

**State:** District of Columbia **Filing Company:** HCC Life Insurance Company  
**TOI/Sub-TOI:** H11G Group Health - Disability Income/H11G.004 Other  
**Product Name:** Group Forms Specialized Disability Forms  
**Project Name/Number:** HCCSU/79.1/79.1

## Filing at a Glance

Company: HCC Life Insurance Company  
Product Name: Group Forms – Specialized Disability Forms  
State: District of Columbia  
TOI: H11G Group Health - Disability Income  
Sub-TOI: H11G.004 Other  
Filing Type: Rate  
Date Submitted: 09/04/2013  
SERFF Tr Num: FRCS-129188922  
SERFF Status: Pending Industry Response  
State Tr Num:  
State Status:  
Co Tr Num: 6031.1  
Implementation: On Approval  
Date Requested:  
Author(s): Michael Cochran, Kevin Wiggs  
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu  
Disposition Date:  
Disposition Status:  
Implementation Date:  
State Filing Description:

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## General Information

Project Name: HCCSU/79.1 Status of Filing in Domicile: Pending  
Project Number: 79.1 Date Approved in Domicile:  
Requested Filing Mode: Review & Approval Domicile Status Comments: This filing is being submitted in the domicile state on 07/12/2013.  
Explanation for Combination/Other: Market Type: Group  
Submission Type: New Submission Group Market Size: Small and Large  
Group Market Type: Other Explanation for Other Group Market Type: See filing description  
Overall Rate Impact: Filing Status Changed: 09/18/2013  
State Status Changed:  
Deemer Date: Created By: Michael Cochran  
Submitted By: Michael Cochran Corresponding Filing Tracking Number: FRCS-129107937

Filing Description:  
CONFIDENTIALITY REQUESTED FOR RATES

We have been retained by HCC Life Insurance Company to file the enclosed rates for approval in your state.

The actuarial memorandum provided, demonstrates compliance with the Department's loss ratio regulation.

Type of Submission: This is one of four separate filings being submitted for the company's Specialized Disability program. The Specialized Disability program consists of group and individual policy forms that are sold to executives, entertainers and athletes of various sports. Coverage may be purchased on an individual or an entire group depending on the circumstances.

This rate filing applies to the group specialized disability forms submitted on 07/22/2013 under separate cover (SERFF tracking number FRCS-129107921). Confidentiality is requested for these rates.

The Rate Manual and Actuarial Manual are enclosed. Please note that since this a program that contemplates both group and individual insurance being issued, depending on the facts of each policy issuance, the manual applies to the captioned group policy forms as well as the Individual policy forms that are submitted under separate SERFF Filing FRCS-129107762.

Domiciliary State: HCC Life Insurance Company is domiciled in the State of Indiana and this filling has been submitted to Indiana.

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your jurisdiction.

If you have any questions or need additional information, please call toll-free 1-800-927-2730. Thank you for your assistance.

## Company and Contact

### Filing Contact Information

Michael Cochran, Compliance Specialist michael.cochran@firstconsulting.com  
1020 Central 800-927-2730 [Phone] 2756 [Ext]  
Suite 201 816-391-2755 [FAX]  
Kansas City, MO 64105

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**Filing Company Information**

(This filing was made by a third party - FC01)

HCC Life Insurance Company	CoCode: 92711	State of Domicile: Indiana
225 TownPark Drive	Group Code: 984	Company Type:
Suite 145	Group Name:	State ID Number:
Kennesaw, GA 30144-5509	FEIN Number: 35-1817054	
(770) 973-9851 ext. [Phone]		

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**Filing Fees**

Fee Required? No  
Retaliatory? No  
Fee Explanation:

SERFF Tracking #:

FRCS-129188922

State Tracking #:

Company Tracking #:

6031.1

State:

District of Columbia

Filing Company:

HCC Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.004 Other

Product Name:

Group Forms Specialized Disability Forms

Project Name/Number:

HCCSU/79.1/79.1

## Correspondence Summary

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Darniece Shirley	09/18/2013	09/18/2013

#### Response Letters

Responded By	Created On	Date Submitted
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**State:** District of Columbia **Filing Company:** HCC Life Insurance Company  
**TOI/Sub-TOI:** H11G Group Health - Disability Income/H11G.004 Other  
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## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/18/2013
Submitted Date	09/18/2013
Respond By Date	10/09/2013

Dear Michael Cochran,

### Introduction:

Thank you for your recent filing. Please see below for additional information requested to continue review of the rate filing.

### Objection 1

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please provide the average annual premium for the proposed product.

### Objection 2

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please provide the range of debit/credit for each exposure.

### Objection 3

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please provide the range of key determinants for evaluations of insurability.

### Objection 4

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please confirm the maximum of the total debits and key determinants for evaluation of insurability is.

### Objection 5

- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please provide explanation for the significant drop in earned premium from years 2006-current. What factors contributed to this substantial change? What is the companys expectation of earned premium moving forward?

### Objection 6

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please provide a persistency table and justification for this initial filing.

### Objection 7

- Actuarial Memorandum (Supporting Document)

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- Actuarial Justification (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please provide mortality and morbidity assumptions and justifications for this rate filing per DCs Health Rate Filing Instructions.

#### **Objection 8**

- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: The rate table for American Football does not have headers. Please provide.

#### **Objection 9**

- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: The rate tables for sports occupations cease at a certain age. Is this the maximum insurable age for that respective sport? If not, please the rating methodology for ages not shown.

#### **Objection 10**

- Cover Letter All Filings (Supporting Document)
- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- Unified Rate Review Template (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please confirm: This rate review is limited to DC resident policyholders or DC domiciled group certificate holders. All other rate requests will need to be reviewed by that respective state.

