

SERFF Tracking #:

CLTR-128855170

State Tracking #:**Company Tracking #:**

ASHIP5000 RATES

State:

District of Columbia

Filing Company:

Federal Insurance Company

TOI/Sub-TOI:

H21 Health - Other/H21.000 Health - Other

Product Name:

ACCIDENT AND SICKNESS LIMITED BENEFIT CASH POLICY

Project Name/Number:

Chubb-ASHIP - Rates/Chubb-ASHIP - Rates

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Manual	ASHIP5000	New		Rate Manual - Version 122112.pdf

Federal Insurance Company

FEDERAL INSURANCE COMPANY

RULES AND RATE MANUAL
FOR
[ACCIDENT AND] SICKNESS
LIMITED BENEFITS
CASH POLICY

Rule 1 – Active Forms

This Manual applies to Form ASHIP5000

Rule 2 – Gross Premium Calculations

Manual Loss Costs

Manual Loss Costs are calculated using Tables 1 and 2 and the supporting Tables 11-28 in Rule 4. An example of this calculation is shown in Rule 3.

Gross Premium

The Manual Loss Costs and Target Loss Ratio are combined to produce the Gross Premium. The formula for this is shown in Table 3 and Table 3a in Rule 3 provides an example.

Table 1 - Policy Information

I. Insured Information

Insured Name
Target Loss Ratio

Info Supplied by
Company/Broker

II. Benefits

Hospital Admission Indemnity Benefit
In-Hospital Indemnity Benefit
Recuperation Indemnity Benefit
Intensive Care Unit Indemnity Benefit
In-Hospital Physician Indemnity Benefit
Physician Office Visit Indemnity Benefit
Emergency Room Indemnity Benefit
Surgical Indemnity Benefit - Inpatient
Surgical Indemnity Benefit - Outpatient
Surgical Indemnity Benefit - All
Anesthesia Indemnity Benefit
Ground Ambulance Transportation Indemnity Benefit
Air Ambulance Transportation Indemnity Benefit
Diagnostic X-Ray and Laboratory Indemnity Benefit
Advanced Diagnostic Test Indemnity Benefit
Patient Comfort Expense Benefit
Pet Care Benefit
Immediate Family Member Travel Expense Benefit
Loss of Income Benefit
Wellness Indemnity Benefit

Accidental Death and Dismemberment Benefit

Fracture Benefit

Dislocation Benefit
Tendon / Ligament / Rotator Cuff Benefit
Torn Knee Catilage Benefit

Info Supplied by
Company/Broker

III. Underwriting Information

Age
Gender
Risk Classification I

Risk Classification II

Worldwide Coverage
ADEA Rating
Coverage Type
Hospital Coverage Limit

Info Supplied by
Company/Broker

Table 2 - Development of Manual Loss Cost

	<i>A</i> <i>Rates</i>	<i>B</i> <i>Adjustments</i>	<i>C</i> <i>Loss Cost</i>
Benefits			
Hospital Admission Indemnity Benefit	Table 11	1.0000	
In-Hospital Indemnity Benefit	Table 12	Table 13	
Recuperation Indemnity Benefit	Table 12, 14	Table 13	
Intensive Care Unit Indemnity Benefit	Table 11	Table 13	
In-Hospital Physician Indemnity Benefit	Table 23	1.0000	
Physician Office Visit Indemnity Benefit	Table 21	1.0000	
Emergency Room Indemnity Benefit	Table 20	1.0000	
Surgical Indemnity Benefit - Inpatient	Table 22	1.0000	
Surgical Indemnity Benefit - Outpatient	Table 24	1.0000	
Surgical Indemnity Benefit - All	Tables 22, 24	1.0000	
Anesthesia Indemnity Benefit	Tables 22, 24	1.0000	
Ground Ambulance Transportation Indemnity Benefit	Table 11	1.0000	
Air Ambulance Transportation Indemnity Benefit	Table 11	1.0000	=A*B
Diagnostic X-Ray and Laboratory Indemnity Benefit	Table 17	1.0000	
Advanced Diagnostic Test Indemnity Benefit	Table 17	1.0000	
Patient Comfort Expense Benefit	Table 11, 15	1.0000	
Pet Care Benefit	Table 12, 16	Table 13	
Immediate Family Member Travel Expense Benefit	Table 11	Table 13	
Loss of Income Benefit	Table 11	Table 13	
Wellness Indemnity Benefit	Table 17	1.0000	
Accidental Death and Dismemberment Benefit	Table 18, 19	1.0000	
Fracture Benefit	Table 17	1.0000	
Dislocation Benefit	Table 17	1.0000	
Tendon / Ligament / Rotator Cuff Benefit	Table 17	1.0000	
Torn Knee Catilage Benefit	Table 17	1.0000	
Risk Classification I - RCI			Table 25
Risk Classification II - RCII			Table 26
World Wide Coverage - WWC			Table 27
ADEA Rating			Table 28
Total Loss		Sum (Col. C) x RCI x RCII x WWC x ADEA	

Table 3 - Development of Gross Premium

Loss Cost (LC)	Table 2
Experience Claims Cost (ECC)	Table 4
Credibility (CR)	Table 5
Target Loss Ratio (TLR)	Table 1
Premium	$= (LC * (1 - CR) + ECC * CR) / TLR$

At the request of the Policyholder, rates will be quoted on a blended basis. To calculate blended rates, follow this procedure:

- 1. Calculate rates for each age / sex combination
- 2. Calculate the weighted average of the rates in Step 1, using the number of Insureds as the weighting
- 3. Divide by the total number of Insureds

Table 4 - Experience Based Rate Calculation Worksheet

Policyholder	XYZ		
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Insureds	E1	E2	E3
Completed Claims	CC1	CC2	CC3
Remove Completed Large Losses	LL1	LL2	LL3
Adjusted Claims	AC1=CC1-LL1	AC2=CC2-LL2	AC3=CC3-LL3
PCF = value of new benefit package / old benefit package	PCF1	PCF2	PCF3
Final Projected Claims	PC1 = AC1*PCF1 + LL1	PC2 = AC2*PCF2 + LL2	PC3 = AC3*PCF3 + LL3
Experience Year Weights	EYW1	EYW2	EYW3
Experience Claims Cost	$ECC = \frac{PC1*EYW1 + PC2*EYW2 + PC3*EYW3}{(EYW1*E1 + EYW2*E2 + EYW3*E3)}$		

Note: Table 4 may be expanded to include additional years if relevant credible experience information is available

Table 5 - Credibility Factors

Renewal Business Credibility Factor

- Step 1 (Number of Claims/120)
- Step 2 Take square root of Step 1
- Step 3 Take minimum of Step 2 and 1.00

Takeover Business Credibility Factor

- Step 1 (Number of Claims/150)
- Step 2 Take square root of Step 1
- Step 3 Take minimum of Step 2 and 1.00

Note: The years used to count claims in Step 1 must match the experience years used in Table 4.

