7833 or e-mail me at hekart@bcsf.com.

Thank you in advance for your consideration.

Sincerely,

Harold Ekart, FLMI, CEBS, SCLA, AIRC, ACS, HCP

State: District of Columbia **Filing Company:** BCS Insurance Company
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Product Name: Hospital Medical-Surgical Fixed Indemnity
Project Name/Number: Group Fixed Indemnity/2013-02-IND

Senior Contract and Compliance Analyst
 BCS Financial Corporation
 2 Mid America Plaza
 Oakbrook Terrace, Illinois 60181

Company and Contact

Filing Contact Information

Harold Ekart, HEkart@bcsf.com
 2 Mid America Plaza 630-472-7833 [Phone]
 Suite 200
 Oakbrook Terrace, IL 60181

Filing Company Information

| | | |
|-----------------------------|-------------------------|-------------------------|
| BCS Insurance Company | CoCode: 38245 | State of Domicile: Ohio |
| 2 MidAmerica Plaza | Group Code: 23 | Company Type: P&C |
| #200 | Group Name: | State ID Number: |
| Oakbrook Terrace, IL 60181 | FEIN Number: 36-6033921 | |
| (630) 472-7842 ext. [Phone] | | |

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

BCSF-129507286

State Tracking #:

Company Tracking #:

2013-02-IND-DC

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Rate Information

Rate data applies to filing.

Filing Method: Review and Approval
Rate Change Type: %
Overall Percentage of Last Rate Revision: %
Effective Date of Last Rate Revision:
Filing Method of Last Filing: This is a new filing

Company Rate Information

| Company Name: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|-----------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| BCS Insurance Company | 0.000% | 0.000% | \$0 | 0 | \$0 | 0.000% | 0.000% |

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Supporting Document Schedules

| | |
|--------------------------|--|
| Satisfied - Item: | Cover Letter All Filings |
| Comments: | |
| Attachment(s): | 25.1204 DC Indemnity Policy Filing Letter-Description-RATE-04-14.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|----------------------------------|
| Bypassed - Item: | Certificate of Authority to File |
| Bypass Reason: | Not applicable. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | Sample Indemnity Plan 04_17_14.pdf DC Actuarial Memorandum-Group Fixed Indemnity Benefit Policy-04-14-14.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--------------------------------------|
| Satisfied - Item: | Actuarial Justification |
| Comments: | Please see the actuarial memorandum. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | District of Columbia and Countrywide Loss Ratio Analysis (P&C) |
| Bypass Reason: | Not applicable to an A&H filing. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | District of Columbia and Countrywide Experience for the Last 5 Years (P&C) |
| Bypass Reason: | Not applicable to an A&H filing. |
| Attachment(s): | |
| Item Status: | |

SERFF Tracking #:

BCSF-129507286

State Tracking #:

Company Tracking #:

2013-02-IND-DC

State: District of Columbia

Filing Company:

BCS Insurance Company

TOI/Sub-TOI: H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity

Product Name: Hospital Medical-Surgical Fixed Indemnity

Project Name/Number: Group Fixed Indemnity/2013-02-IND

| | |
|--------------------------|--|
| Status Date: | |
| Bypassed - Item: | Actuarial Memorandum and Certifications |
| Bypass Reason: | Not applicable. This is not "essential coverage". |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Satisfied - Item: | Unified Rate Review Template |
| Comments: | Not applicable. The corresponding form filing is not for essential health care coverage under ACA. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Satisfied - Item: | Readability Certification |
| Comments: | Please see the corresponding forms filing. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |



April 21, 2014

District of Columbia
Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, DC 20002

Re: BCS Insurance Company
NAIC No. 23-38245
FEIN: 36-6033921

New Submission – Rate Filing for Forms Listed Below:

| | |
|-----------------------|--|
| Form No. 25.1204 | Group Fixed Indemnity Accident and Sickness Insurance Policy |
| Form No. 25.1404 | Group Fixed Indemnity Accident and Sickness Insurance Certificate |
| Form No. 25.1004 (DC) | Group Fixed Indemnity Accident and Sickness Insurance Policyholder Application |
| Form No. 25.1005 (DC) | Participation Agreement and Application for Insurance |

Dear Commissioner:

We are submitting the rating material for the forms listed above for your review and approval. The form filing was submitted under SERFF Tr Num: BCSF-129507287. It is currently pending with the Department. This rate filing is separate from the forms filing per the following instruction in SERFF: "Please file actuarial memorandum as a rate not as a form filing."

