

SERFF Tracking Number: *CELT-127388062* State: *District of Columbia*
 Filing Company: *Celtic Insurance Company* State Tracking Number:
 Company Tracking Number: *G5-555-00223*
 TOI: *H16I Individual Health - Major Medical* Sub-TOI: *H16I.005C Individual - Other*
 Product Name: *G5-555-00223*
 Project Name/Number: */*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
REJECTED	Carolyn King	01/09/2012	01/09/2012
Rejected	Darniece Shirley	11/15/2011	11/15/2011

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Rate Filing	Note To Reviewer	Juan Guerra	10/24/2011	10/24/2011

SERFF Tracking Number: CELT-127388062 State: District of Columbia
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 Project Name/Number: /

Disposition

Disposition Date: 01/09/2012

Implementation Date: 04/01/2012

Status: REJECTED

HHS Status: HHS Denied

State Review: Reviewed by Actuary

Comment: Filing reopened to comply with HHS Transparency Reporting Rules. No material changes were made.

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 required):	Minimum % Change (where required):
Celtic Insurance Company	9.800%	9.800%	\$5,016	43	\$51,163	9.800%	9.800%
	Percent Change Approved:						
	Minimum:	%	Maximum:	%	Weighted Average:		%

SERFF Tracking Number: *CELT-127388062* State: *District of Columbia*
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Justification		Yes
Supporting Document	Cover Letter		Yes
Rate	Nationwide Experience		Yes
Rate	Nationwide Experience		Yes
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 Project Name/Number: */*

Disposition

Disposition Date: 11/15/2011

Implementation Date:

Status: Rejected

HHS Status: HHS Deferred

State Review: Reviewed by Actuary

Comment: This filing has been rejected by the State because the rates are not in compliance with DC B-18-0792 Title I. Section 103(d) Rating bands and Title III. Section 302(b) Gender-based rating.

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 required):	Minimum % Change (where required):
Celtic Insurance Company	9.800%	9.800%	\$5,016	43	\$51,163	9.800%	9.800%
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Product Name: G5-555-00223
Project Name/Number: /

Note To Reviewer

Created By:

Juan Guerra on 10/24/2011 03:17 PM

Last Edited By:

Juan Guerra

Submitted On:

10/24/2011 03:17 PM

Subject:

Rate Filing

Comments:

Can you please advise Celtic of the status of this filing? Thank you.

Juan J. Guerra

SERFF Tracking Number: CELT-127388062

State: District of Columbia

Filing Company: Celtic Insurance Company

State Tracking Number:

Company Tracking Number: G5-555-00223

TOI: H16I Individual Health - Major Medical

Sub-TOI: H16I.005C Individual - Other

Product Name: G5-555-00223

Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method:

SERFF

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

9.800%

Effective Date of Last Rate Revision:

06/01/2011

Filing Method of Last Filing:

Paper

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 required):	Minimum % Change (where required):
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Celtic Insurance Company	Increase	9.800%	9.800%	\$5,016	43	\$51,163	9.800%	9.800%
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Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:		78				32		
Policy Holders:		70				16		

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Rate Review Details

COMPANY:

Company Name: Celtic Insurance Company
HHS Issuer Id: 87881
Product Names: Celtic Basic 1.0/2.1/2.2, HSA 2.0/2.1/3.0, CeltiCare Preferred 5.0/5.1
Trend Factors: Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

FORMS:

New Policy Forms:
Affected Forms:
Other Affected Forms: G5-544-00156, G5-555-00223, G5-592-00192

REQUESTED RATE CHANGE

INFORMATION:

Change Period: Quarterly
Member Months: 334
Benefit Change: None
Percent Change Requested: Min: 9.8 Max: 9.8 Avg: 9.8

PRIOR RATE:

Total Earned Premium: 64,987.00
Total Incurred Claims: 27,451.00
Annual \$: Min: 234.00 Max: 311.00 Avg: 247.00

REQUESTED RATE:

<i>SERFF Tracking Number:</i>	<i>CELT-127388062</i>	<i>State:</i>	<i>District of Columbia</i>
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<i>TOI:</i>	<i>H16I Individual Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16I.005C Individual - Other</i>
<i>Product Name:</i>	<i>G5-555-00223</i>		
<i>Project Name/Number:</i>	<i>/</i>		
Projected Earned Premium:	71,358.00		
Projected Incurred Claims:	47,129.00		
Annual \$:	Min: 256.00 Max: 342.00 Avg: 271.00		

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Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Nationwide Experience	G5-555-00223	New		DC-OpenBlks-FilingExhibitsCC50.pdf
	Nationwide Experience	G5-592-00192 & G5-598-00226	New		DC-OpenBlks-FilingExhibitsHD20.pdf
	Nationwide Experience	G5-544-00156	New		DC-OpenBlks-FilingExhibitsCB10.pdf

Exhibit One

Celtic Insurance Company
Form G5-555-00223
CeltiCare Preferred 5.0/5.1 Health Plan

Nationwide Experience Analysis

Current Nationwide all Open Blocks Combined Inforce (3/2011): 22,321

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	775,211	986,597	986,597	127.3%	40.0%
2006	5,547,507	2,362,657	2,362,657	42.6%	48.0%
2007	10,714,825	5,669,288	5,669,259	52.9%	53.4%
2008	16,105,829	8,220,537	8,220,537	51.0%	54.4%
2009	29,378,479	15,323,647	15,341,993	52.2%	55.1%
2010	42,767,382	22,946,400	26,723,563	62.5%	56.4%
Total	105,289,235	55,509,125	59,304,605	56.3%	54.9%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	42,767,382	26,723,563	62.5%	56.4%
201001 - 201112	Projected	52,927,534	34,507,590	65.2%	56.5%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed Nationwide Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
July 1, 2012: 3.0%
October 1, 2012: 3.0%

Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.

Exhibit Two

**Celtic Insurance Company
Form G5-555-00223
CeltiCare Preferred 5.0/5.1 Health Plan**

District of Columbia Experience Analysis

Current District of Columbia All Open Blocks Combined Inforce (3/2011):

43

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	2,794	-	-	-	45.6%
2006	7,833	512	512	6.5%	56.5%
2007	12,399	1,219	1,219	9.8%	57.7%
2008	25,830	26,041	26,041	100.8%	51.4%
2009	46,615	11,689	11,706	25.1%	55.4%
2010	51,163	6,295	6,621	12.9%	56.6%
Total	146,634	45,757	46,099	31.4%	55.2%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	51,163	20,846	40.7%	56.6%
201001 - 201112	Projected	64,987	26,714	41.1%	56.8%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed District of Columbia Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
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Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.
- c) For 12-Month Experience Incurred Claims, claims above \$50,000 are pooled Nationwide

Exhibit Three

**Celtic Insurance Company
Form G5-555-00223
CeltiCare Preferred 5.0/5.1 Health Plan**

District of Columbia Projected Experience Analysis

Table One: Statewide and Nationwide Inforce Policyholders and Credibility Factor

	(A)	(B)	(C)	min[1,(B)/(C)]
	All Open Blocks Inforce (3/2011)	All Open Blocks EP (201001-201012)	Credibility Threshold	Credibility Factor*
District of C	43	51,163	3,500,000	1%
Nationwide	22,321	42,767,382		

* adjustment calculation for credibility factor is explained below.

Table Two: Future Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	64,987	64,987	64,987	64,987
Projected Claims:	27,451	28,192	28,952	29,734	28,582
Actual LR:	42.2%	43.4%	44.6%	45.8%	44.0%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	0.744	0.764	0.784	0.806	0.774

Table Three: Future Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	67,261	69,279	71,358	68,221
Projected Claims:	27,451	28,192	28,952	29,734	28,582
Actual LR:	42.2%	41.9%	41.8%	41.7%	41.9%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	0.744	0.738	0.736	0.734	0.738

Table Four: Future Credible Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	64,987	64,987	64,987	64,987
Projected Claims:	43,510	44,684	45,890	47,129	45,303
Actual LR:	67.0%	68.8%	70.6%	72.5%	69.7%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	1.179	1.211	1.243	1.277	1.227

* adjustment calculation for credibility factor is explained below.