Rule 3 – Example of Gross Premium Calculations

Table 1a - Example of Table 1***I. Insured Information***

Insured Name	XYZ
Target Loss Ratio	50%

II. Benefits

Hospital Admission Indemnity Benefit	\$500
In-Hospital Indemnity Benefit	\$200 per day; Starts 3rd day; 60 days
Recuperation Indemnity Benefit	\$150 per day
Intensive Care Unit Indemnity Benefit	\$200 per day; Starts 3rd day; 60 days
In-Hospital Physician Indemnity Benefit	\$300 per visit
Physician Office Visit Indemnity Benefit	\$75 per visit; 3 visits per year
Emergency Room Indemnity Benefit	\$200 per visit; 10 visits per year
Surgical Indemnity Benefit - Inpatient	\$500
Surgical Indemnity Benefit - Outpatient	\$400
Surgical Indemnity Benefit - All	Not Included
Anesthesia Indemnity Benefit	\$300
Ground Ambulance Transportation Indemnity Benefit	Maximum \$500
Air Ambulance Transportation Indemnity Benefit	Maximum \$500
Diagnostic X-Ray and Laboratory Indemnity Benefit	Maximum \$200
Advanced Diagnostic Test Indemnity Benefit	Maximum \$200
Patient Comfort Expense Benefit	Stay exceeds 2 days; maximum \$200
Pet Care Benefit	\$25 per day
Immediate Family Member Travel Expense Benefit	Up to 1 family member; \$100 Benefit
Loss of Income Benefit	Included; \$50 Benefit
Wellness Indemnity Benefit	Included
Accidental Death and Dismemberment Benefit	Principal Sum \$50,000; Schedule as shown in Table 19a
Fracture Benefit	Maximum \$2,000; Fracture, Upper Arm; Open Reductions Only
Dislocation Benefit	Knee; \$1,000 benefit
Tendon / Ligament / Rotator Cuff Benefit	Included; \$1,000
Torn Knee Catilage Benefit	Included; \$500

III. Underwriting Information

Age	42
Gender	Male
Risk Classification I	Embedded Benefits.
Risk Classification II	80% renewal / low value / 2 Carriers within last 5years / Existing Program
Worldwide Coverage	Included
ADEA Rating	Schedule 2
Coverage Type	Accident & Sickness (includes all pregnancies)
Hospital Coverage Limit	Non-Retro. Benefits begin on day 3, end on day 60

Table 2a - Example of Development of Manual Loss Cost

Benefits	A Rates	B Adjustments	C Loss Cost
Hospital Admission Indemnity Benefit	32.5250	1.0000	32.5250
In-Hospital Indemnity Benefit	58.2600	0.5950	34.6647
Recuperation Indemnity Benefit	42.8910	0.5950	25.5201
Intensive Care Unit Indemnity Benefit	6.5834	0.5950	3.9171
In-Hospital Physician Indemnity Benefit	45.1950	1.0000	45.1950
Physician Office Visit Indemnity Benefit	157.5098	1.0000	157.5098
Emergency Room Indemnity Benefit	53.2717	1.0000	53.2717
Surgical Indemnity Benefit - Inpatient	18.0200	1.0000	18.0200
Surgical Indemnity Benefit - Outpatient	19.6580	1.0000	19.6580
Surgical Indemnity Benefit - All	0.0000	1.0000	0.0000
Anesthesia Indemnity Benefit	15.8759	1.0000	15.8759
Ground Ambulance Transportation Indemnity Benefit	5.3764	1.0000	5.3764
Air Ambulance Transportation Indemnity Benefit	0.5302	1.0000	0.5302
Diagnostic X-Ray and Laboratory Indemnity Benefit	143.9400	1.0000	143.9400
Advanced Diagnostic Test Indemnity Benefit	51.5800	1.0000	51.5800
Patient Comfort Expense Benefit	5.3580	1.0000	5.3580
Pet Care Benefit	2.4324	0.5950	1.4473
Immediate Family Member Travel Expense Benefit	0.3773	0.5950	0.2245
Loss of Income Benefit	0.3513	0.5950	0.2090
Wellness Indemnity Benefit	32.9300	1.0000	32.9300
Accidental Death and Dismemberment Benefit	25.5852	1.0000	25.5852
Fracture Benefit	1.3463	1.0000	1.3463
Dislocation Benefit	5.1511	1.0000	5.1511
Tendon / Ligament / Rotator Cuff Benefit	8.2434	1.0000	8.2434
Torn Knee Catilage Benefit	4.1217	1.0000	4.1217
Risk Classification I - RCI			1.0050
Risk Classification II - RCII			1.0711
World Wide Coverage - WWC			1.0500
ADEA Rating			0.9950
Total Loss			778.4672

Table 3a - Development of Gross Premium - Example

Loss Cost (LC)	778.47
Experience Claims Cost (ECC)	793.15
Credibility (CR)	1.00
Target Loss Ratio (TLR)	0.50
Premium	1,586.30

Table 4a - Experience Based Rate Calculation Worksheet - Example

Policyholder	XYZ		
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Insureds	650	750	890
Completed Claims	447,500	502,200	672,000
Remove Completed Large Losses	25,000	0	50,000
Adjusted Claims	422,500	502,200	622,000
PCF = value of new benefit package / old benefit package	1.1	1.15	1.2
Final Projected Claims	489,750	577,530	796,400
Experience Year Weights	50%	30%	20%
Experience Claims Cost		793.15	