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If you have any questions or comments, please feel free to call me at (630) 472-7833 or e-mail me at hekart@bcfs.com.

Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Harold Ekart".

Harold Ekart, FLMI, CEBS, SCLA, AIRC, ACS, HCP
Senior Contract and Compliance Analyst
BCS Financial Corporation
2 Mid America Plaza
Oakbrook Terrace, Illinois 60181

EXHIBIT I (SAMPLE PLAN DESIGN)

| | PLAN 1 |
|--|---------------|
| INPATIENT HOSPITAL BENEFIT MAXIMUM¹ | |
| Surgery (per day) | \$2,000 |
| Anesthesiology (per day) | \$400 |
| First Hospital Admission (1 per year) | \$250 |
| Standard Care (per day) | \$300 |
| Intensive Care (per day) ² | \$400 |
| Skilled Nursing (per day) ³ | \$100 |
| OUTPATIENT MEDICAL BENEFIT MAXIMUM⁴ | \$2,000 |
| Physician Office Visit (per day) | \$100 |
| Diagnostic (Lab) (per day) | \$75 |
| Diagnostic (X-ray) (per day) | \$200 |
| Ambulance Services (per day) | \$300 |
| Emergency Room Benefit – Sickness (per day) | \$200 |
| Emergency Room Benefit - Accident (per day) | \$500 |
| Surgery (per day) | \$500 |
| Anesthesiology (per day) | \$200 |
| Physical Therapy, Speech Therapy, Occupational Therapy (per day) | \$50 |
| WELLNESS CARE (1 per year) | \$100 |
| MEDICAL WEEKLY PREMIUM 3- TIER RATES | PLAN 1 |
| Employee Only | \$19.29 |
| Employee+1 | \$39.14 |
| Employee+Family | \$52.27 |
| MEDICAL WEEKLY PREMIUM 4-TIER RATES | PLAN 1 |
| Employee Only | \$19.29 |
| Employee +Spouse | \$36.65 |
| Employee +Child(ren) | \$32.02 |
| Employee +Family | \$48.80 |

¹ Payable benefits require a minimum 24 hour stay.

² Paid in addition to standard care benefit.

³ Payable for stays in a skilled nursing facility after a hospital stay.

⁴ All outpatient benefits are subject to the outpatient maximum.

BCS Insurance Company

Actuarial Memorandum

Group Fixed Indemnity Benefit Policy - Policy Form 25.1204, Certificate Form 25.1404, Policyholder Application Form 25.1004 (DC), Participation Agreement and Application Form 25.1005 (DC)

Scope and Purpose

This is a new rate filing. This memorandum is for the purpose of demonstrating that the anticipated loss ratio of this product meets minimum requirements Insurance and that the benefits are reasonable in relation to the proposed premium. This rate filing is not intended to be used for other purposes.

Benefit Description

The policy provides fixed indemnity medical benefits per day as described in the Policy. Benefits are subject to the terms, conditions, and limitations of the Policy including maximum amounts.

Renewability

The policy may be renewed subject to the mutual consent of the Policyholder and the Company. Coverage for individuals is generally dependent upon renewal of the Group Policy and also other conditions as described in the Group Policy.

Applicability

This filing applies to all new issues and renewals.

Morbidity

The morbidity assumptions used to determine the manual rates were developed using our own company experience from all groups with similar plan designs. See Exhibit I for the most common sample plan and rates. Since benefits and benefit levels are negotiated with each group, expected claim costs will vary by plan and per day amount maximums and annual maximums.

Mortality

Due to the one year renewable nature of the group pricing, we assumed no mortality.