#### **Objection 11**

- Cover Letter All Filings (Supporting Document)
- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Loss Ratio Analysis (P&C) (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- Unified Rate Review Template (Supporting Document)
- Rates, [HCCSU TP-13 SP DIS, HCCSU G-13] (Rate)

Comments: Please note, this rate filing is subject to conformity with the corresponding forms filing. This department reserves the right to withdraw the filing if not.

#### **Conclusion:**

Sincerely,  
Darniece Shirley

SERFF Tracking #:

FRCS-129188922

State Tracking #:

Company Tracking #:

6031.1

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### Rate Information

Rate data applies to filing.

Filing Method: For Approval

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing: N/A

### Company Rate Information

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

**SERFF Tracking #:**

FRCS-129188922

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

6031.1

**State:** District of Columbia**Filing Company:**

HCC Life Insurance Company

**TOI/Sub-TOI:** H11G Group Health - Disability Income/H11G.004 Other**Product Name:** Group Forms Specialized Disability Forms**Project Name/Number:** HCCSU/79.1/79.1

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rates	HCCSU TP-13 SP DIS, HCCSU G-13	New		Underwriting Rating Guidelines -BTB- March 2012 -Rev 2-25-13.pdf,





**HCC SPECIALTY UNDERWRITERS, INC.**

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# **Accident & Health Portfolio**

**Underwriting & Rating Guidelines**

**Policy Series HCCSU-TP-13 and HCCSU-IND-13**

**March 2012**

***PRIVATE & CONFIDENTIAL***

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## Underwriting Guidelines - Overview

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This manual provides HCC Specialty employees with underwriting guidelines, rating tables and outlines factors to be considered when underwriting the accident & health portfolio.

Various factors should be utilised to assess how much load, or discount should be applied.

### Weighting Factors

Additional Coverage
Additional Occupational Duties
Age
Club (medical facilities / care therein)
Contractual Status
Elimination Period
Health Issues
Hobbies
Injury History
Installment Payments
Length of Season
Level of Performance
Limit Required
Longevity
Moral / Behavioral Exposure
Occupation
Players Position
Policy Term
Travel Pattern

## General Guidelines to Process

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A common process of underwriting is to be applied across the main Product Areas.

### **Pre Underwriting**

A general analysis will be undertaken on each risk prior to any release of terms – including Player/Individual, Age, Club/Occupation, Key Stats, Injury History, Basic Contractual Details / expected future value, level of performance (including games played), and background check applied.



### **Policy Cancellation Provisions**

Coverage will terminate on the first to occur of:

- a) the date the Policyholder fails to pay any required premium, subject to the Grace Period;
- b) the Expiration Date of Coverage;
- c) the date the Policyholder's Employment Contract with the Insured expires, if applicable;
- d) the date the Policyholder's Employment Contract with the Insured is rescinded, cancelled or made legally null and void, if applicable;
- e) early termination of the Insured's Employment Contract (prior to the termination date specified in the Employment Contract) unless a successor contract, approved by Us in writing, is adopted concurrently, if applicable; or
- f) on assignment by the Policyholder of its interest in the Insured's Employment Contract unless the assignment is approved by Us in writing, if applicable;
- g) the date the Insured ceases to be a member of the active roster of the Policyholder, if applicable.

Upon early termination We will refund, to the Policyholder, any unearned premium.

Termination, in accordance with a), b) or c), will be without prejudice to any claim which originated prior to the effective date of termination except that We will not extend coverage beyond a date for which premium has not been paid.

### **Territorial Limitations**

None

**Proposal / Medical Information Requirements**

1. HCCSU Proposal / Medical Form required, or
2. Full Copy of Team Physical at contract signing plus declaration to cover interim period, or
3. Alternative Proposal / Medical Form, if standard is equivalent or exceeds normal standards, and is accepted by HCCSU
4. If required HCCSU's designated medical experts will be consulted for guidance and advice
5. If Individual's sum insured exceeds specified sum insured or age an Independent Orthopedic Surgeons Report is required / HCCSU designated Medical Expert will conduct a full medical screen and report back on findings / recommendations
6. HCCSU reserve the right to request additional medical information
7. Copy of Players Contract for US Sport where available

## Core US Sports

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### Baseball

#### Temporary Total Disablement Coverage (60 day Wait)

**INTEREST:** Temporary Total Disablement of the Insured following Accident or Sickness  
24 hour cover

**SITUATION:** Worldwide

**WAITING PERIOD:** 60 days each & every loss

**CONDITIONS:** As per wording  
18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information

Age of Player	Fielder	Pitcher
20	1.78%	5.34%
21	1.79%	5.38%
22	1.83%	5.48%
23	1.84%	5.52%
24	1.89%	5.66%
25	1.90%	5.71%
26	1.98%	5.94%
27	2.09%	6.27%
28	2.23%	6.69%
29	2.50%	7.49%
30	2.67%	8.00%
31	2.85%	8.56%
32	3.12%	9.36%

**Temporary Total Disablement Coverage (90 day Wait)**

**INTEREST:** Temporary Total Disablement of the Insured following Accident or Sickness  
24 hour cover

**SITUATION:** Worldwide

**WAITING PERIOD:** 90 days each & every loss

**CONDITIONS:** 18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information

Age of Player	Fielder	Pitcher
20	1.42%	4.26%
21	1.44%	4.31%
22	1.47%	4.40%
23	1.48%	4.45%
24	1.51%	4.54%
25	1.54%	4.63%
26	1.58%	4.73%
27	1.65%	4.96%
28	1.73%	5.19%
29	1.90%	5.71%
30	2.03%	6.08%
31	2.20%	6.60%
32	2.40%	7.21%



Baseball Cont...