Table Five: Future Credible Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	67,261	69,279	71,358	68,221
Projected Claims:	43,510	44,684	45,890	47,129	45,303
Actual LR:	67.0%	66.4%	66.2%	66.0%	66.4%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	1.179	1.170	1.166	1.163	1.169

* adjustment calculation for credibility factor is explained below.

Assumptions:

See assumptions in Exhibit Two.

Credibility Adjusted Benefit Calculation

The projected benefits shown in Tables Four and Five above are calculated based on the following method:

Z = credibility factor calculated in Table One

Ca = Statewide Projected Claims from Table Two

Na = Nationwide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Ne = Nationwide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Sa = Statewide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

Se = Statewide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

RI = Nationwide Rate Increase Over Statewide Rate Increase at 10/1/2011.

Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

Exhibit One

**Celtic Insurance Company
Forms G5-592-00192 (HSA 2.0/2.1) and G5-598-00226 (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

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Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
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2009	29,378,479	15,323,647	15,341,993	52.2%	55.1%
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Proposed Nationwide Rate Increase:

January 1, 2012: 0.0%
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Health Care Reform benefit adj.: 4.8%

NOTES:

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- b) 2010 Actual entries include 12 months of actual experience.

Exhibit Two

**Celtic Insurance Company
Forms G5-592-00192 (HSA 2.0/2.1) and G5-598-00226 (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

District of Columbia Experience Analysis

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Assumptions:

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Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

Exhibit One

Celtic Insurance Company
Form G5-544-00156
Celtic Basic 1.0/2.1/2.2 Health Plan

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Total	105,289,235	55,509,125	59,304,605	56.3%	54.9%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	42,767,382	26,723,563	62.5%	56.4%
201001 - 201112	Projected	52,927,534	34,507,590	65.2%	56.5%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed Nationwide Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
July 1, 2012: 3.0%
October 1, 2012: 3.0%

Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.

Exhibit Two

**Celtic Insurance Company
Form G5-544-00156
Celtic Basic 1.0/2.1/2.2 Health Plan**

District of Columbia Experience Analysis

Current District of Columbia All Open Blocks Combined Inforce (3/2011):

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Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	2,794	-	-	-	45.6%
2006	7,833	512	512	6.5%	56.5%
2007	12,399	1,219	1,219	9.8%	57.7%
2008	25,830	26,041	26,041	100.8%	51.4%
2009	46,615	11,689	11,706	25.1%	55.4%
2010	51,163	6,295	6,621	12.9%	56.6%
Total	146,634	45,757	46,099	31.4%	55.2%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	51,163	20,846	40.7%	56.6%
201001 - 201112	Projected	64,987	26,714	41.1%	56.8%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed District of Columbia Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
July 1, 2012: 3.0%
October 1, 2012: 3.0%
Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.
- c) For 12-Month Experience Incurred Claims, claims above \$50,000 are pooled Nationwide

Exhibit Three

**Celtic Insurance Company
Form G5-544-00156
Celtic Basic 1.0/2.1/2.2 Health Plan**

District of Columbia Projected Experience Analysis

Table One: Statewide and Nationwide Inforce Policyholders and Credibility Factor

	(A)	(B)	(C)	min[1,(B)/(C)]
	All Open Blocks Inforce (3/2011)	All Open Blocks EP (201001-201012)	Credibility Threshold	Credibility Factor*
District of C	43	51,163	3,500,000	1%
Nationwide	22,321	42,767,382		

* adjustment calculation for credibility factor is explained below.

Table Two: Future Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	64,987	64,987	64,987	64,987
Projected Claims:	27,451	28,192	28,952	29,734	28,582
Actual LR:	42.2%	43.4%	44.6%	45.8%	44.0%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	0.744	0.764	0.784	0.806	0.774

Table Three: Future Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	67,261	69,279	71,358	68,221
Projected Claims:	27,451	28,192	28,952	29,734	28,582
Actual LR:	42.2%	41.9%	41.8%	41.7%	41.9%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	0.744	0.738	0.736	0.734	0.738

Table Four: Future Credible Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	64,987	64,987	64,987	64,987
Projected Claims:	43,510	44,684	45,890	47,129	45,303
Actual LR:	67.0%	68.8%	70.6%	72.5%	69.7%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	1.179	1.211	1.243	1.277	1.227

* adjustment calculation for credibility factor is explained below.

Table Five: Future Credible Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	64,987	67,261	69,279	71,358	68,221
Projected Claims:	43,510	44,684	45,890	47,129	45,303
Actual LR:	67.0%	66.4%	66.2%	66.0%	66.4%
Expected LR:	56.8%	56.8%	56.8%	56.8%	56.8%
Actual / Expected:	1.179	1.170	1.166	1.163	1.169

* adjustment calculation for credibility factor is explained below.

Assumptions:

See assumptions in Exhibit Two.

Credibility Adjusted Benefit Calculation

The projected benefits shown in Tables Four and Five above are calculated based on the following method:

Z = credibility factor calculated in Table One

Ca = Statewide Projected Claims from Table Two

Na = Nationwide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Ne = Nationwide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Sa = Statewide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

Se = Statewide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

RI = Nationwide Rate Increase Over Statewide Rate Increase at 10/1/2011.

Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

SERFF Tracking Number: CELT-127388062

State: District of Columbia

Filing Company: Celtic Insurance Company

State Tracking Number:

Company Tracking Number: G5-555-00223

TOI: H16I Individual Health - Major Medical

Sub-TOI: H16I.005C Individual - Other

Product Name: G5-555-00223

Project Name/Number: /

Supporting Document Schedules

Item Status:

Status

Date:

Satisfied - Item: Actuarial Justification

Comments:

Attached are the required Actuarial memorandums.

Attachments:

DC-MemorandumCC5.pdf

DC-MemorandumCB.pdf

DC-MemorandumHD2.pdf

Item Status:

Status

Date:

Satisfied - Item: Cover Letter

Comments:

Attached is a copy of our cover letter.

Attachment:

MRGRATES - Open Blocks.pdf

**Celtic Insurance Company
Actuarial Rate Memorandum
Form G5-555-00223
CeltiCare Preferred Health Plans
DISTRICT OF COLUMBIA**

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the District of Columbia statutes and demonstrate that benefits are reasonable in relation to the premium charged. This filing includes the following trend factor increases:

<u>Effective Date</u>	<u>Rate Increase</u>
April 1, 2012	3.5%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

Changes from our Celtic Preferred 5.0 plan include lower copays for generic drugs and coinsurance for non-preferred brand/specialty drugs.

The major provision of this form are as follows:

Lifetime Maximum: \$7,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)

<u>Coinsurance</u>	<u>Deductible</u>
80/20	\$500; \$1,000; \$1,500; \$2,500; \$5,000; \$10,000
100/0	\$1,000; \$1,500; \$2,500; \$5,000; \$10,000

80/20 coinsurance applies on first \$10,000 after deductible

Coverage Options

This product offers a choice of 2 Coverage Options differing in their coinsurance levels: 80/20 and 100/0.

The following options are also available with each Coverage Option:

- 1) PPO Option: Two PPO options available; the Any Doc and Fully Steered PPO
- 2) Plus Option 1 (Rx)
- 3) Plus Option 2 (Supplemental Accident)
- 4) Term Life Option

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The certificate is renewable by paying the applicable renewal premiums unless the certificate holder no longer meets the eligibility requirements of the certificate or the company refuses to renew the policy and its certificates in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage they must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Two-Adult Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of three ways: Monthly Electronic Funds Transfer, Monthly Billing (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$10 per bill will be assessed for Monthly Billing or Quarterly billing. A one-time application fee of \$25 will be required at the time the application is submitted for underwriting.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3.5% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	4.5%
2	4.3%
3	4.1%
4	4.1%
5+	3.5%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Asset Share Assumptions (Continued)

Durational Increases:

<u>Policy Duration</u> <u>in months</u>	<u>Increase over</u> <u>New Business</u>
25 - 30	2%
31 - 36	9%
37 - 42	17%
43+	25%

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

CeltiCare Preferred 5.0/5.1

Date	Nationwide	District of Columbia
Prior to 1/1/12	3,298	3,733
1/1/12 - 3/31/12	3,321	3,733
4/1/12 - 6/30/12	3,472	3,864
7/1/12 - 9/30/12	3,545	3,980
10/1/12 - 12/31/12	3,615	4,099