Note: Table 4 may be expanded to include additional years if relevant credible experience information is available

Table 5a - Credibility Factors - Example

This example assumes 280 claims renewal

Renewal Business Credibility Factor

Step 1	2.33
Step 2	1.53
Step 3	1.00

Takeover Business Credibility Factor

Step 1	1.87
Step 2	1.37
Step 3	1.00

Rule 4 – Supporting Tables

Table 11 - Net Claims Costs - Annual - Hospital Admission Benefit - Per \$100

Age	Accident Only		Sickness Only (1)		Sickness (2)		Sickness (3)	
	Male	Female	Male	Female	Male	Female	Male	Female
0-4	0.373	0.319	22.008	19.664	22.008	19.664	22.008	19.664
5-9	0.195	0.159	1.426	1.067	1.426	1.067	1.426	1.067
10-14	0.302	0.158	1.590	1.524	1.590	1.489	1.587	1.471
15-19	0.551	0.366	2.254	5.802	2.254	4.202	2.254	2.402
20-24	0.599	0.374	2.622	11.075	2.622	6.977	2.622	2.874
25-29	0.555	0.435	3.234	13.448	3.234	8.309	3.234	3.684
30-34	0.616	0.552	3.711	14.812	3.711	9.431	3.711	4.920
35-39	0.575	0.649	4.448	10.909	4.448	6.752	4.448	6.094
40-44	0.697	0.680	5.808	8.635	5.808	7.681	5.808	7.551
45-49	0.927	0.885	7.697	9.043	7.697	8.994	7.697	8.982
50-54	1.082	0.993	10.050	10.552	10.050	10.549	10.048	10.542
55-59	1.245	1.207	12.764	12.348	12.764	12.348	12.761	12.348
60-64	1.428	1.523	14.914	15.181	14.914	15.181	14.914	15.181
65-69	1.814	1.976	21.230	22.036	21.230	22.036	21.230	22.036
70-74	2.160	2.729	26.995	29.501	26.995	29.501	26.983	29.501
75-79	3.387	3.713	34.195	41.329	34.195	41.329	34.195	41.329
80-84	4.597	4.994	42.750	58.198	42.750	58.198	42.750	58.198
85+	6.126	7.614	55.568	98.859	55.568	98.859	55.568	98.859

(1) Includes all pregnancies

(2) Includes complications of pregnancy only

(3) Excludes pregnancy

For the following benefits, multiply the factor times the claims cost for the In Hospital Admission Benefit

Ground Ambulance Benefit per \$100 benefit - multiply Admission Benefit by	0.1653
Air Ambulance Benefit per \$100 benefit = multiply Admission benefit by:	0.0163

Table 12 - Net Claims Costs - Annual - In Hospital Indemnity Benefit - Per \$100 Daily Benefit

Age	Accident Only		Sickness Only (1)		Sickness (2)		Sickness (3)	
	Male	Female	Male	Female	Male	Female	Male	Female
0-4	1.446	1.127	88.995	75.910	88.995	75.910	88.995	75.910
5-9	0.509	0.439	6.296	3.753	6.296	3.753	6.296	3.753
10-14	1.156	0.565	7.953	7.361	7.953	7.263	7.946	7.215
15-19	2.088	1.794	11.056	20.120	11.056	15.279	11.056	10.250
20-24	3.122	1.322	13.514	34.064	13.514	22.124	13.514	12.148
25-29	2.372	1.584	14.499	40.795	14.499	25.343	14.499	14.377
30-34	2.749	2.107	16.901	48.248	16.901	31.660	16.901	21.122
35-39	2.951	3.148	21.448	39.461	21.448	26.382	21.448	24.503
40-44	2.977	2.708	26.153	34.296	26.153	31.177	26.153	30.727
45-49	4.679	4.172	35.186	38.582	35.186	38.373	35.186	38.336
50-54	6.531	5.371	49.425	48.928	49.425	48.909	49.418	48.890
55-59	6.656	7.102	66.240	59.880	66.240	59.880	66.232	59.880
60-64	8.229	7.647	76.916	77.206	76.916	77.206	76.916	77.206
65-69	10.792	10.064	108.042	113.312	108.042	113.312	108.042	113.312
70-74	11.487	14.610	146.071	159.754	146.071	159.754	145.341	159.754
75-79	21.064	20.417	186.530	226.500	186.530	226.500	186.530	226.500
80-84	26.275	27.382	241.131	318.032	241.131	318.032	241.131	318.032
85+	35.273	39.400	303.523	538.710	303.523	538.710	303.523	538.710

(1) Includes all pregnancies

(2) Includes complications of pregnancy only

(3) Excludes pregnancy

For the following benefits, multiply the factor times the claims cost for the In Hospital Indemnity Benefit

ICU Benefit - apply relativity to In Hospital Indemnity Benefit	0.113
Immediate Family Member Travel Expense Benefit (up to 1 family member) - multiply HIP rate by	0.058
Immediate Family Member Travel Expense Benefit (up to 2 family members) - multiply HIP rate by	0.082
Loss of Income Benefit - multiply HIP rate by	0.108

Table 13 - Coverage Limit Adjustment Factors - HIP

Non-Retro

...Benefits End on Day...

Benefits Begin Day	1	2	5	10	20	30	60	90	180	300
1	0.200	0.361	0.610	0.748	0.841	0.887	0.956	0.980	0.996	1.000
2		0.161	0.410	0.548	0.641	0.687	0.756	0.780	0.796	0.800
3			0.248	0.387	0.480	0.526	0.595	0.619	0.634	0.639
4			0.134	0.272	0.365	0.411	0.480	0.504	0.520	0.524
5			0.055	0.194	0.286	0.332	0.401	0.425	0.441	0.445
6				0.138	0.231	0.277	0.346	0.370	0.386	0.390
7				0.097	0.190	0.236	0.305	0.329	0.345	0.349
8				0.065	0.158	0.204	0.273	0.297	0.313	0.317
14					0.042	0.088	0.157	0.181	0.197	0.201
30							0.069	0.093	0.109	0.113

Retro to Day:

1

...Benefits End on Day...