**Permanent Total Disablement Coverage**

**INTEREST:** Permanent Total Disablement of the Insured following Accident or Sickness  
24 hour cover

**SITUATION:** Worldwide

**ELIMINATION PERIOD:** 12 months

**CONDITIONS:** 18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information

<b>Age of Player</b>	<b>Fielder</b>	<b>Pitcher</b>
18	0.572%	1.717%
19	0.588%	1.764%
20	0.604%	1.811%
21	0.618%	1.855%
22	0.640%	1.920%
23	0.668%	2.004%
24	0.696%	2.087%
25	0.777%	2.330%
26	0.813%	2.439%
27	0.851%	2.552%
28	0.887%	2.661%
29	0.997%	2.991%
30	1.053%	3.158%

## Basketball

### Permanent Total Disablement Coverage

**INTEREST:** Permanent Total Disablement of the Insured following Accident or Sickness  
24 hour cover

**SITUATION:** Worldwide

**ELIMINATION PERIOD:** 12 months

**CONDITIONS:** 18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information

Age of Player	Rate
21	1.210%
22	1.310%
23	1.412%
24	1.472%
25	1.562%
26	1.901%
27	2.074%
28	2.377%
29	2.561%
30	3.110%

**American Football**
**Permanent Total Disablement Coverage**

**INTEREST:** Permanent Total Disablement of the Insured following Accident or Sickness  
24 hour cover

**SITUATION:** Worldwide

**ELIMINATION PERIOD:** 12 months

**CONDITIONS:** 18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information

20	1.180%	1.180%	0.612%
21	1.180%	1.180%	0.612%
22	1.180%	1.180%	0.612%
23	1.240%	1.180%	0.612%
24	1.296%	1.296%	0.612%
25	1.556%	1.296%	0.612%
26	1.864%	1.864%	0.612%
27	2.232%	2.232%	0.612%
28	2.672%	2.672%	0.734%
29	3.766%	3.766%	0.734%
30	5.076%	5.076%	0.857%

**Ice Hockey****Permanent Total Disablement Coverage**

**INTEREST:** Permanent Total Disablement of the Insured following Accident or Sickness  
24 hour cover

**SITUATION:** Worldwide

**ELIMINATION PERIOD:** 12 months

**CONDITIONS:** 18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information

<b>Age of Player</b>	<b>Rate</b>
18	0.878%
19	0.878%
20	0.989%
21	0.989%
22	1.098%
23	1.098%
24	1.153%
25	1.153%
26	1.208%
27	1.482%
28	1.593%
29	1.976%
30	2.525%

## Non Sport Risks

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In addition to the pure sport 'occupational' type coverage's, these covers are for Sportsmen's non sports related exposures or for non Sports entities including High Net Worth Executives and Entertainers.

### Entertainment & Key Man

<b>Temporary Total Disablement Coverage</b>		
<b>INTEREST:</b>	Temporary Total Disablement of the Insured following Accident or Sickness 24 hour cover	
<b>SITUATION:</b>	Worldwide	
<b>EXCESS PERIOD:</b>	Variable as per Rating Matrix	
<b>MAX BENEFIT PERIOD:</b>	Up to 60 Months as per Rating Matrix	
<b>CONDITIONS:</b>	18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information	
<b>OCCUPATIONAL LOADINGS:</b>	Attorney:	20%
	Entertainer:	20%
	Model:	25%
<b>3<sup>rd</sup> Party Discount</b>	10%	
<b>RATES:</b>	Listed rates are calculated as per \$100 of monthly benefit	
<b>GROUP DISCOUNTS:</b>	1 to 4 people	0%
	5 to 14 people	5%
	15 to 24 people	10%
	25 to 29 people	15%
	50 people and over	20%

12 Month Benefit Period				
Age	30 Days	60 Days	90 Days	180 Days
16	6.31	4.63	3.92	2.86
17	6.31	4.63	3.92	2.86
18	6.31	4.63	3.92	2.86
19	6.31	4.63	3.92	2.86
20	6.31	4.63	3.92	2.86
21	6.31	4.63	3.92	2.86
22	6.31	4.63	3.92	2.86
23	6.31	4.63	3.92	2.86
24	6.31	4.63	3.92	2.86
25	6.31	4.63	3.92	2.86
26	6.56	4.78	4.01	2.91
27	6.81	4.92	4.12	2.97
28	7.08	5.08	4.23	3.02
29	7.37	5.24	4.34	3.07
30	7.59	5.27	4.42	3.09
31	7.88	5.30	4.47	3.16
32	8.17	5.37	4.52	3.28
33	8.28	5.43	4.59	3.39
34	8.45	5.55	4.63	3.51
35	8.66	5.60	4.67	3.67
36	8.98	5.63	4.69	3.68
37	9.38	5.66	4.71	3.69
38	9.87	5.69	4.73	3.70
39	10.42	5.72	4.75	3.72
40	10.69	5.73	4.77	3.73
41	11.33	6.01	4.79	3.75
42	12.03	6.37	4.81	3.77
43	12.77	6.81	5.12	3.79
44	13.60	7.33	5.52	4.07
45	14.45	7.92	5.98	4.40
46	15.17	8.92	6.47	4.78
47	16.40	10.04	7.36	5.31
48	17.46	11.49	8.25	5.87
49	19.53	13.44	9.99	6.75
50	21.85	15.24	12.02	7.65
51	26.89	18.08	14.44	9.05
52	28.43	19.20	15.61	9.22
53	30.09	20.41	16.90	9.34
54	31.82	21.65	18.18	9.55
55	33.62	22.90	19.39	9.92
56	35.46	24.15	20.46	10.53
57	37.37	25.38	21.38	11.38
58	39.34	26.58	22.07	12.59
59	41.36	27.75	22.50	14.16
60	46.95	31.18	24.39	17.54
61	49.29	32.75	25.59	18.41
62	52.57	34.91	27.30	19.65
63	56.33	37.41	29.26	21.04
64	60.55	40.21	31.45	22.62
65	65.71	43.64	34.13	24.55