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform is 60%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & District of Columbia</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	4%
20 - 24	17%
25 - 29	17%
30 - 34	13%
35 - 39	12%
40 - 44	12%
45 - 49	10%
50 - 54	4%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of District of Columbia and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President, Actuary

8/17/2011
Date

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form G5-555-00223
District of Columbia

Medical Base Rates		
Age	Male	Female
0	74.54	74.54
1	73.86	73.86
2	73.94	73.94
3	73.52	73.52
4	73.68	73.68
5	67.73	67.73
6	64.38	64.38
7	64.24	64.24
8	64.09	64.09
9	63.77	63.77
10	63.77	64.19
11	63.79	64.21
12	63.98	64.44
13	64.05	64.52
14	64.38	64.91
15	63.61	66.01
16	63.82	66.27
17	63.64	66.01
18	67.67	72.20
19	67.52	71.93
20	67.57	73.03
21	67.80	73.33
22	67.87	73.36
23	67.96	73.46
24	67.97	73.42
25	68.56	75.19
26	69.45	77.10
27	70.34	79.05
28	71.37	82.34
29	72.28	86.70
30	76.09	91.99
31	80.28	97.94
32	84.23	104.00
33	88.38	109.54
34	92.67	113.78
35	96.64	118.38
36	101.15	123.28
37	105.65	128.27
38	110.29	133.28
39	115.20	139.16
40	120.49	144.53
41	126.04	149.36
42	131.84	154.00
43	139.24	159.09
44	147.18	164.29
45	155.13	170.78
46	162.02	176.66
47	169.21	181.20
48	176.20	187.04
49	183.17	192.51
50	188.98	198.23
51	195.59	204.42
52	203.51	210.35
53	214.99	218.57
54	228.14	227.44
55	238.82	237.39
56	250.63	247.34
57	263.03	257.25
58	276.16	268.79
59	290.24	281.12
60	303.43	292.75
61	317.57	305.79
62	331.74	318.49
63	345.20	331.30
64	359.35	344.65
65 +	664.82	637.60
Dependent Child Rate		
Per Child; up to 3	51.07	51.07

Sub-Standard Rate Ups	
Non-Smoker / Smoker	-7% / +7%
Occupational	0% to 100%
Medical	-10% to 250%

Plan Factors			
Coinsurance	Deductible	Stop Loss	Factor
80/20	500	10,000	0.9820
80/20	1,000	10,000	0.8788
80/20	1,500	10,000	0.7630
80/20	2,500	10,000	0.6136
80/20	5,000	10,000	0.4908
80/20	10,000	10,000	0.4148
100/0	1,000	N/A	1.0968
100/0	1,500	N/A	0.9881
100/0	2,500	N/A	0.8128
100/0	5,000	N/A	0.5844
100/0	10,000	N/A	0.4625

Product Type Factors	
Type	Factor
Indemnity	1.4000
Any Doc PPO	1.1400
Fully Steered PPO	1.0000
Plus Option	1.3316

Individual Discount Factor		
Coverage Option	Adult Factor	Child Factor
Primary	1.00	1.00
Primary+Spouse	0.93	1.00
Primary+Child(ren)	1.00	1.00
Family	0.93	1.00

Modal Factors	
Billing Mode	Factor
Monthly	1.0
Quarterly	3.0

Duration Factors	
Policy Months	Factor
0 - 24	1.00
25 - 30	1.02
31 - 36	1.09
37 - 42	1.17
43 +	1.25

Other Fees	
Billing Fee	\$10.00 per bill
One-Time Application Fee	\$25.00

Term Life Premium per \$1,000 of Coverage	
Age	Premium
0 - 4	0.30
5 - 17	0.20
18 - 29	0.28
30 - 34	0.32
35 - 39	0.44
40 - 44	0.64
45 - 49	0.92
50 - 54	1.36
55 - 59	2.00
60 - 64	2.96
65 - 69	4.64
70 - 74	7.24
75 - 79	11.76
80 - 84	18.32
85 - 89	28.08
90 - 94	39.88
95 - 99	73.20

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form G5-555-00223
District of Columbia

Plus Option Base Rates

Age	Full Plus Option		Rx Card Only (5.0)		Rx Card Only (5.1)	
	Male	Female	Male	Female	Male	Female
0	2.35	2.35	0.65	0.65	1.30	1.30
1	3.03	3.03	0.65	0.65	1.30	1.30
2	2.90	2.90	0.65	0.65	1.30	1.30
3	3.30	3.30	0.65	0.65	1.30	1.30
4	3.07	3.07	0.65	0.65	1.30	1.30
5	3.45	3.45	0.65	0.65	1.30	1.30
6	3.67	3.67	0.65	0.65	1.30	1.30
7	3.77	3.77	0.65	0.65	1.30	1.30
8	3.87	3.87	0.65	0.65	1.30	1.30
9	4.14	4.14	0.65	0.65	1.30	1.30
10	4.54	5.29	0.65	0.65	1.30	1.30
11	4.44	5.19	0.65	0.65	1.30	1.30
12	4.17	4.87	0.65	0.65	1.30	1.30
13	4.00	4.70	0.98	0.98	1.47	1.47
14	3.58	4.20	0.98	0.98	1.47	1.47
15	2.72	3.63	0.98	1.00	1.47	1.50
16	2.47	3.23	0.98	1.06	1.47	1.59
17	2.63	3.35	0.98	1.13	1.47	1.70
18	2.78	3.53	0.98	1.23	1.47	1.85
19	2.88	3.51	0.98	1.24	1.47	1.86
20	2.56	4.12	0.98	1.26	1.47	1.89
21	2.27	3.55	0.98	1.28	1.47	1.92
22	2.15	3.25	0.98	1.33	1.47	2.00
23	1.96	2.92	0.98	1.35	1.47	2.03
24	1.86	2.74	0.98	1.37	1.47	2.06
25	1.65	2.50	0.98	1.39	1.47	2.09
26	1.69	2.54	0.98	1.47	1.47	2.21
27	1.68	2.50	1.05	1.56	1.56	2.31
28	1.70	2.31	1.16	1.57	1.70	2.30
29	1.67	2.18	1.23	1.61	1.79	2.34
30	1.91	2.22	1.38	1.61	1.98	2.31
31	2.06	2.31	1.54	1.74	2.19	2.47
32	2.25	2.43	1.72	1.86	2.41	2.61
33	2.17	2.29	1.92	1.97	2.66	2.73
34	2.12	2.17	2.14	2.05	2.93	2.81
35	2.11	2.05	2.28	2.21	3.09	2.99
36	2.02	1.98	2.44	2.39	3.27	3.20
37	2.03	1.99	2.59	2.54	3.43	3.36
38	1.92	1.88	2.77	2.70	3.62	3.53
39	1.90	1.88	2.95	2.92	3.81	3.77
40	1.84	1.76	3.19	3.06	4.06	3.90
41	2.03	1.87	3.46	3.19	4.35	4.01
42	2.03	1.76	3.75	3.28	4.66	4.07
43	1.96	1.68	4.11	3.35	5.04	4.11
44	1.80	1.46	4.39	3.56	5.31	4.31
45	1.90	1.54	4.69	3.81	5.60	4.55
46	1.97	1.60	4.97	4.03	5.85	4.75
47	2.02	1.63	5.26	4.27	6.11	4.96
48	1.77	1.42	5.52	4.48	6.32	5.13
49	1.82	1.47	5.82	4.72	6.57	5.33
50	1.97	1.72	5.81	5.08	6.47	5.65
51	1.94	1.80	5.80	5.41	6.36	5.93
52	1.90	1.76	5.96	5.56	6.44	6.01
53	1.67	1.54	6.21	5.71	6.61	6.08
54	1.81	1.63	6.51	5.89	6.83	6.18
55	1.79	1.61	6.89	6.20	7.11	6.40
56	1.75	1.58	7.30	6.57	7.42	6.68
57	1.69	1.51	7.72	6.95	7.72	6.95
58	1.54	1.38	8.18	7.36	8.18	7.36
59	1.80	1.62	8.66	7.79	8.66	7.79
60	1.77	1.59	9.16	8.25	9.16	8.25
61	1.99	1.80	9.70	8.73	9.70	8.73
62	1.78	1.60	10.27	9.25	10.27	9.25
63	1.75	1.57	10.88	9.79	10.88	9.79
64	1.63	1.46	11.52	10.37	11.52	10.37
65 +	2.98	2.69	21.31	19.18	21.31	19.18
Dependent Child Rate						
Per Child; up to 3	1.93	1.93	1.42	1.42	2.84	2.84