Benefits Begin Day	2	5	10	20	30	60	90	180	300
2	0.322	0.571	0.709	0.802	0.848	0.917	0.941	0.957	0.961
3		0.477	0.616	0.709	0.755	0.824	0.848	0.863	0.868
4		0.370	0.508	0.601	0.647	0.716	0.740	0.756	0.760
5		0.276	0.415	0.507	0.553	0.622	0.646	0.662	0.666
6			0.344	0.437	0.483	0.552	0.576	0.592	0.596
7			0.289	0.382	0.428	0.497	0.521	0.537	0.541
8			0.246	0.339	0.385	0.454	0.478	0.494	0.498
14				0.204	0.250	0.319	0.343	0.359	0.363
30						0.223	0.247	0.263	0.267

Table 14 - Recuperation Indemnity Benefit

Calculate the corresponding cost for the HIP benefit

Multiply by the relativity	0.9816	per \$100 of daily benefit
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Example

Male, age 42

Accident & Sickness

\$150 per day

Claims Cost:

$= (2.977 + 26.153) * .9816 * (150/100)$

$= 42.891$

Table 15 - Patient Comfort Expense Benefit

Calculate the corresponding rate for the Hospital Admission Benefit

If there is a Waiting Period, apply the appropriate factor from the table below

Multiply by the relativity

of 0.72 per \$100 of maximum benefit

Payable when hospital stay exceeds	Relativity
1	0.8070
2	0.5720
3	0.3940
4	0.2760
5	0.2060
6	0.1600
7	0.1290
8	0.1070
9	0.0900
10	0.0770
11	0.0670
12	0.0576
13	0.0509
14	0.0447

Example:

Male, age 42

Accident & Sickness

Payable when confinement exceeds 2 days

\$200 benefit

Claims Cost:

$$=(.697+5.808)*.5720*.72*(200/100)$$

$$=5.358$$

Table 16 - Pet Care Expense Benefit

Calculate the corresponding cost for the HIP benefit

Multiply by the relativity	0.334	per \$100 of daily benefit
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Example

Male, age 42

Accident & Sickness

\$25 per day

Claims Cost:

$$=(2.977+26.153)*.334*(25/100)$$

$$=2.432$$

Table 17 - Fractures and Other Benefits - Annual Claims Costs per \$1,000**I. Annual Claims Cost - Base**

Age of Insured	Male	Female
0-4	\$2.9772	\$2.9772
5-9	\$33.1580	\$19.5494
10-14	\$46.6598	\$17.8910
15-19	\$58.0153	\$22.4979
20-64	\$25.6403	\$17.3494
65-79	\$40.6918	\$37.1916
80+	\$105.7553	\$49.6008

II. Claims Cost by Type of Fracture

Type of Fracture	ICD9 Range	Relativity
Fracture - Face or Nose	802.00 - 802.19	0.0339
Fracture - Skull	800.00 - 801.99	0.0433
Fracture - Lower Jaw, Mandible	802.20 - 802.39	0.0165
Fracture - Upper Jaw, Maxilla	802.40 - 802.59	0.0149
Fracture - All Skull	800.00 - 804.99	0.1086
Fracture - Upper Arm	812.00 - 812.99	0.1153
Fracture - Shoulder Blade, Collarbone	810.00 - 811.99	0.0499
Fracture - Forearm, Hand Wrist	813.00 - 815.99	0.1806
Fracture - Finger	816.00 - 816.99	0.0471
Fracture - All Upper Limb	810.00 - 819.99	0.3929
Fracture - Vertebrae	805.00 - 805.99	0.0713
Fracture - Vertebral Processes	806.00 - 806.99	0.0037
Fracture - Rib	807.00 - 807.99	0.0625
Fracture - Pelvis	808.00 - 808.99	0.0360
Fracture - All Spine and Trunk	805.00 - 809.99	0.1734
Fracture - hip, Thigh	820.00 - 821.99	0.1410
Fracture - Leg	823.00 - 823.99	0.0551
Fracture - Kneecap	822.00 - 822.99	0.0139
Fracture - Ankle	824.00 - 824.99	0.0728
Fracture - Foot	825.00 - 825.99	0.0289
Fracture - Toe	826.00 - 826.99	0.0135
Fracture - All Lower Limb	820.00 - 829.99	0.3251

multiply Annual Claims Cost from Part I by relativity from Part II

III. Other Adjustments

Claims Costs may be split for benefits differentiated by Open, Closed, or Chip Fractures

Factors	Open	Closed	Chip Benefit
All Skull	0.2325	0.7417	0.0258
All Upper Limb	0.2277	0.7470	0.0253
All Spine and Trunk	0.2870	0.6811	0.0319
All Lower Limb	0.3042	0.6620	0.0338

Table 17 - Fractures and Other Benefits - Annual Claims Costs per \$1,000 (Continued)**IV. Example**

Male, age 42	
\$2,000 Benefit	
Fracture, Upper Arm	
Open Reductions Only	
Annual Claims Cost	1.3463

V. Other Benefits priced as a relativity applied to Fractures

Dislocations Jaw	0.0013
Dislocations Shoulder	0.0364
Dislocations Elbow	0.0332
Dislocations Wrist	0.0007
Dislocations Finger	0.0119
Dislocations Hip	0.0108
Dislocations Knee	0.2009
Dislocations Ankle	0.0013
Dislocations Foot	0.0013
Dislocations Other	0.0076
Joint Replacement	0.0192
Torn Catilage in Knee	0.1548
with surgical repair	0.1238
without surgical repair	0.0310
Torn, ruptured tendon, ligament, rotator cuff	0.3215

VI. Miscellaneous Other Benefits

Benefit	Annual Claims Cost
Wellness Benefit	32.93
Advanced Diagnostic Test Indemnity Benefit - per \$100	25.79
Diagnostic X-Ray and Laboratory Indemnity Benefit - per \$100	71.97