24 Month Benefit Period				
Age	30 Days	60 Days	90 Days	180 Days
16	7.26	6.01	5.08	4.38
17	7.26	6.01	5.08	4.38
18	7.26	6.01	5.08	4.38
19	7.26	6.01	5.08	4.38
20	7.26	6.01	5.08	4.38
21	7.26	6.01	5.08	4.38
22	7.26	6.01	5.08	4.38
23	7.26	6.01	5.08	4.38
24	7.26	6.01	5.08	4.38
25	7.26	6.01	5.08	4.38
26	7.52	6.25	5.38	4.52
27	7.81	6.50	5.56	4.66
28	8.59	6.75	5.72	4.82
29	8.75	7.00	5.88	4.99
30	8.83	7.25	6.05	5.07
31	9.19	7.50	6.27	5.29
32	10.06	7.75	6.54	5.67
33	10.36	7.88	6.92	5.75
34	11.04	8.11	7.15	5.85
35	11.40	8.22	7.16	5.98
36	11.79	8.23	7.17	5.96
37	12.25	8.23	7.18	5.97
38	12.78	8.37	7.19	5.99
39	13.34	8.56	7.23	6.01
40	13.56	8.56	7.28	6.03
41	14.27	8.91	7.38	6.04
42	15.09	9.42	7.75	6.31
43	16.06	10.06	8.26	6.72
44	17.15	10.84	8.91	7.24
45	18.31	11.73	9.66	7.86
46	19.58	12.69	10.48	8.53
47	21.20	13.70	11.35	9.49
48	22.98	15.96	13.06	11.27
49	25.66	18.60	14.84	13.95
50	28.41	21.31	17.32	16.39
51	31.77	25.39	21.68	20.69
52	33.68	27.07	23.18	21.96
53	35.73	28.86	24.80	23.29
54	37.87	30.75	26.51	24.72
55	40.08	32.69	28.25	26.30
56	42.37	34.67	30.02	28.05
57	44.72	36.66	31.81	29.98
58	47.12	38.69	33.58	31.00
59	49.55	40.72	35.38	31.83
60	56.25	46.19	40.12	37.71
61	59.06	48.50	42.12	41.15
62	63.00	51.61	44.94	42.67
63	67.50	55.43	48.15	45.51
64	72.56	59.58	51.76	48.93
65	78.71	64.67	56.16	53.09

36 Month Benefit Period				
Age	30 Days	60 Days	90 Days	180 Days
16	8.05	6.58	5.47	4.51
17	8.05	6.58	5.47	4.51
18	8.05	6.58	5.47	4.51
19	8.05	6.58	5.47	4.51
20	8.05	6.58	5.47	4.51
21	8.05	6.58	5.47	4.51
22	8.05	6.58	5.47	4.51
23	8.05	6.58	5.47	4.51
24	8.05	6.58	5.47	4.51
25	8.05	6.58	5.47	4.51
26	8.65	7.05	5.64	4.55
27	8.97	7.28	5.81	4.72
28	9.32	7.51	5.97	4.86
29	9.68	7.77	6.15	5.04
30	10.45	7.82	6.57	5.11
31	10.89	7.95	6.77	5.35
32	11.36	8.56	6.99	5.84
33	11.63	9.07	7.23	6.05
34	11.79	9.71	7.50	6.33
35	13.41	10.19	8.06	7.72
36	13.88	10.21	8.40	7.74
37	14.42	10.35	8.76	7.82
38	15.01	10.56	9.17	7.91
39	15.64	10.81	9.61	8.02
40	15.86	10.83	9.63	8.10
41	16.67	11.29	9.65	8.17
42	17.66	11.92	10.17	8.57
43	18.81	12.77	10.85	9.16
44	20.13	13.77	11.73	9.87
45	21.56	14.93	12.71	10.72
46	23.10	16.16	13.80	11.65
47	24.69	17.47	14.96	12.64
48	26.25	18.77	16.13	13.67
49	27.90	21.20	17.84	15.11
50	31.45	25.14	20.10	17.04
51	36.52	29.33	22.66	20.89
52	38.72	30.81	24.23	22.18
53	41.08	32.86	25.93	23.52
54	43.53	35.08	27.70	25.04
55	46.08	37.21	29.53	26.65
56	48.71	39.47	31.37	28.69
57	51.40	41.75	33.24	30.35
58	54.17	44.06	35.11	32.13
59	56.96	46.35	36.97	34.53
60	64.67	52.59	41.93	40.22
61	67.90	55.22	44.03	42.24
62	72.44	58.78	46.97	45.06
63	77.61	63.12	50.32	48.27
64	83.42	67.85	54.09	51.90
65	90.51	73.63	58.70	56.30



48 Month Benefit Period				
Age	30 Days	60 Days	90 Days	180 Days
16	9.67	7.73	6.20	4.93
17	9.67	7.73	6.20	4.93
18	9.67	7.73	6.20	4.93
19	9.67	7.73	6.20	4.93
20	9.67	7.73	6.20	4.93
21	9.67	7.73	6.20	4.93
22	9.67	7.73	6.20	4.93
23	9.67	7.73	6.20	4.93
24	9.67	7.73	6.20	4.93
25	9.67	7.73	6.20	4.93
26	10.01	7.96	6.37	5.08
27	10.37	8.22	6.57	5.24
28	10.78	8.49	6.75	5.42
29	11.21	8.77	6.96	5.61
30	12.09	9.41	7.43	6.03
31	12.60	9.75	7.66	6.26
32	13.14	10.13	7.91	6.51
33	13.73	10.53	8.22	6.77
34	14.36	10.96	8.50	7.06
35	14.97	11.71	9.06	7.64
36	15.50	11.81	9.06	7.99
37	16.12	12.03	9.91	8.37
38	16.78	12.31	10.37	8.79
39	17.49	12.64	10.88	9.25
40	17.73	12.67	11.09	9.58
41	18.65	13.24	11.52	9.93
42	19.77	14.03	12.17	10.47
43	21.10	15.03	13.03	11.20
44	22.60	16.23	14.07	12.11
45	24.26	17.60	15.29	13.14
46	26.04	19.08	16.60	14.28
47	27.91	20.65	18.00	15.51
48	29.75	22.24	19.46	16.79
49	33.11	24.55	20.96	18.14
50	36.98	28.34	22.66	20.22
51	42.27	32.64	25.63	23.29
52	43.99	34.80	27.43	24.72
53	47.53	37.12	29.34	26.22
54	50.39	39.54	31.36	27.84
55	53.33	42.03	33.41	29.61
56	56.36	44.57	35.51	31.59
57	59.49	47.15	37.62	33.76
58	62.68	49.75	39.74	36.18
59	65.93	52.35	41.83	38.88
60	74.84	59.38	47.46	45.30
61	78.58	62.36	49.83	47.56
62	83.82	66.38	53.14	50.74
63	89.79	71.26	56.94	54.36
64	96.53	76.62	61.22	58.43
65	104.73	83.15	66.42	63.41