For Each Covered Person:

Medical Premium=

(Medical Base Rate) x (1 + Smoker Factor)
x (Plan Factor) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor) x (Duration Factor)

Plus Option Premium=

(Plus Option Base Rate) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor) x (Duration Factor)

Total Rate per Person =

[Medical Premium + Plus Option Premium+ Term Life Premium]

Total Billed Rate = Σ (Total Rate per Covered Person) * Modal Factor
+ Billing Fee

* see attached Trend Factor page

** see attached Area Factor page

Sample Premium Calculation:

Sample Case

Effective Date: 4/1/2012
Primary: Male, 33 years old, Smoker
Spouse: Female, 33 years old, Non-Smoker
Number of Children: 2
Plan: Fully Steered PPO, \$2,500 Deductible
80/20 Coinsurance, with Plus Option
Zip Code: 20001

Premium Calculation

Trend Factor: 2.6353
Area Factor: 1.606
Product Type Factor: 1.000
Rx Card Type Factor: 1.3316
Plan Factor: 0.6136
Primary Smoker Rate-Up: 7%
Spouse Smoker Rate-Up: -7%
Med/Occupation Rate-Ups: 0 for the primary, spouse and children
Primary Discount Factor: 0.93
Spouse Discount Factor: 0.93
Children Discount Factor: 1.00
Medical Primary Insurance Factor: 1.00
Plus Primary Insurance Factor: 1.00

Primary Medical Premium = 88.38 x (1 + (0.07)) x 0.6136 x (1 + 0.0) x
1 x 2.6353 x 1.606 x 0.93 x 1.00 = \$228.00

Spouse Medical Premium = 109.54 x (1 + (-0.07)) x 0.6136 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.6353 x 1.606 x 0.93 = \$199.00

Children Medical Premium = (51.07 x 2) x 0.6136 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.6353 x 1.606 x 1 = \$265.00

Primary Plus Option Premium = 2.17 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.6353 x
1.606 x 0.93 x 1.00 = \$11.00

Spouse Plus Option Premium = 2.29 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.6353 x
1.606 x 0.93 = \$12.00

Children Plus Option Premium = (1.93 x 2) x (1 + 0.0) x (1 + 0.0) x 1.3316 x
2.6353 x 1.606 x 1 = \$22.00

Total Premium = (228.00 + 199.00 + 265.00) + (11.00 + 12.00 + 22.00) + 0.00
= \$737.00

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form G5-555-00223
District of Columbia

CeltiCare Preferred 5.0 Trend Factors

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	Initial	1.7056	Initial	1.7056
7/1/08	2.5%	1.7483	2.5%	1.7483
10/1/08	2.5%	1.7920	2.5%	1.7920
1/1/09	2.0%	1.8278	2.0%	1.8278
4/1/09	3.0%	1.8826	3.0%	1.8826
7/1/09	4.0%	1.9580	4.0%	1.9580
10/1/09	-	1.9580	-	1.9580
1/1/10	-	1.9580	-	1.9580
4/1/10	2.0%	1.9971	2.0%	1.9971
7/1/10	4.0%	2.0770	4.0%	2.0770
10/1/10	3.0%	2.1393	3.0%	2.1393
1/1/11	9.0%	2.3318	9.0%	2.3318
4/1/11	3.0%	2.4018	3.0%	2.4018
6/1/11	6.0%	2.5459	6.0%	2.5459
7/1/11	-	2.5459	-	2.5459
10/1/11	-	2.5459	-	2.5459
1/1/12	-	2.5459	-	2.5459
4/1/12	3.5%	2.6350	3.5%	2.6350
7/1/12	3.0%	2.7141	3.0%	2.7141
10/1/12	3.0%	2.7955	3.0%	2.7955

CeltiCare Preferred 5.1 Trend Factors

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
6/1/10	Initial	2.0772	Initial	2.0772
7/1/10	-	2.0772	-	2.0772
10/1/10	3.0%	2.1395	3.0%	2.1395
1/1/11	9.0%	2.3321	9.0%	2.3321
4/1/11	3.0%	2.4020	3.0%	2.4020
6/1/11	6.0%	2.5462	6.0%	2.5462
7/1/11	-	2.5462	-	2.5462
10/1/11	-	2.5462	-	2.5462
1/1/12	-	2.5462	-	2.5462
4/1/12	3.5%	2.6353	3.5%	2.6353
7/1/12	3.0%	2.7143	3.0%	2.7143
10/1/12	3.0%	2.7958	3.0%	2.7958

**Celtic Insurance Company
Actuarial Rate Memorandum
Form G5-544-00156
Celtic Basic 1.0/2.1/2.2 Health Plan**

DISTRICT OF COLUMBIA

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the District of Columbia statutes and demonstrate that benefits are reasonable in relation to the premium charged. In this filing we are requesting the following trend factors:

<u>Effective Date</u>	<u>Rate Increase</u>
April 1, 2012	3.5%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

The major provisions of this form are as follows:

Lifetime Maximum:	\$5,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)
Deductibles:	\$1,500; \$2,500; \$3,500; \$5,000; \$7,500; \$10,000
Coinsurance:	70/30 or 80/20 on first \$10,000 after deductible

Coverage Options

This product offers a choice of two Coverage Options differing in their coinsurance levels: 70/30 and 80/20.

The following option is also available with each Coverage Option:

- 1) Prescription Drug Card Option

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The certificate is renewable by paying the applicable renewal premiums unless the certificate holder no longer meets the eligibility requirements of the certificate or the company refuses to renew the policy and its certificates in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage, he or she must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Two-Adult Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of two ways: Monthly Electronic Funds Transfer (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$8 per bill will be assessed for Quarterly Billing. In addition, a one-time application fee of \$25 will be required at the time the application is submitted for underwriting.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3.5% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	4.3%
2	4.1%
3	3.8%
4	3.5%
5+	3.0%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Asset Share Assumptions (Continued)

Duration Increases:		
	Policy Duration	Increase over
	<u>in months</u>	<u>New Business</u>
	25 - 30	2%
	31 - 36	9%
	37 - 42	17%
	43+	25%

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

Celtic Basic 1.0/2.1/2.22

Date	Nationwide	District of Columbia
Prior to 1/1/12	2,506	2,802
1/1/12 - 3/31/12	2,519	2,802
4/1/12 - 6/30/12	2,628	2,900
7/1/12 - 9/30/12	2,688	2,988
10/1/12 - 12/31/12	2,748	3,077

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform, is 55%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & District of Columbia</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	3%
20 - 24	12%
25 - 29	14%
30 - 34	14%
35 - 39	15%
40 - 44	15%
45 - 49	13%
50 - 54	3%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Differences between CelticBasic 1.0 and Celtic Basic 2.1/2.2

The primary difference between CelticBasic 1.0 and 2.1 is an adjustment to the age slope of the base rates. The experience of our products was reviewed to determine the proper age slope and the CelticBasic 2.1 age slope was changed to more closely reflect the experience. In addition, underwriting standards for applicants age 50 and over will be relaxed. For CelticBasic 2.2 benefits were changed slightly to include our Healthy Lifestyle program, reduce the copay and deductible on generic drugs, reduce the waiting period on Preventive Care from 12 months to 3 months and to increase the additional hospital outpatient deductible.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of District of Columbia and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President, Actuary