Table 18 - Annual Claims Cost - AD Only*Per \$1,000 Principal Sum*

Age Band	Male	Female
0 - 4	\$0.1420	\$0.1099
5 - 9	\$0.0554	\$0.0444
10 - 14	\$0.0773	\$0.0482
15 - 19	\$0.3710	\$0.1313
20 - 24	\$0.5137	\$0.1110
25 - 29	\$0.4272	\$0.0930
30 - 34	\$0.3737	\$0.1028
35 - 39	\$0.3964	\$0.1363
40 - 44	\$0.4342	\$0.1660
45 - 49	\$0.4452	\$0.1670
50 - 54	\$0.3903	\$0.1369
55 - 59	\$0.3179	\$0.1154
60 - 64	\$0.3080	\$0.1218
65 - 69	\$0.3462	\$0.1545
70 - 74	\$0.4432	\$0.2330
75 - 79	\$0.6988	\$0.3985
80 - 84	\$1.2139	\$0.7381
85+	\$2.3777	\$1.6888

**Table 19 - Annual Claims Cost - Expressed as % of AD Claims Cost
Per \$1000 Total Benefit**

Benefit	Relativity	% Payable	Rel x % Pay
Common Carrier Benefit	0.0117		
Coma Benefit	0.0350		
Modification Benefit	0.0200		
Loss of one finger or one toe	0.1122		
Loss of one arm or one leg	0.0358		
Loss of one hand or one foot	0.0716		
Loss of two or more fingers or toes in any combination	0.0782		
Loss of sight in one eye	0.0076		
Loss of hearing in one ear	0.0760		
Loss of both arms or both legs or one arm and one leg	0.0067		
Loss of both hands or both feet or one hand and one foot	0.0134		
Loss of sight in both eyes	0.0014		
Loss of hearing in both ears	0.0220		
Loss of ability to speak	0.0150		
Paraplegia or hemiplegia	0.0312		
Quadriplegia	0.0106		
Uniplegia	0.0423		
Sum (Rel x % Pay) + 1			

**Table 19a - Annual Claims Cost - Expressed as % of AD Claims Cost
Per \$1000 Total Benefit**

Benefit	Relativity	% Payable	Rel x % Pay
Common Carrier Benefit	0.0117	100%	1.17%
Coma Benefit	0.0350	0%	0.00%
Modification Benefit	0.0200	0%	0.00%
Loss of one finger or one toe	0.1122	25%	2.81%
Loss of one arm or one leg	0.0358	25%	0.90%
Loss of one hand or one foot	0.0716	25%	1.79%
Loss of two or more fingers or toes in any combination	0.0782	25%	1.96%
Loss of sight in one eye	0.0076	25%	0.19%
Loss of hearing in one ear	0.0760	25%	1.90%
Loss of both arms or both legs or one arm and one leg	0.0067	50%	0.34%
Loss of both hands or both feet or one hand and one foot	0.0134	50%	0.67%
Loss of sight in both eyes	0.0014	50%	0.07%
Loss of hearing in both ears	0.0220	50%	1.10%
Loss of ability to speak	0.0150	50%	0.75%
Paraplegia or hemiplegia	0.0312	75%	2.34%
Quadriplegia	0.0106	75%	0.80%
Uniplegia	0.0423	25%	1.06%
Sum (Rel x % Pay) + 1			117.85%

Determining AD&D Annual Claims Cost

Step 1

Determine Annual Claims Cost for AD Only

Example

Age 37, Male

\$50,000 Principal Sum

From Table below:

Claims Cost = $50 * .3964 = \$18.47$

Step 2

Calculate Value of Dismemberment Benefits

Multiply relativities by values shown

Add the results

Example

Age 37, Male

Benefits payable for Dismemberments and other

ancillary benefits are paid as a % Principal Sum

as shown in Table 19a

Step 3

Multiply the Claims Cost in Step 1 by the relativity from Table 19

Roundup to two places

Example

From the example in Steps 1 and 2, the total is:

$\$18.47 * 1.1785 = \21.77

Table 20 - Emergency Room Benefit - Annual Claims Cost per \$100 of Benefit

	...1 Visit Only...				...Factors for Visits per DOC Year...		
	<i>Accident</i>		<i>Sickness</i>		Max. Visits	Accident	Sickness
	Male	Female	Male	Female			
0-4	7.42	5.32	19.82	18.51	1	1.0000	1.0000
5-9	4.54	3.98	7.98	7.00	2	1.2201	1.4786
10-14	6.11	4.25	5.84	7.05	3	1.3255	1.7406
15-19	7.39	5.36	6.68	14.27	4	1.3879	1.9001
20-24	6.35	5.45	7.51	19.20	5	1.4264	2.0054
25-29	6.15	5.75	8.49	16.27	6	1.4525	2.0797
30-34	5.87	4.65	7.10	13.25	7	1.4722	2.1355
35-39	5.42	4.39	7.34	12.79	8	1.4874	2.1790
40-44	5.72	5.32	8.03	10.60	9	1.4999	2.2134
45-49	4.93	4.80	7.61	11.30	10	1.5099	2.2415
50-54	4.45	4.49	7.60	8.52	unlimited	1.5858	2.4256
55-59	4.07	3.43	7.64	7.96			
60-64	3.32	3.29	6.73	7.97			
65-69	3.94	4.09	8.83	8.67			
70-74	5.07	4.98	11.16	12.84			
75-79	5.81	4.12	12.72	14.33			
80-84	7.55	7.56	17.55	18.24			
85+	8.23	9.25	22.47	18.10			

Table 21 - Physician Office Visit Benefit - Annual Claims Cost per \$100 of Benefit