60 Month Benefit Period				
Age	30 Days	60 Days	90 Days	180 Days
16	10.40	9.02	7.75	7.30
17	10.40	9.02	7.75	7.30
18	10.40	9.02	7.75	7.30
19	10.40	9.02	7.75	7.30
20	10.40	9.02	7.75	7.30
21	10.40	9.02	7.75	7.30
22	10.40	9.02	7.75	7.30
23	10.40	9.02	7.75	7.30
24	10.40	9.02	7.75	7.30
25	10.40	9.02	7.75	7.30
26	10.78	9.30	7.96	7.50
27	11.17	9.61	8.19	7.73
28	11.60	9.95	8.44	7.97
29	12.08	10.30	8.73	8.23
30	13.03	11.08	9.37	8.82
31	13.59	11.51	9.72	9.15
32	14.21	11.98	10.11	9.50
33	14.87	12.49	10.53	9.89
34	15.57	12.54	10.99	10.30
35	16.23	12.94	11.79	10.21
36	16.83	13.11	11.86	10.36
37	17.52	13.40	12.04	10.80
38	18.24	14.16	12.29	11.03
39	19.01	14.66	12.57	11.33
40	19.30	14.89	12.57	11.44
41	20.31	15.78	13.10	12.07
42	21.54	16.95	13.87	12.94
43	23.03	18.31	14.87	13.99
44	24.70	19.86	16.07	15.19
45	26.54	21.55	17.46	16.52
46	28.54	23.35	18.97	17.95
47	30.63	25.19	20.60	19.46
48	32.73	27.07	22.28	21.06
49	36.14	31.07	25.66	23.79
50	41.52	34.58	29.35	26.82
51	46.65	39.38	33.36	29.92
52	49.40	41.80	35.45	31.65
53	52.29	44.30	37.62	32.75
54	55.13	46.71	39.66	33.45
55	57.78	48.86	42.14	35.02
56	60.88	51.28	44.37	36.61
57	62.24	53.37	46.56	38.25
58	65.09	55.89	49.04	40.80
59	68.15	58.16	52.28	43.10
60	77.85	63.48	59.57	47.20
61	81.74	68.26	62.70	49.55
62	87.19	70.74	66.15	52.86
63	93.42	78.00	70.27	56.64
64	100.42	83.86	74.73	60.89
65	108.98	91.01	80.20	66.08

**Permanent Total Disablement Coverage**

<b>INTEREST:</b>	Permanent Total Disablement of the Insured following Accident or Sickness 24 hour cover	
<b>SITUATION:</b>	Worldwide	
<b>ELIMINATION PERIOD</b>	6 months	125%
	24 months	85%
<b>LOADINGS:</b>	36 months	75%
	48 months	70%
	60 months	65%
<b>CONDITIONS:</b>	18 month Pre-existing Condition Exclusion Clause to apply pending satisfactory Underwriting Information	
<b>OCCUPATIONAL LOADINGS:</b>	Attorney:	20%
	Entertainer:	20%
	Model:	25%
<b>3<sup>rd</sup> Party Discount</b>	10%	
<b>RATES:</b>	Listed rates are calculated per \$1,000 of Sum Insured, at a maximum of 5 times annual income or 8 times average of last 5 years annual income, whichever is the lesser	
<b>SUM INSURED LOADINGS:</b>	Up - \$12,500,000	Nil
	\$12,500,001 - \$15,000,000	10%
	\$15,000,001 - \$20,000,000	15%
<b>GROUP DISCOUNTS:</b>	1 to 4 people	0%
	5 to 14 people	5%
	15 to 24 people	10%
	25 to 29 people	15%
	50 people and over	20%

PTD	
Age	Rate
16 to 25	1.85
26	1.95
27	1.95
28	1.95
29	1.95
30	2.10
31	2.10
32	2.20
33	2.20
34	2.25
35	2.30
36	2.35
37	2.35
38	2.40
39	2.50
40	2.52
41	2.57
42	2.67
43	2.76
44	2.96
45	3.25
46	3.44
47	3.64
48	3.93
49	4.17
50	4.37
51	4.66
52	4.94
53	5.23
54	5.51
55	6.08
56	6.60
57	7.22
58	7.89
59	8.55
60	9.41
61	10.21
62	11.35
63	12.49
64	13.63
65	15.06

## AD & D

Sports Accidental Death & Dismemberment rates mirror those used for Entertainment & Key Man.