8/17/2011

Date

**Celtic Insurance Company
Form G5-544-00156
District of Columbia**

Medical Base Rates						
Age	Celtic Basic 1.0		Celtic Basic 2.1		Celtic Basic 2.2	
	Male	Female	Male	Male	Male	Male
0	49.44	49.44	54.38	54.38	55.52	55.52
1	49.44	49.44	54.38	54.38	55.52	55.52
2	49.44	49.44	54.38	54.38	55.52	55.52
3	49.44	49.44	54.38	54.38	55.52	55.52
4	49.44	49.44	54.38	54.38	55.52	55.52
5	45.29	45.29	49.82	49.82	50.87	50.87
6	45.29	45.29	49.82	49.82	50.87	50.87
7	45.29	45.29	49.82	49.82	50.87	50.87
8	45.29	45.29	49.82	49.82	50.87	50.87
9	45.29	45.29	49.82	49.82	50.87	50.87
10	45.29	45.29	49.82	49.82	50.87	50.87
11	45.29	45.29	49.82	49.82	50.87	50.87
12	45.29	45.29	49.82	49.82	50.87	50.87
13	45.29	45.29	49.82	49.82	50.87	50.87
14	45.29	45.29	49.82	49.82	50.87	50.87
15	57.41	57.41	49.82	50.52	50.87	51.58
16	57.41	57.41	49.82	50.52	50.87	51.58
17	57.41	57.41	49.82	50.52	50.87	51.58
18	57.41	58.56	53.00	56.00	54.11	57.18
19	57.41	59.73	53.00	56.00	54.11	57.18
20	59.96	60.18	53.00	56.00	54.11	57.18
21	59.96	60.63	53.00	56.00	54.11	57.18
22	59.96	61.08	53.00	56.00	54.11	57.18
23	59.96	61.54	53.00	56.00	54.11	57.18
24	59.96	62.00	53.00	56.00	54.11	57.18
25	59.96	63.55	53.36	57.20	54.48	58.40
26	59.96	65.14	53.96	58.63	55.09	59.86
27	59.96	66.77	54.56	60.09	55.71	61.35
28	59.96	71.45	55.16	62.88	56.32	64.20
29	61.99	76.45	55.79	66.51	56.96	67.91
30	63.35	84.03	58.60	71.01	59.83	72.50
31	64.93	85.49	61.68	75.66	62.98	77.25
32	66.56	87.46	64.56	80.46	65.92	82.15
33	67.88	89.21	67.54	84.75	68.96	86.53
34	69.58	90.77	70.62	88.05	72.10	89.90
35	72.24	92.71	73.68	91.78	75.23	93.71
36	74.90	94.57	77.15	95.52	78.77	97.53
37	77.90	97.93	80.63	99.40	82.32	101.49
38	80.55	101.26	84.17	103.29	85.94	105.46
39	83.77	103.63	87.96	107.78	89.81	110.04
40	87.54	105.70	91.92	112.04	93.85	114.39
41	91.48	107.82	96.05	115.91	98.07	118.34
42	95.59	110.83	100.37	119.70	102.48	122.21
43	99.90	114.54	105.89	123.70	108.11	126.30
44	104.71	117.87	112.04	127.89	114.39	130.58
45	109.42	121.37	118.17	132.90	120.65	135.69
46	114.34	125.54	123.49	137.47	126.08	140.36
47	119.49	128.67	129.05	140.89	131.76	143.85
48	125.72	134.08	134.52	145.48	137.34	148.54
49	131.38	138.62	139.92	149.71	142.86	152.85
50	140.71	145.20	144.93	153.91	147.97	157.14
51	151.36	153.99	150.60	158.61	153.76	161.94
52	162.75	163.41	157.05	163.41	160.35	166.84
53	175.02	175.36	166.27	170.10	169.76	173.67
54	188.07	187.60	176.79	177.28	180.50	181.00
55	196.94	196.94	185.12	185.12	189.01	189.01
56	206.79	205.21	194.38	192.90	198.46	196.95
57	217.13	213.41	204.10	200.61	208.39	204.82
58	228.08	223.03	214.40	209.65	218.90	214.05
59	239.83	233.30	225.44	219.30	230.17	223.91
60	250.77	242.93	235.72	228.35	240.67	233.15
61	262.50	253.77	246.75	238.54	251.93	243.55
62	274.23	264.28	257.78	248.42	263.19	253.64
63	285.20	274.85	268.09	258.36	273.72	263.79
64	296.92	285.85	279.10	268.70	284.96	274.34
65 +	549.31	528.82	516.35	497.09	527.19	507.53
Dependent Child Rate						
Per Child; up to 3	34.89	34.89	38.38	38.38	39.19	39.19

Sub-Standard Rate Ups	
Non-Smoker / Smoker	-7% / +7%
Occupational	0% to 100%
Medical	-10% to 250%

Plan Factors				
Coinsurance	Deductible	Stop Loss	CB 1.0/2.1	CB 2.2
70/30	1,500	10,000	0.6700	0.6922
70/30	2,500	10,000	0.5416	0.5897
70/30	3,500	10,000	0.4894	0.5293
70/30	5,000	10,000	0.4337	0.4604
70/30	7,500	10,000	0.3706	0.3852
70/30	10,000	10,000	0.3160	0.3157
80/20	1,500	10,000	0.7320	0.7320
80/20	2,500	10,000	0.6203	0.6203
80/20	3,500	10,000	0.5546	0.5546
80/20	5,000	10,000	0.4800	0.4800
80/20	7,500	10,000	0.3995	0.3995
80/20	10,000	10,000	0.3265	0.3265

Product Type Factors	
Type	Factor
Fully Steered PPO	1.0000
Rx Drug Card Option	1.3316

Individual Discount Factor		
Coverage Option	Adult Factor	Child Factor
Primary	1.00	1.00
Primary+Spouse	0.93	1.00
Primary+Child(ren)	1.00	1.00
Family	0.93	1.00

Modal Factors	
Billing Mode	Factor
Monthly EFT	1.0
Quarterly Billing	3.0

Duration Factors	
Policy Months	Factor
0 - 24	1.00
25 - 30	1.02
31 - 36	1.09
37 - 42	1.17
43 +	1.25

Other Fees	
Billing Fee	\$8.00 per bill
One-Time Application Fee	\$25.00

**Celtic Insurance Company
Form G5-544-00156
District of Columbia**

Rx Drug Card Option Base Rates						
Age	Celtic Basic 1.0		Celtic Basic 2.1		Celtic Basic 2.2	
	Male	Female	Male	Male	Male	Male
0	0.55	0.55	0.61	0.61	0.59	0.59
1	0.58	0.58	0.64	0.64	0.62	0.62
2	0.61	0.61	0.67	0.67	0.65	0.65
3	0.65	0.65	0.72	0.72	0.70	0.70
4	0.68	0.68	0.75	0.75	0.73	0.73
5	0.72	0.72	0.79	0.79	0.77	0.77
6	0.76	0.76	0.84	0.84	0.81	0.81
7	0.80	0.80	0.88	0.88	0.85	0.85
8	0.85	0.85	0.94	0.94	0.91	0.91
9	0.90	0.90	0.99	0.99	0.96	0.96
10	0.95	0.95	1.05	1.05	1.01	1.01
11	1.00	1.00	1.10	1.10	1.06	1.06
12	1.06	1.06	1.17	1.17	1.13	1.13
13	1.12	1.12	1.23	1.23	1.19	1.19
14	1.18	1.18	1.30	1.30	1.25	1.25
15	1.25	1.25	1.08	1.10	1.04	1.06
16	1.28	1.37	1.11	1.21	1.07	1.17
17	1.31	1.50	1.14	1.32	1.10	1.27
18	1.35	1.63	1.25	1.56	1.21	1.51
19	1.38	1.77	1.27	1.66	1.23	1.60
20	1.42	1.92	1.26	1.79	1.21	1.72
21	1.46	2.08	1.29	1.92	1.24	1.84
22	1.50	2.25	1.33	2.06	1.28	1.98
23	1.58	2.38	1.40	2.17	1.34	2.08
24	1.67	2.51	1.48	2.27	1.42	2.18
25	1.77	2.65	1.58	2.39	1.52	2.29
26	1.87	2.80	1.68	2.52	1.61	2.42
27	1.97	2.96	1.79	2.66	1.72	2.55
28	2.15	3.05	1.98	2.68	1.90	2.57
29	2.33	3.15	2.10	2.74	2.02	2.63
30	2.53	3.24	2.34	2.74	2.23	2.62
31	2.75	3.33	2.61	2.95	2.49	2.82
32	2.99	3.41	2.90	3.14	2.77	3.00
33	3.26	3.49	3.24	3.32	3.09	3.17
34	3.55	3.55	3.60	3.44	3.44	3.29
35	3.75	3.75	3.83	3.71	3.66	3.54
36	3.97	3.97	4.09	4.01	3.91	3.83
37	4.19	4.19	4.34	4.25	4.14	4.06
38	4.43	4.43	4.63	4.52	4.42	4.32
39	4.68	4.68	4.91	4.87	4.69	4.65
40	5.06	4.80	5.31	5.09	5.04	4.84
41	5.47	4.92	5.74	5.29	5.45	5.03
42	5.92	5.03	6.22	5.43	5.91	5.16
43	6.41	5.13	6.79	5.54	6.45	5.26
44	6.77	5.41	7.24	5.87	6.88	5.58
45	7.15	5.72	7.72	6.26	7.33	5.95
46	7.56	6.04	8.16	6.61	7.71	6.25
47	7.98	6.39	8.62	7.00	8.10	6.58
48	8.43	6.75	9.02	7.32	8.43	6.84
49	8.91	7.13	9.49	7.70	8.83	7.16
50	9.19	7.81	9.47	8.28	8.76	7.66
51	9.48	8.53	9.43	8.79	8.68	8.09
52	10.01	9.01	9.66	9.01	8.84	8.24
53	10.58	9.52	10.05	9.23	9.15	8.40
54	11.18	10.06	10.51	9.51	9.51	8.61
55	11.81	10.63	11.10	9.99	9.99	8.99
56	12.48	11.23	11.73	10.56	10.22	9.20
57	13.18	11.87	12.39	11.16	10.44	9.41
58	13.93	12.54	13.09	11.79	10.66	9.60
59	14.72	13.25	13.84	12.46	10.87	9.79
60	15.55	13.99	14.62	13.15	11.07	9.96
61	16.43	14.79	15.44	13.90	11.25	10.13
62	17.36	15.62	16.32	14.68	11.42	10.28
63	18.34	16.50	17.24	15.51	11.64	10.47
64	19.38	17.44	18.22	16.39	11.84	10.65
65+	35.85	32.26	33.70	30.32	21.91	19.71
Dependent Child Rate						
Per Child; up to 3	2.57	2.57	2.83	2.83	2.75	2.75