	...1 Visit Only...				...Factors for Visits per DOC Year...		
	<i>Accident</i>		<i>Sickness</i>		Max. Visits	Accident	Sickness
	Male	Female	Male	Female			
0-4	13.61	11.44	145.26	129.28	1	1.0000	1.0000
5-9	17.52	11.05	80.67	86.22	2	1.5864	1.9120
10-14	21.45	11.24	63.70	71.10	3	2.0361	2.6173
15-19	16.43	14.02	50.75	81.00	4	2.3818	3.1540
20-24	11.59	15.30	31.58	77.11	5	2.6542	3.5593
25-29	14.38	13.46	33.74	95.78	6	2.8657	3.8667
30-34	13.70	18.40	52.26	97.16	7	3.0363	4.1042
35-39	20.42	14.25	54.77	111.39	8	3.1719	4.2896
40-44	15.94	16.71	67.84	109.51	9	3.2831	4.4366
45-49	16.00	15.55	77.08	125.55	10	3.3744	4.5541
50-54	19.73	18.67	83.40	119.47	unlimited	4.1080	5.3590
55-59	18.16	23.19	92.84	116.61			
60-64	18.12	24.16	105.91	125.98			
65-69	21.86	24.34	135.66	144.57			
70-74	22.85	31.47	152.33	172.11			
75-79	34.00	27.07	154.99	187.93			
80-84	28.44	38.56	165.21	169.83			
85+	23.19	26.27	175.57	117.40			

Table 22 - Net Claims Costs - Annual - Surgery - Per \$100 Benefit

	Accident Only		Sickness Only (1)		Sickness (2)		Sickness (3)	
	Male	Female	Male	Female	Male	Female	Male	Female
0-4	0.207	0.177	12.192	10.894	12.192	10.894	12.192	10.894
5-9	0.108	0.088	0.790	0.591	0.790	0.591	0.790	0.591
10-14	0.167	0.088	0.881	0.844	0.881	0.825	0.879	0.815
15-19	0.305	0.203	1.249	3.214	1.249	2.328	1.249	1.331
20-24	0.332	0.207	1.453	6.136	1.453	3.865	1.453	1.592
25-29	0.307	0.241	1.792	7.450	1.792	4.603	1.792	2.041
30-34	0.341	0.306	2.056	8.206	2.056	5.225	2.056	2.726
35-39	0.319	0.360	2.464	6.044	2.464	3.741	2.464	3.376
40-44	0.386	0.377	3.218	4.784	3.218	4.255	3.218	4.183
45-49	0.514	0.490	4.264	5.010	4.264	4.983	4.264	4.976
50-54	0.599	0.550	5.568	5.846	5.568	5.844	5.567	5.840
55-59	0.690	0.669	7.071	6.841	7.071	6.841	7.070	6.841
60-64	0.791	0.844	8.262	8.410	8.262	8.410	8.262	8.410
65-69	1.005	1.095	11.761	12.208	11.761	12.208	11.761	12.208
70-74	1.197	1.512	14.955	16.344	14.955	16.344	14.949	16.344
75-79	1.876	2.057	18.944	22.896	18.944	22.896	18.944	22.896
80-84	2.547	2.767	23.684	32.242	23.684	32.242	23.684	32.242
85+	3.394	4.218	30.785	54.768	30.785	54.768	30.785	54.768

(1) Includes all pregnancies

(2) Includes complications of pregnancy only

(3) Excludes pregnancy

Anesthesia Benefit - per \$100 benefit - multiply above claims costs by 0.912

Table 23 - Net Claims Costs - Annual - Physician In Hospital Visits - Per \$100 Benefit

	Accident Only		Sickness Only (1)		Sickness (2)		Sickness (3)	
	Male	Female	Male	Female	Male	Female	Male	Female
0-4	0.413	0.353	24.385	21.788	24.385	21.788	24.385	21.788
5-9	0.216	0.176	1.580	1.182	1.580	1.182	1.580	1.182
10-14	0.335	0.175	1.762	1.689	1.762	1.650	1.758	1.630
15-19	1.276	0.848	5.220	13.437	5.220	9.732	5.220	5.563
20-24	1.387	0.866	6.073	25.650	6.073	16.159	6.073	6.656
25-29	1.285	1.007	7.490	31.146	7.490	19.244	7.490	8.532
30-34	1.427	1.278	8.595	34.305	8.595	21.842	8.595	11.395
35-39	1.332	1.503	10.302	25.265	10.302	15.638	10.302	14.114
40-44	1.614	1.575	13.451	19.999	13.451	17.789	13.451	17.488
45-49	1.795	1.713	14.901	17.507	14.901	17.412	14.901	17.389
50-54	2.095	1.922	19.457	20.429	19.457	20.423	19.453	20.409
55-59	2.410	2.337	24.711	23.906	24.711	23.906	24.705	23.906
60-64	2.765	2.949	28.874	29.390	28.874	29.390	28.874	29.390
65-69	2.779	3.027	32.524	33.759	32.524	33.759	32.524	33.759
70-74	3.309	4.181	41.356	45.196	41.356	45.196	41.338	45.196
75-79	5.189	5.688	52.387	63.316	52.387	63.316	52.387	63.316
80-84	7.043	7.651	65.493	89.159	65.493	89.159	65.493	89.159
85+	9.385	11.665	85.130	151.452	85.130	151.452	85.130	151.452

(1) Includes all pregnancies

(2) Includes complications of pregnancy only

(3) Excludes pregnancy

Table 24 - Net Claims Costs - Annual - Outpatient Surgery - Per \$100 Benefit

	Accident Only		Sickness Only (1)		Sickness (2)		Sickness (3)	
	Male	Female	Male	Female	Male	Female	Male	Female
0-4	0.282	0.241	16.625	14.855	16.625	14.855	16.625	14.855
5-9	0.147	0.120	1.077	0.806	1.077	0.806	1.077	0.806
10-14	0.228	0.120	1.201	1.151	1.201	1.125	1.199	1.111
15-19	0.416	0.277	1.703	4.383	1.703	3.175	1.703	1.815
20-24	0.453	0.282	1.981	8.367	1.981	5.270	1.981	2.171
25-29	0.419	0.329	2.444	10.159	2.444	6.277	2.444	2.783
30-34	0.465	0.417	2.804	11.190	2.804	7.125	2.804	3.717
35-39	0.435	0.491	3.360	8.242	3.360	5.101	3.360	4.604
40-44	0.526	0.514	4.388	6.524	4.388	5.802	4.388	5.704
45-49	0.701	0.668	5.814	6.832	5.814	6.795	5.814	6.785
50-54	0.817	0.750	7.593	7.972	7.593	7.969	7.591	7.964
55-59	0.941	0.912	9.642	9.329	9.642	9.329	9.641	9.329
60-64	1.079	1.151	11.266	11.468	11.266	11.468	11.266	11.468
65-69	1.370	1.493	16.038	16.647	16.038	16.647	16.038	16.647
70-74	1.632	2.062	20.393	22.287	20.393	22.287	20.385	22.287
75-79	2.558	2.805	25.832	31.221	25.832	31.221	25.832	31.221
80-84	3.473	3.773	32.296	43.966	32.296	43.966	32.296	43.966
85+	4.628	5.752	41.979	74.683	41.979	74.683	41.979	74.683