<b>AD&amp;D</b>																																																								
<b>INTEREST:</b>	Accidental Death & Dismemberment																																																							
<b>SITUATION:</b>	Worldwide																																																							
<b>RATES ON A PER MILLE BASIS:</b>	<table border="1" style="width: 100%; border-collapse: collapse; background-color: #004a00; color: white;"> <thead> <tr> <th colspan="2" style="text-align: center;">Sum Insured Limits</th> <th style="text-align: center;">Age 0-64</th> <th style="text-align: center;">Age 65-69</th> <th style="text-align: center;">Age 70 +</th> </tr> <tr> <th style="text-align: center;">From</th> <th style="text-align: center;">To</th> <th style="text-align: center;">24 hour</th> <th style="text-align: center;">24 hour</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$500,000</td> <td style="text-align: center;">0.92</td> <td style="text-align: center;">1.1</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$500,001</td> <td style="text-align: center;">\$1,000,000</td> <td style="text-align: center;">1.09</td> <td style="text-align: center;">1.31</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$1,000,001</td> <td style="text-align: center;">\$1,500,000</td> <td style="text-align: center;">1.21</td> <td style="text-align: center;">1.45</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$1,500,001</td> <td style="text-align: center;">\$2,000,000</td> <td style="text-align: center;">1.38</td> <td style="text-align: center;">1.66</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$2,000,001</td> <td style="text-align: center;">\$3,000,000</td> <td style="text-align: center;">1.61</td> <td style="text-align: center;">1.93</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$3,000,001</td> <td style="text-align: center;">\$5,000,000</td> <td style="text-align: center;">1.84</td> <td style="text-align: center;">2.21</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$5,000,001</td> <td style="text-align: center;">\$7,500,000</td> <td style="text-align: center;">2.10</td> <td style="text-align: center;">2.52</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$7,500,001</td> <td style="text-align: center;">\$10,000,000</td> <td style="text-align: center;">2.50</td> <td style="text-align: center;">3.00</td> <td style="text-align: center;">Refer</td> </tr> <tr> <td style="text-align: center;">\$10,000,001</td> <td style="text-align: center;">\$15,000,000</td> <td style="text-align: center;">2.98</td> <td style="text-align: center;">3.57</td> <td style="text-align: center;">Refer</td> </tr> </tbody> </table>	Sum Insured Limits		Age 0-64	Age 65-69	Age 70 +	From	To	24 hour	24 hour		\$0	\$500,000	0.92	1.1	Refer	\$500,001	\$1,000,000	1.09	1.31	Refer	\$1,000,001	\$1,500,000	1.21	1.45	Refer	\$1,500,001	\$2,000,000	1.38	1.66	Refer	\$2,000,001	\$3,000,000	1.61	1.93	Refer	\$3,000,001	\$5,000,000	1.84	2.21	Refer	\$5,000,001	\$7,500,000	2.10	2.52	Refer	\$7,500,001	\$10,000,000	2.50	3.00	Refer	\$10,000,001	\$15,000,000	2.98	3.57	Refer
	Sum Insured Limits		Age 0-64	Age 65-69	Age 70 +																																																			
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	Commercial Airline Pilot 2.30 per mille																																																							
	Private Charter 0.15 per mille per return flight																																																							
	2 <sup>nd</sup> to Die AD only same accident 0.75%																																																							
	AD only same period 0.85%																																																							
<b>DISCOUNTS:</b>	Accidental Death only 80% of AD&D rate																																																							
	Common Carrier 65% of AD&D rate																																																							
	Aviation only 60% of AD&D rate																																																							
<b>LOADINGS:</b>	Accident PTD 30% AP on AD&D rate																																																							
	War / Terrorism inclusion 20% AP on applicable rate																																																							

**TRAVEL RATES:**

Travel	Ex War / Terror	Inc War / Terror	*Non- Travel	** Ex War / Terror
1 wk	10% of annual	17.5% of annual	-	-
2 wks	20% of annual	30% of annual	-	-
1 mnth	30% of annual	40% of annual	1 mnth	19% of annual
-	-	-	2 mnths	27% of annual
3 mnths	50% of annual	60% of annual	3 mnths	35% of annual
-	-	-	4 mnths	45% of annual
-	-	-	5 mnths	52% of annual
6 mnths	75% of annual	75% of annual	6 mnths	60% of annual

- Travel is for those individuals with extensive travel plans and travel to foreign countries during policy term.
- Non Travel is for those individuals with normal travel plans throughout the U.S. and/or minimal foreign travel
- A load of 20% is to be applied to include War & Terror for Non-Travel rates

**GROUP  
DISCOUNTS:**

0 – 3	Nil
4 – 10	10%
11 – 15	15%
16 – 20	20%
Over 20	30%

SERFF Tracking #:

FRCS-129188922

State Tracking #:

Company Tracking #:

6031.1

State:

District of Columbia

Filing Company:

HCC Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.004 Other

Product Name:

Group Forms Specialized Disability Forms

Project Name/Number:

HCCSU/79.1/79.1

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	DC Rates.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Certificate of Authority to File
<b>Comments:</b>	
<b>Attachment(s):</b>	AUTH.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	HCC Actuarial Memo -2012.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Justification
<b>Bypass Reason:</b>	Not applicable for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	Not applicable for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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SERFF Tracking #:

FRCS-129188922

State Tracking #:

Company Tracking #:

6031.1

State:

District of Columbia

Filing Company:

HCC Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.004 Other

Product Name:

Group Forms Specialized Disability Forms

Project Name/Number:

HCCSU/79.1/79.1

<b>Bypass Reason:</b>	Not applicable for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	Not applicable for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	Not applicable for this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	





**FIRST CONSULTING**  
& Administration, Inc.

September 4, 2013

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

**CONFIDENTIALITY REQUESTED FOR RATES**

RE: HCC Life Insurance Company

NAIC # 92711

FEIN # 35-1817054

Rates: Rates for HCCSU TP-13 SP DIS, et al

Our File Number: 6031.1

Dear Sir or Madam:

We have been retained by HCC Life Insurance Company to file the enclosed rates for approval in your state.

We enclose the following for your consideration:

- Cover Letter
- Third party authorization
- Actuarial memorandum and rates

The company's group number is 0984.