For Each Covered Person:

Medical Premium=

(Medical Base Rate) x (1 + Smoker Factor)
x (Plan Factor) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor) x (Duration Factor)

Rx Card Option Premium=

(Plus Option Base Rate) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor) x (Duration Factor)

Total Rate per Person =

[Medical Premium + Rx Drug Card Option Premium]

Total Billed Rate = Σ (Total Rate per Covered Person) * Modal Factor
+ Billing Fee

* see attached Trend Factor page

** see attached Area Factor page

Sample Premium Calculation for:

Sample Case

Effective Date: 4/1/2012
Primary: Male, 33 years old, Smoker
Spouse: Female, 33 years old, Non-Smoker
Number of Children: 2
Plan: \$2,500 Deductible
80/20 Coinsurance
with Rx Card Option
Zip Code: 20001

Premium Calculation

Trend Factor: 2.9962
Area Factor: 1.647
Product Type Factor: 1.000
Rx Card Type Factor: 1.3316
Plan Factor: 0.6203
Primary Smoker Rate-Up: 7%
Spouse Smoker Rate-Up: -7%
Med/Occpation Rate-Ups: 0 for the primary, spouse and children
Primary Discount Factor: 0.93
Spouse Discount Factor: 0.93
Children Discount Factor: 1.00

Primary Medical Premium = 67.54 x (1 + (0.07)) x 0.6203 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.9962 x 1.647 x 0.93 = \$ 206.00

Spouse Medical Premium = 67.54 x (1 + (-0.07)) x 0.6203 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.9962 x 1.647 x 0.93 = \$ 179.00

Children Medical Premium = (38.38 x 2) x 0.6203 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.9962 x 1.647 x 1 = \$ 235.00

Primary Rx Premium = 3.24 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.9962 x
1.647 x 0.93 = \$ 20.00

Spouse Rx Premium = 3.24 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.9962 x
1.647 x 0.93 = \$ 20.00

Children Rx Premium = (2.83 x 2) x (1 + 0.0) x (1 + 0.0) x 1.3316 x
2.9962 x 1.647 x 1 = \$ 37.00

Total Premium = (206.00 + 179.00 + 235.00) + (20.00 + 20.00 + 37.00)
= \$697.00

**Celtic Insurance Company
Form G5-544-00156**

District of Columbia Area Factors

3-Digit ZIP Code	Celtic Basic 1.0		Celtic Basic 2.1		Celtic Basic 2.2	
	Fully Steered PPO	Plus Option	Fully Steered PPO	Plus Option	Fully Steered PPO	Plus Option
200	1.64700	1.64700	1.64700	1.64700	1.66300	1.66300
202	1.64700	1.64700	1.64700	1.64700	1.66300	1.66300
203	1.64700	1.64700	1.64700	1.64700	1.66300	1.66300
204	1.64700	1.64700	1.64700	1.64700	1.66300	1.66300
205	1.64700	1.64700	1.64700	1.64700	1.66300	1.66300

Celtic Insurance Company
Form G5-544-00156
District of Columbia

Trend Factors for Celtic Basic

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/05	Initial	1.3156	Initial	1.3156
7/1/05	4.5%	1.3748	4.5%	1.3748
10/1/05	-	1.3748	-	1.3748
11/1/05	-	1.3748	-	1.3748
1/1/06	-	1.3748	-	1.3748
2/1/06	-	1.3748	-	1.3748
4/1/06	3.0%	1.4160	3.0%	1.4160
7/1/06	3.0%	1.4585	3.0%	1.4585
10/1/06	3.0%	1.5023	3.0%	1.5023
1/1/07	3.0%	1.5474	3.0%	1.5474
4/1/07	3.0%	1.5938	3.0%	1.5938
7/1/07	3.0%	1.6416	3.0%	1.6416
10/1/07	3.0%	1.6908	3.0%	1.6908
1/1/08	-	1.6908	-	1.6908
4/1/08	3.0%	1.7416	3.0%	1.7416
7/1/08	3.0%	1.7938	3.0%	1.7938
10/1/08	5.0%	1.8835	5.0%	1.8835
1/1/09	3.0%	1.9400	3.0%	1.9400
4/1/09	3.0%	1.9982	3.0%	1.9982
7/1/09	3.0%	2.0581	3.0%	2.0581
10/1/09	3.0%	2.1199	3.0%	2.1199
1/1/10	3.0%	2.1835	3.0%	2.1835
4/1/10	4.0%	2.2708	4.0%	2.2708
7/1/10	4.0%	2.3617	4.0%	2.3617
10/1/10	3.0%	2.4325	3.0%	2.4325
1/1/11	9.0%	2.6514	9.0%	2.6514
4/1/11	3.0%	2.7310	3.0%	2.7310
6/1/11	6.0%	2.8948	6.0%	2.8948
7/1/11	-	2.8948	-	2.8948
10/1/11	-	2.8948	-	2.8948
1/1/12	-	2.8948	-	2.8948
4/1/12	3.5%	2.9962	3.5%	2.9962
7/1/12	3.0%	3.0860	3.0%	3.0860
10/1/12	3.0%	3.1786	3.0%	3.1786

Trend Factors for Celtic Basic 2.1

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	Initial	1.7415	Initial	1.7415
7/1/08	3.0%	1.7938	3.0%	1.7938
10/1/08	2.5%	1.8386	2.5%	1.8386
1/1/09	2.0%	1.8754	2.0%	1.8754
4/1/09	3.0%	1.9316	3.0%	1.9316
7/1/09	4.0%	2.0089	4.0%	2.0089
10/1/09	-	2.0089	-	2.0089
1/1/10	-	2.0089	-	2.0089
4/1/10	2.0%	2.0491	2.0%	2.0491
7/1/10	4.0%	2.1311	4.0%	2.1311
10/1/10	3.0%	2.1950	3.0%	2.1950
1/1/11	9.0%	2.3925	9.0%	2.3925
4/1/11	3.0%	2.4643	3.0%	2.4643
6/1/11	6.0%	2.6122	6.0%	2.6122
7/1/11	-	2.6122	-	2.6122
10/1/11	-	2.6122	-	2.6122
1/1/12	-	2.6122	-	2.6122
4/1/12	3.5%	2.7036	3.5%	2.7036
7/1/12	3.0%	2.7847	3.0%	2.7847
10/1/12	3.0%	2.8682	3.0%	2.8682