(1) Includes all pregnancies

(2) Includes complications of pregnancy only

(3) Excludes pregnancy

Anesthesia Benefit - per \$100 benefit - multiply above claims costs by 0.408

OP as % Inpatient
 Frequency Relativity 1.363621
 Severity Relativity 0.5
 Relativity 0.681811

Table 25 - Risk Classification Factors I

Apply to Sickness and Wellness Benefits

	Low Value	High Value
Non-Contributory Benefits	0.80	0.95
Embedded Benefits	0.96	1.05
Voluntary, Affinity Markets	1.06	1.20
Voluntary, Other Markets	1.21	1.30

Non-Contributory Benefits
Benefits which are available and cover everyone in an eligible class. Examples include NAC credit card benefits, non-contributory employee benefits

Embedded Benefits
Benefits which are included as part of membership benefits, usually in an association. The availability of these and other benefits is a prime reason for purchasing the membership

Voluntary, Affinity Markets
Affinity markets include financial institutions, alumni associations, etc. Insured pays all of the cost. This benefit may be purchased separately from all others

Voluntary, Other Markets
Same as above, but no real affinity; individual type sale or association primarily for purchasing insurance

Table 26 - Risk Classification Factors II

Voluntary Program - Participation

	Low Value	High Value
<i>Persistency of Insured</i>		
90% or more renew each year	1.00	1.00
70%-89% renew each year	1.05	1.15
50%-69% renew each year	1.16	1.35
Less than 50% renew each year	1.36	1.80
<i>Persistency of Group</i>		
1 Carrier within last 5 years	0.90	0.99
2 different carriers within last 5 years	1.01	1.10
3 or more different policies within last 5 years	1.11	1.20
No previous program	1.00	1.00
<i>Historical Experience Available</i>		
Multiple Years' Loss Experience Available	1.00	1.00
Existing program, no loss experience available	1.01	1.10
New program	1.11	1.20

Table 26a - Risk Classification Factors II - Example

Voluntary Program - Participation

	Low Value	High Value
<i>Persistency of Insured</i>		
90% or more renew each year	1.00	1.00
70%-89% renew each year	1.05	1.15
50%-69% renew each year	1.16	1.35
Less than 50% renew each year	1.36	1.80
<i>Persistency of Group</i>		
1 Carrier within last 5 years	0.90	0.99
2 different carriers within last 5 years	1.01	1.10
3 or more different policies within last 5 years	1.11	1.20
No previous program	1.00	1.00
<i>Historical Experience Available</i>		
Multiple Years' Loss Experience Available	1.00	1.00
Existing program, no loss experience available	1.01	1.10
New program	1.11	1.20

Selected Parameters: 80% renewal / low value / 2 Carriers within last 5 years / Existing Program

Calculation: $1.05 \times 1.01 \times 1.01 = 1.0711$

Table 27 - Worldwide Coverage	
Worldwide Coverage	1.05
US Coverage Only	1.00

Table 28 - ADEA Reduction Schedules and Rating Factors				
<i>I. Benefit Level as % Pre-65 Amount</i>				
	Schedule 1	Schedule 2	Schedule 3	
0-64	1.00	1.00	1.00	
65-69	1.00	1.00	0.50	
70-74	0.75	0.50	0.50	
75-79	0.50	0.50	0.50	
80+	0.50	0.50	0.50	
Rating Factor	1.000	0.995	0.978	
	Schedule 4	Schedule 5	Schedule 6	
0-64	1.00	1.00	1.00	
65-69	0.50	1.00	0.75	
70-74	0.25	0.65	0.50	
75-79	0.25	0.45	0.50	
80+	0.25	0.30	0.50	
Rating Factor	0.964	0.994	0.987	

SERFF Tracking #:

CLTR-128855170

State Tracking #:

Company Tracking #:

ASHIP5000 RATES

State: District of Columbia

Filing Company:

Federal Insurance Company

TOI/Sub-TOI: H21 Health - Other/H21.000 Health - Other

Product Name: ACCIDENT AND SICKNESS LIMITED BENEFIT CASH POLICY

Project Name/Number: Chubb-ASHIP - Rates/Chubb-ASHIP - Rates

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Cover Letter All Filings		
Comments:	See Filing Description under General Information tab.		
		Item Status:	Status Date:
Satisfied - Item:	Certificate of Authority to File		
Comments:			
Attachment(s):			
ASHIP - Coulter filing authorization (12-14-2012).pdf			
		Item Status:	Status Date:
Bypassed - Item:	Actuarial Memorandum		
Bypass Reason:	N/A - New rates, not a rate change filing.		
		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:			
Attachment(s):			
Act Memo CW 122112.pdf			
		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		
Bypass Reason:	N/A - New rates, not a rate change filing.		
		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
Bypass Reason:	N/A - New rates, not a rate change filing.		
		Item Status:	Status Date:

SERFF Tracking #:

CLTR-128855170

State Tracking #:

Company Tracking #:

ASHIP5000 RATES

State:

District of Columbia

Filing Company:

Federal Insurance Company

TOI/Sub-TOI:

H21 Health - Other/H21.000 Health - Other

Product Name:

ACCIDENT AND SICKNESS LIMITED BENEFIT CASH POLICY

Project Name/Number:

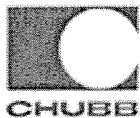
Chubb-ASHIP - Rates/Chubb-ASHIP - Rates

Bypassed - Item:	Consumer Disclosure Form		
Bypass Reason:	N/A - New rates, not a rate change filing.		