**Type of Submission:** This is one of four separate filings being submitted for the company's Specialized Disability program. The Specialized Disability program consists of group and individual policy forms that are sold to executives, entertainers and athletes of various sports. Coverage may be purchased on an individual or an entire group depending on the circumstances.

This filing consists of the individual rates. These rates will be used with the forms in a filing made under separate cover: SERFF Tracking # FRCS-129107921.

The Rate Manual and Actuarial Manual are enclosed. Please note that since this a program that contemplates both group and individual insurance being issued, depending on the facts of each policy issuance, the manual applies to the captioned group policy forms as well as the Individual policy forms that are submitted under separate SERFF Filing FRCS-129107762.

Domiciliary State: HCC Life Insurance Company is domiciled in the State of Indiana and this filing has been submitted to Indiana.

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your jurisdiction.

If you have any questions or need additional information, please call toll-free 1-800-927-2730. Thank you for your assistance.

Sincerely,

FIRST CONSULTING & ADMINISTRATION, INC.

A handwritten signature in black ink that reads "Marilyn Odell". The signature is written in a cursive style with a large initial 'M'.

Marilyn Odell  
Compliance Specialist  
E-mail: [marilyn.odell@firstconsulting.com](mailto:marilyn.odell@firstconsulting.com)  
Extension: 1212

Enclosures



HCC

HCC Life Insurance Company  
225 TownPark Drive, Suite 145, Kennesaw, Georgia 30144  
main 770 973 9851 facsimile 770 973 9854

July 3, 2013


To: The Insurance Commissioner

**Authorization**

This letter, or a copy thereof, will authorize the consulting firm of First Consulting & Administration, Inc., Kansas City, Missouri, to represent this Company in matters before the Insurance Department.

This Authorization shall be valid until revoked by us.

HCC Life Insurance Company

By:  \_\_\_\_\_

Title: Assistant Vice President,  
Compliance Manager  
\_\_\_\_\_



HCC Insurance Holdings, Inc.  
13403 Northwest Freeway, Houston, Texas 77040  
main 713 690 7300 facsimile 713 462 2401

## **ACTUARIAL MEMORANDUM**

### **HCC Life Ins. Co. Sports & Prestige Disability and AD&D Rate Filing**

HCC Life Insurance Company is filing a rating plan for Sports and Prestige (entertainment and business professionals) Disability and AD&D. We are filing rates from our surplus Lloyds syndicates writing similar business in the US. We are providing the historical experience of that business as support for the proposed rating plan.

Underwriting of highly compensated professionals in the business, entertainment and sports industries requires a very complex and specialized process. Coverage is often provided to individuals but also provided to teams, corporations or a third party to protect a portion of an agreement, contract or collective bargaining agreement. As part of the underwriting process, the underwriter reviews those contract(s) or agreement(s), past and future earnings potential, injury history, age, etc., of the athlete, as well as earnings (W-2s), agreements, contracts, age, etc. of executives and entertainers.

Examples of other factors that are unique to this type of risk evaluation are the draft projections and draft order for the NBA, the draft salaries for the NBA and NFL, veteran salaries for the NBA and MLB and free agent list for NBA and MLB.

The rating schedules in the Blanket Rate Manual for the above captioned forms would, therefore, be subject to adjustments based on underwriting judgment regarding these unique factors and additional factors such as the source and accuracy of information.

The inapplicability of schedule rates due to special circumstances such as those described can occur in any case where in the underwriter's judgment, there is a risk not provided for, or different from, the rates in the schedules and therefore would require an appropriate adjustment.

Other examples of factors that the underwriter would consider that would necessitate a positive or negative adjustment are injury history, past performance, longevity, the moral exposure, the amount of insurance requested, the structure of the benefits and health history.

Examples of factors that the underwriter would consider that would necessitate a positive adjustment are: the group discount if coverage is team purchased, if coverage is limited, and if the player wears protective gear.

Examples of factors that the underwriter would consider that would necessitate a negative adjustment are: legal problems, tax problems, avocations, substance abuse, foreign travel, driving record and family history.

We hope that you will agree that the underwriting process combines medical evaluation plus those factors that are unique to this class of risk. Evaluation of impaired risk or risks unsatisfactory for coverage at standard rates may not exceed 150% above the rates otherwise applicable and found in this manual. The other key determinants for evaluations of insurability and amount may not exceed plus or minus an additional 50%.

The Managing General Underwriter with whom we have an agreement has specialized in the evaluation of this type of risk for over 30 years and our rate manual provides you with the results of this underwriting process. The market is competitive because there are only a limited number of

professionals in the sports, entertainment and business industries who are eligible in the United States and Canada.

Our rate filing demonstrates the swings in results, and we would like to protect market share to enable the Company to develop a sizeable block of business that is as predictable as possible given that this is a specialty market. Therefore, we respectfully request that you not release our underwriting deviations, as attached and as generally described in the confidential letter to you, that you keep confidential all actuarial and underwriting information and memoranda other than the actual premium rate schedules that are approved or filed by the Insurance Department. During examination, we will provide the Insurance Department examiners with the basis of our deviations on each risk they select to audit.

APPLICANT SCHEDULE OF DEBITS AND CREDITS USED BY UNDERWRITERS

<u>DEBITS</u>	<u>CREDITS</u>
AGE	AGE
POSITION or OCCUPATION	POSITION or OCCUPATION
INJURY HISTORY	INJURY HISTORY
PERFORMANCE	PERFORMANCE
LONGEVITY	LONGEVITY
MORAL EXPOSURE	MORAL EXPOSURE
WAITING PERIOD	WAITING PERIOD
LIMITS	LIMITS
STRUCTURE OF CONTRACT	STRUCTURE OF CONTRACT
TYPE OF COVERAGE	TYPE OF COVERAGE
HEALTH HISTORY	HEALTH HISTORY
LEGAL PROBLEMS	GROUP DISCOUNT
TAX PROBLEMS	TEAM PURCHASE
AVOCATIONS	PROTECTIVE GEAR
SUBSTANCE ABUSE	OFF-FIELD COVERAGE
FOREIGN TRAVEL	ACCIDENT ONLY
DRIVING RECORD	SEASON ONLY

KEY DETERMINANTS FOR EVALUATIONS OF INSURABILITY/AMOUNT  
USED BY UNDERWRITERS

- ABILITY
- CHARACTER
- SALARY
- EARNINGS HISTORY
- INJURY HISTORY
- WHO IS PURCHASING?
- AGE
- RATING SCALE
- PREMIUMS

I. Policy Experience

The historical experience for the Lloyds syndicate is displayed by the year for which the coverage applies in the table below. Data is evaluated as of October 8, 2012.