**Celtic Insurance Company
Form G5-544-00156
District of Columbia**

Trend Factors for Celtic Basic 2.2

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
6/1/10	Initial	2.1312	Initial	2.1312
7/1/10	-	2.1312	-	2.1312
10/1/10	3.0%	2.1952	3.0%	2.1952
1/1/11	9.0%	2.3927	9.0%	2.3927
4/1/11	3.0%	2.4645	3.0%	2.4645
6/1/11	6.0%	2.6124	6.0%	2.6124
7/1/11	-	2.6124	-	2.6124
10/1/11	-	2.6124	-	2.6124
1/1/12	-	2.6124	-	2.6124
4/1/12	3.5%	2.7038	3.5%	2.7038
7/1/12	3.0%	2.7849	3.0%	2.7849
10/1/12	3.0%	2.8685	3.0%	2.8685

Celtic Insurance Company
Actuarial Rate Memorandum
Form G5-592-00192 (HSA. 2.0/2.1) and Form G5-598-00226 (HSA 3.0)
High Deductible Health Plans
DISTRICT OF COLUMBIA

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the District of Columbia statutes and demonstrate that benefits are reasonable in relation to the premium charged. In this filing we are requesting the following trend factors:

<u>Effective Date</u>	
April 1, 2012	3.5%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

The major provision of this form are as follows:

Lifetime Maximum: \$7,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)

	<u>Deductible</u>	<u>Co-Insurance</u>
Individual:	\$1,500	80/20 on first \$18,000 after deductible or 100/0
	\$2,600	80/20 on first \$12,500 after deductible or 100/0
	\$5,000	100/0 after deductible
Family:	\$3,000	80/20 on first \$36,000 after deductible or 100/0
	\$5,150	80/20 on first \$25,000 after deductible or 100/0
	\$10,000	100/0 after deductible

Coverage Options

The following option is also available with each Coverage Option:

- 1) Fully steered PPO Option

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The certificate is renewable by paying the applicable renewal premiums unless the certificate holder no longer meets the eligibility requirements of the certificate or the company refuses to renew the policy and its certificates in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage they must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Family Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of three ways: Monthly Electronic Funds Transfer, Monthly Billing (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$8 (for HSA 2.0/2.1) and \$10 (for HSA 3.0) per bill will be assessed for Monthly Billing or Quarterly billing. A one-time application fee of \$25 will be required at the time the application is submitted for underwriting.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3.5% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	3.7%
2	3.2%
3	3.2%
4	3.2%
5+	2.5%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Asset Share Assumptions (Continued)

Durational Increases:

Policy Duration <u>in months</u>	Increase over <u>New Business</u>
25 - 30	2%
31 - 36	9%
37 - 42	17%
43+	25%

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

HSA 2.0/2.1/3.0

Date	Nationwide	District of Columbia
Prior to 1/1/12	2,895	2,956
1/1/12 - 3/31/12	2,915	2,956
4/1/12 - 6/30/12	3,048	3,059
7/1/12 - 9/30/12	3,112	3,151
10/1/12 - 12/31/12	3,173	3,246

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform is 60%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & District of Columbia</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	4%
20 - 24	17%
25 - 29	17%
30 - 34	13%
35 - 39	12%
40 - 44	12%
45 - 49	10%
50 - 54	4%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of District of Columbia and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President and Actuary

8/17/2011
Date

Celtic Insurance Company
High Deductible Health Plans
Form G5-592-00192 (HSA. 2.0/2.1) and Form G5-598-00226 (HSA 3.0)
District of Columbia

Age	HSA 2.0		HSA 2.1		HSA 3.0	
	Male	Female	Male	Female	Male	Female
0	70.63	66.55	60.85	60.85	60.85	60.85
1	70.63	66.55	60.88	60.88	60.88	60.88
2	70.63	66.55	60.94	60.94	60.94	60.94
3	70.63	66.55	60.98	60.98	60.98	60.98
4	70.63	66.55	61.04	61.04	61.04	61.04
5	62.92	60.96	56.05	56.05	56.05	56.05
6	62.92	60.96	56.11	56.11	56.11	56.11
7	62.92	60.96	56.17	56.17	56.17	56.17
8	62.92	60.96	56.24	56.24	56.24	56.24
9	62.92	60.96	56.30	56.30	56.30	56.30
10	62.92	60.96	56.38	56.38	56.38	56.38
11	62.92	60.96	56.46	56.46	56.46	56.46
12	62.92	60.96	56.55	56.55	56.55	56.55
13	62.92	60.96	56.63	56.63	56.63	56.63
14	62.92	60.96	56.72	56.72	56.72	56.72
15	79.14	78.21	56.45	57.92	56.45	57.92
16	79.14	78.21	56.49	58.06	56.49	58.06
17	79.14	78.21	56.53	58.21	56.53	58.21
18	79.14	78.82	60.18	63.90	60.18	63.90
19	79.14	80.40	60.23	64.05	60.23	64.05
20	82.56	81.00	60.20	64.20	60.20	64.20
21	82.56	81.61	60.26	64.39	60.26	64.39
22	82.56	82.22	60.30	64.58	60.30	64.58
23	82.56	82.83	60.40	64.72	60.40	64.72
24	82.56	83.45	60.51	64.86	60.51	64.86
25	82.56	85.54	61.04	66.36	61.04	66.36
26	82.56	87.68	61.85	68.11	61.85	68.11
27	82.56	89.88	62.68	69.93	62.68	69.93
28	82.56	96.17	63.58	73.04	63.58	73.04
29	85.52	102.91	64.43	77.14	64.43	77.14
30	87.44	113.10	67.87	82.10	67.87	82.10
31	89.67	115.08	71.65	87.54	71.65	87.54
32	91.96	117.72	75.23	93.11	75.23	93.11
33	93.85	120.08	78.98	98.09	78.98	98.09
34	96.25	122.17	82.88	101.92	82.88	101.92
35	99.87	124.79	86.58	106.42	86.58	106.42
36	103.49	127.29	90.76	110.94	90.76	110.94
37	107.56	131.81	94.95	115.58	94.95	115.58
38	111.16	136.30	99.27	120.25	99.27	120.25
39	115.54	139.49	103.86	125.70	103.86	125.70
40	120.72	142.28	108.79	130.73	108.79	130.73
41	126.12	145.12	113.97	135.28	113.97	135.28
42	131.77	149.18	119.40	139.68	119.40	139.68
43	137.68	154.17	126.31	144.26	126.31	144.26
44	144.19	158.66	133.73	149.38	133.73	149.38
45	150.57	163.37	141.19	155.47	141.19	155.47
46	157.24	168.97	147.69	161.01	147.69	161.01
47	164.21	173.20	154.50	165.35	154.50	165.35
48	172.64	180.48	161.13	170.88	161.13	170.88
49	180.29	186.59	167.77	176.11	167.77	176.11
50	192.81	195.45	173.29	181.58	173.29	181.58
51	207.10	207.27	179.54	187.49	179.54	187.49
52	222.47	219.95	187.02	193.14	187.02	193.14
53	239.02	236.04	197.77	200.88	197.77	200.88
54	256.62	252.51	210.07	209.22	210.07	209.22
55	268.61	265.09	220.16	218.59	220.16	218.59
56	281.91	276.21	231.30	228.00	231.30	228.00
57	295.86	287.26	243.00	237.40	243.00	237.40
58	310.63	300.20	255.40	248.31	255.40	248.31
59	326.49	314.03	268.69	259.96	268.69	259.96
60	341.25	326.98	281.20	270.99	281.20	270.99
61	357.09	341.58	294.61	283.35	294.61	283.35
62	372.91	355.73	308.09	295.43	308.09	295.43
63	387.71	369.96	320.86	307.64	320.86	307.64
64	403.53	384.76	334.47	320.37	334.47	320.37
65 +	746.53	711.79	618.78	592.67	618.78	592.67

High Deductible Health Plan 2.0/2.1/3.0 Factors

Indiv./Family	Deductible	Coinsurance	Stop Loss	HSA 2.0	HSA 2.1	HSA 3.0
Individual	1,500	80/20	18,000	0.6721	0.6721	0.6721
		100/0	N/A	0.8938	0.9385	0.9385
	2,600	80/20	12,500	0.5441	0.5441	0.5441
		100/0	N/A	0.7228	0.7589	0.7589
Family	5,000	100/0	N/A	0.4994	0.5244	0.5244
		80/20	36,000	0.6721	0.6721	0.6721
	3,000	100/0	N/A	0.8938	0.9385	0.9385
		80/20	25,000	0.5441	0.5441	0.5441
	5,150	100/0	N/A	0.7228	0.7589	0.7589
10,000	100/0	N/A	0.4994	0.5244	0.5244	