Persistency

Due to the one year policy term of the group pricing, we assumed no lapse.

Expenses

Average Anticipated expenses are given below.

| | |
|---|--------|
| Administration, Claims , Marketing, Underwriting and General Overhead | 24.0% |
| Taxes, Licenses, & Fees | 2.5% |
| Commissions | 10.00% |

BCS Insurance Company

Actuarial Memorandum

Group Fixed Indemnity Benefit Policy - Policy Form 25.1204, Certificate Form 25.1404, Policyholder Application Form 25.1004 (DC), Participation Agreement and Application Form 25.1005 (DC)

Marketing Method

This policy is a group policy which will be marketed to employers by general agents and properly licensed third party brokers/administrators through independent agents. The plan will be individually selected by employees on a payroll deduction basis.

Underwriting

This policy will be guaranteed issue. Groups may be subject to group underwriting.

Premium Classes

Premiums are determined based on one of the following tier structures:

Three tier (employee only, employee+1, family)

Four tier (employee only, employee+spouse, employee+child(ren), family)

Employees are separated by class based on the number of dependents covered. Within each class, employees pay the same rate.

Issue Age Limits and Coverage Duration

Coverage is generally available to all active employees.

Area Factors

There are no area factors.

Average Annual Premium

The average annual premium is expected to be approximately \$1,300 per certificate.

Premium Modalization Rules

Premiums for modes other than weekly will be the weekly rate times the number of weeks in the mode. The expected mode will generally be weekly or bi-weekly as premiums are collected through payroll deductions.

Claim Liability and Reserves

Claim Reserves and Liabilities will be established by a combination of Lag Studies and analysis of claim inventories.

BCS Insurance Company

Actuarial Memorandum

Group Fixed Indemnity Benefit Policy - Policy Form 25.1204, Certificate Form 25.1404, Policyholder Application Form 25.1004 (DC), Participation Agreement and Application Form 25.1005 (DC)

Active Life Reserves

No Active Life Reserves will be held for this coverage.

Trend Assumptions

Medical trend is expected to have a much lower impact on this policy form than on a comprehensive plan. There is no inflationary component and only a utilization component. The insurance trend is zero.

Minimum Required Loss Ratio

The minimum required loss ratio for this form is 50%.

Anticipated Loss Ratio

The anticipated loss ratio is 57.5% in all policy durations.

Distribution of Business

The distribution of business is expected to follow the distribution of the civilian workforce.

Lifetime Loss Ratio

The lifetime loss ratio is 57.5%.

History of Rate Adjustments

This is a new filing.

Number of Policyholders

This is a new form. There are no existing policyholders.

Proposed Effective Date

The policy will be available for sale following approval.

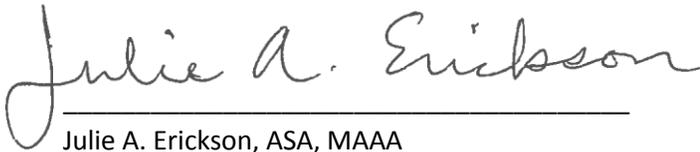
BCS Insurance Company

Actuarial Memorandum

Group Fixed Indemnity Benefit Policy - Policy Form 25.1204, Certificate Form 25.1404, Policyholder Application Form 25.1004 (DC), Participation Agreement and Application Form 25.1005 (DC)

Actuarial Certification

I, Julie Erickson, Associate Actuary of BCS Financial Corporation am a Member of the American Academy of Actuaries and meet its qualification standards for preparing premium rate filings for insurers. I certify that to the best of my knowledge and belief, the entire rate filing is in compliance with the applicable laws, rules and guidelines of the state where filed and with the rules of the Department of Insurance. I certify that these premium rates are reasonable in relation to the benefits provided and are not excessive, inadequate or unfairly discriminatory. These rates are calculated on the basis of sound actuarial principles and complies with the Actuarial Standard of Practice No. 8, "Regulatory Filings for Health Plan Entities".



Julie A. Erickson, ASA, MAAA
Associate Actuary
Actuarial Services
T 630-472-7717

4/15/14