Item Status:

Status Date:

Bypassed - Item:	Rate Summary Worksheet		
Bypass Reason:	N/A - New rates, not a rate change filing.		



CHUBB GROUP OF INSURANCE COMPANIES

15 Mountain View Road, Warren, NJ 07059

December 14, 2012

To: State Insurance Departments

Subject: Filing Authorization for Coulter & Associates

Federal Insurance Company has engaged the services of Coulter & Associates to assist with its form and rate filings. I hereby authorize Coulter & Associates to represent Federal Insurance Company in regard to this filing in your state.

Signature *Louise M. Mueller*
By: Louise M. Mueller
Title: Assistant Vice President, U.S. Insurance Regulatory Compliance

Chubb & Son
a division of Federal Insurance Company, Manager

**Federal Insurance Company
Actuarial Memorandum
Accident and Sickness Limited Benefits Policy
Form ASHIP5000 et al.**

Item 1. Scope & Purpose

This is a new rate filing. Rates are being filed to accompany a new form filing. The purpose of this actuarial memo is to support the filed rates.

Item 2. Benefit Description

This program will be offered on a noncontributory and contributory basis to eligible members of associations, customers of financial institutions, or employees. The major benefit is Hospital Indemnity payable on an accident and / or sickness basis. A number of additional benefits are also available.

Item 3. Renewability

The policy is renewable at the option of the insurer and the policyholder.

Item 4. Applicability

This filing applies to all new issues. There are no existing insureds under this form.

Item 5. Morbidity

The following sources of morbidity experience were used:

- Center for Disease Control, Injury Data and Resources
- "Injury Facts", Editions 2005-2006, 2007-2008, published by the National Safety Council
- "Statistical Abstract of the United States, 2010 Edition"
- Unpublished data on Insured and non-insured programs

Item 6. Mortality

Mortality is based on US population mortality.

**Federal Insurance Company
Actuarial Memorandum
Accident and Sickness Limited Benefits Policy
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Item 7. Persistency

Lapses are expected to average 20% per year. The actual lapse rate will vary considerably from one group to another depending on whether the Coverage is voluntary or mandatory, and other factors as well.

Item 8. Expenses and Commissions

Expenses and claims assumptions are expressed as a percentage of total premiums as follows:

Claims	50.0%
Loss Adjustment Expense	5.0%
Premium Tax	2.5%
Other Underwriting Expenses	9.0%
Commission	20.0%
Underwriting and Administrative Fee to MGU	7.5%
Profit and Contingencies	6.0%
Total	100.0%

Item 9. Marketing

The program may be marketed by brokers, TPAs and Program Administrators.

Item 10. Pre-Existing Condition Limitations and Underwriting

The policy contains variable language with respect to pre-existing conditions which may serve to limit coverage for pre-existing conditions to the amount shown in the Schedule.

Item 11. Premium Classes

Premiums are calculated on a group-by-group basis using underwriting information particular to the group and using the formulas shown in the rate manual. Within each group, premiums vary by the amount of coverage provided and the age / sex of the Insured. At the request of the Policyholder premiums may be offered that do not vary by age and / or sex.

Item 12. Issue Age Limits and Coverage Duration

Coverage is available to persons meeting the Eligibility requirements as shown in the Policy.

**Federal Insurance Company
Actuarial Memorandum
Accident and Sickness Limited Benefits Policy
Form ASHIP5000 et al.**

Item 13. Area Factors

There are no area factors.

Item 14. Average Annual Premium

The average annual premium is expected to be \$600 per Certificate. The average premium may vary significantly from one group to another based on the level of benefits offered, the limits on the benefits offered, plan demographics, and other factors as well.

Item 15. Premium Modalization Rules

The premiums in the rate manual are annual. Monthly premiums are 1/12 the annual premiums.

Item 16. Claim Liability and Reserves

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

Item 17. Active Life Reserves

No Active Life Reserves will be held for this coverage.

Item 18. Trend Assumption

The Insurance trend is zero. The medical trend is 0% per year.

Item 19. Minimum Required Loss Ratio

The minimum required loss ratio is 50%.

Item 20. Anticipated Loss Ratio

The anticipated loss ratio is 50.0%. This is calculated over the term of the policy.

Item 21. Distribution of Business

The demographics of the Insured population is expected to mirror the general population.

Item 22. Contingency and Risk Margin

The expected margin for profit and contingencies is 6.0% of premium.

**Federal Insurance Company
Actuarial Memorandum
Accident and Sickness Limited Benefits Policy
Form ASHIP5000 et al.**

Item 23. Experience on the Form

This is a new form. There is no past experience. It is unknown how much business will be written in the future. The projected future experience shown below assumes \$100,000 of annual earned premium.

Table of Projected Future Experience

Year	Earned Premium	Incurred Claims	Incurred Loss Ratio
2013	\$100,000	\$50,000	50.0%
2014	100,000	50,000	50.0
2015	100,000	50,000	50.0
2016	100,000	50,000	50.0
2017	100,000	50,000	50.0
2018	100,000	50,000	50.0
2019	100,000	50,000	50.0
2020	100,000	50,000	50.0
2021	100,000	50,000	50.0
2022	100,000	50,000	50.0

Item 24. Lifetime Loss Ratio

The lifetime loss ratio is 50.0%.

Item 25. History of Rate Adjustments

This is a new form. There have been no rate adjustments.

Item 26. Number of Policyholders

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

Item 27. Proposed Effective Date

These rates are to be effective coincident with state approval.

Federal Insurance Company
Actuarial Memorandum
Accident and Sickness Limited Benefits Policy
Form ASHIP5000 et al.

Item 28. Actuarial Certification

I certify that to the best of my knowledge and belief, the entire rate filing is in compliance with the applicable laws of the state where filed and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8, 'Regulatory Filings for Rates and Financial Projections for Health Plans', and that the benefits are reasonable in relation to the proposed premiums.



Thomas G. Coulter, FSA, MAAA
Consulting Actuary

December 12, 2012