Sub-Standard Rate-Ups

Non-Smoker / Smoker	-7% / 7%
Occupational	0% to 100%
Medical	-10% to 250%

Product Type Factors

Type	HSA 2.0	HSA 2.1	HSA 3.0
Indemnity	1.3898	1.4000	1.4000
Fully Steered PPO	1.0000	1.0000	1.0000

Modal Factors

Billing Mode	Factor
Monthly	1.0
Quarterly	3.0

Duration Factors

Policy Month	Factor
0 - 24	1.00
25 - 30	1.02
31 - 36	1.09
37 - 42	1.17
43 +	1.25

Family Discount Factor

Ind./Family	Discount Factor
Individual Policy	1.0000
Family Policy	0.9300

Other Fees

Fee Type	Fee
Billing Fees (HSA 2.0/2.1; HSA 3.0)	\$8.00; \$10 per bill
HSA Maintenance Fee	None
One-time Application Fee	\$25.00

Medical Premium = (Medical Base Rate) x (Plan Factor)
x (1 + Smoker Factor) x (1 + Occup. Rate-Up)
x (1 + Med. Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Family Discount Factor) x (Duration Factor)

Preventive

Opt Premium = (Preventive Option Base Rate)
x (1 + Occup. Rate-Up) x (1 + Med. Rate-Up)
x (Product Type Factor) x (Trend Factor*) x (Area Factor**)
x (Family Discount Factor) x (Duration Factor)

*see attached Trend Factor sheet

**see attached Area Factor sheet

Total Premium = [Medical Premium + Preventive Opt Premium + HSA Maintenance Fee]
x Modal Factor + Billing Fee

Dependent Child Rate

Per Child, up to 3	HSA 2.0	HSA 2.1	HSA 2.1	HSA 3.0	HSA 3.0
	46.66	46.66	43.20	43.20	43.20

Celtic Insurance Company
High Deductible Health Plans
Form G5-592-00192 (HSA. 2.0/2.1) and Form G5-598-00226 (HSA 3.0)
District of Columbia

High Deductible 2.0

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
10/1/05	Initial	1.2041	Initial	1.2041
11/1/05	-	1.2041	-	1.2041
1/1/06	-	1.2041	-	1.2041
2/1/06	-	1.2041	-	1.2041
3/1/06	-	1.2041	-	1.2041
4/1/06	3.5%	1.2463	3.5%	1.2463
7/1/06	3.5%	1.2899	3.5%	1.2899
10/1/06	3.5%	1.3350	3.5%	1.3350
1/1/07	-	1.3350	-	1.3350
4/1/07	3.0%	1.3751	3.0%	1.3751
7/1/07	-	1.3751	-	1.3751
10/1/07	-	1.3751	-	1.3751
1/1/08	-	1.3751	-	1.3751
4/1/08	-	1.3751	-	1.3751
7/1/08	-	1.3751	-	1.3751
10/1/08	-	1.3751	-	1.3751
1/1/09	-	1.3751	-	1.3751
4/1/09	-	1.3751	-	1.3751
7/1/09	3.0%	1.4163	3.0%	1.4163
10/1/09	3.0%	1.4588	3.0%	1.4588
1/1/10	3.0%	1.5026	3.0%	1.5026
4/1/10	4.0%	1.5627	4.0%	1.5627
7/1/10	6.0%	1.6565	6.0%	1.6565
10/1/10	5.0%	1.7393	5.0%	1.7393
1/1/11	9.0%	1.8958	9.0%	1.8958
4/1/11	3.0%	1.9527	3.0%	1.9527
6/1/11	6.0%	2.0699	6.0%	2.0699
7/1/11	-	2.0699	-	2.0699
10/1/11	-	2.0699	-	2.0699
1/1/12	-	2.0699	-	2.0699
4/1/12	3.5%	2.1423	3.5%	2.1423
7/1/12	3.0%	2.2066	3.0%	2.2066
10/1/12	3.0%	2.2728	3.0%	2.2728

Celtic Insurance Company
High Deductible Health Plans
Form G5-592-00192 (HSA. 2.0/2.1) and Form G5-598-00226 (HSA 3.0)
District of Columbia

High Deductible 2.1

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	Initial	1.4163	Initial	1.4163
7/1/08	2.5%	1.4518	2.5%	1.4518
10/1/08	2.5%	1.4880	2.5%	1.4880
1/1/09	2.0%	1.5178	2.0%	1.5178
4/1/09	3.0%	1.5633	3.0%	1.5633
7/1/09	3.0%	1.6102	3.0%	1.6102
10/1/09	3.0%	1.6585	3.0%	1.6585
1/1/10	3.0%	1.7083	3.0%	1.7083
4/1/10	4.0%	1.7766	4.0%	1.7766
7/1/10	6.0%	1.8832	6.0%	1.8832
10/1/10	5.0%	1.9774	5.0%	1.9774
1/1/11	9.0%	2.1554	9.0%	2.1554
4/1/11	3.0%	2.2200	3.0%	2.2200
6/1/11	6.0%	2.3532	6.0%	2.3532
7/1/11	-	2.3532	-	2.3532
10/1/11	-	2.3532	-	2.3532
1/1/12	-	2.3532	-	2.3532
4/1/12	3.5%	2.4356	3.5%	2.4356
7/1/12	3.0%	2.5087	3.0%	2.5087
10/1/12	3.0%	2.5839	3.0%	2.5839

Celtic Insurance Company
High Deductible Health Plans
Form G5-592-00192 (HSA. 2.0/2.1) and Form G5-598-00226 (HSA 3.0)
District of Columbia

High Deductible 3.0

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	Initial	1.4163	Initial	1.4163
7/1/08	2.5%	1.4518	2.5%	1.4518
10/1/08	2.5%	1.4880	2.5%	1.4880
1/1/09	2.0%	1.5178	2.0%	1.5178
4/1/09	3.0%	1.5633	3.0%	1.5633
7/1/09	4.0%	1.6259	4.0%	1.6259
10/1/09	-	1.6259	-	1.6259
1/1/10	-	1.6259	-	1.6259
4/1/10	2.0%	1.6584	2.0%	1.6584
7/1/10	3.0%	1.7081	3.0%	1.7081
10/1/10	3.0%	1.7594	3.0%	1.7594
1/1/11	9.0%	1.9177	9.0%	1.9177
4/1/11	3.0%	1.9753	3.0%	1.9753
6/1/11	6.0%	2.0938	6.0%	2.0938
7/1/11	-	2.0938	-	2.0938
10/1/11	-	2.0938	-	2.0938
1/1/12	-	2.0938	-	2.0938
4/1/12	3.5%	2.1671	3.5%	2.1671
7/1/12	3.0%	2.2321	3.0%	2.2321
10/1/12	3.0%	2.2990	3.0%	2.2990

CELTIC

Celtic Insurance Company

August 22, 2011

Willis Tower
233 South Wacker Drive, Suite 700
Chicago, Illinois 60606-6393
312-332-5401

NAIC #80799
FEIN #06-0641618
«ID»

Mr. Thomas Hampton
Department of Insurance and Security Regulation
810 First St., NE
Suite 701
Washington, DC 20002

Re: RATE FILING
G5-555-00223
G5-592-00192 (HSA 2.1/2.1)
G5-598-00226 (HSA 3.0)
G5-544-00156

Dear Mr. Hampton:

Enclosed for your review and approval are copies of the actuarial memorandum and revised rates for the above referenced form as required by District of Columbia statute.

The rates will go into effect 04/01/2012.

Please note, the experience of Celtic Basic, HSA and CeltiCare Preferred have been combined because of credibility issues due to the size of each block. These blocks contain plans that are currently available in the market. Celtic will continue to group the experience of these products for future rate filing purposes.

If you have any questions or require additional information regarding this submission, please contact me at the number listed below.

Sincerely,



Juan J. Guerra
Senior Contract Analyst
(312) 332-8542
(312) 651-9850 –Fax
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Enclosures