(1) Accident Year	(2) Earned Premium	(3) Claim Count	(4) Incurred Loss & ALAE	(5) Incurred Loss Ratio
1992	486,000	1	1,750,000	360%
1993	1,114,676	1	475,657	43%
1994	7,280	0	0	0%
1995	1,404,317	5	594,061	42%
1996	2,838,858	12	840,078	30%
1997	1,923,681	34	3,016,311	157%
1998	1,362,855	33	2,436,580	179%
1999	1,393,444	30	1,487,641	107%
2000	2,264,666	41	2,475,395	109%
2001	1,668,938	4	370,158	22%
2002	5,558,856	11	149,959	3%
2003	7,343,287	3	5,150	0%
2004	8,457,378	10	135,880	2%
2005	11,112,156	22	6,212,985	56%
2006	14,943,983	20	5,630,212	38%
2007	10,330,880	18	6,331,861	61%
2008	779,462	22	58,033	7%
2009	3,578,197	19	5,372	0%
2010	516,311	0	0	0%
2011	293,779	0	0	0%
2012	96,617	0	0	0%



## II. Expected Loss Ratios – As of October, 2012

On a gross basis, the projected loss ratio for 2013 is 61%. For projecting the loss ratio, Accident Years 2008-2012 are excluded. Given the small size of the program, the low frequency and high severity of the losses, we don't have the volume of losses needed to select loss development factors from triangles. By using only years 2007 and prior, we can assume that these years are fully developed.

### A. Permissible Loss Ratio

Assuming the following expense structure we arrive at a permissible loss ratio of 60%:

Ceding Commission	15.0%
Front Fee	5.5%
Taxes, Licenses & Fees	2.5%
Underwriting & Administrative	12.0%
Profit & Contingencies	5.0%
Total Expenses	40.0%
Permissible Loss Ratio	60.0%

B. Indicated Rate Change

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Accident Year	Earned Premium	Claim Count	Incurred Loss & ALAE	Incurred Loss Ratio	Loss Trend Factor	Trended Loss Ratio
1992	486,000	1	1,750,000	360%	1.86	670%
1993	1,114,676	1	475,657	43%	1.81	77%
1994	7,280	0	0	0%	1.75	0%
1995	1,404,317	5	594,061	42%	1.70	72%
1996	2,838,858	12	840,078	30%	1.65	49%
1997	1,923,681	34	3,016,311	157%	1.60	252%
1998	1,362,855	33	2,436,580	179%	1.56	279%
1999	1,393,444	30	1,487,641	107%	1.51	161%
2000	2,264,666	41	2,475,395	109%	1.47	161%
2001	1,668,938	4	370,158	22%	1.43	32%
2002	5,558,856	11	149,959	3%	1.38	4%
2003	7,343,287	3	5,150	0%	1.34	0%
2004	8,457,378	10	135,880	2%	1.30	2%
2005	11,112,156	22	6,212,985	56%	1.27	71%
2006	14,943,983	20	5,630,212	38%	1.23	46%
2007	10,330,880	18	6,331,861	61%	1.19	73%
2008	779,462	22	58,033	7%	1.16	9%
2009	3,578,197	19	5,372	0%	1.13	0%
2010	516,311	0	0	0%	1.09	0%
2011	293,779	0	0	0%	1.06	0%
2012	96,617	0	0	0%	1.03	0%
						<b>1992-2007 Premium Weighted Average Loss Ratio</b> 61%
						<b>Permissible Loss Ratio</b> 60%
						<b>Indicated Rate Change</b> 2%
						<b>Selected Rate Change</b> 0%

### C. Selected Rate Change

We are proposing no rate increase. Given the small amount of data, the resulting low credibility and the volatility of the losses, we are proposing no rate change. We will closely monitor the results of this business, and we will make any necessary rate filings to ensure that our rates are adequate, not excessive and not unfairly discriminatory.

## III. Additional Information

### A. Data

The data from our Lloyd's syndicates is evaluated as of October 8, 2012. It is organized by accident year, meaning all coverage between January 1st of the year and December 31<sup>st</sup> of the year for 1992 through 2012. Losses include all claim specific loss adjustment expenses. Premiums are earned on a calendar year basis to match the coverage on an accident year basis.

### B. Variability of Actual Results

The above estimates are point estimates of the projected loss ratios for the HCC Life Insurance Company Sports and Prestige (entertainment and business professionals) Disability and AD&D lines of business. These projections are not guarantees either expressed or implicit. As the actual experience develops, it is sure to vary from these projections. This variability arises from many sources including that all factors affecting the ultimate loss ratios have not taken place and cannot be evaluated with absolute certainty. While the loss ratios have been projected by year, it should be emphasized that actuarial projection techniques are most appropriate for projecting overall results, not necessarily the results by year. For a variety of reasons, many actuarial procedures are based on the belief that the methodologies produce reasonable, credible results in total but not necessarily for an individual year or line of insurance.

### C. Historical Rate Change

Historical rate deviation data was not available. So, changes in actual rates could not be adjusted for.

### D. Loss Trend

Due to the lack of loss credibility, we were not able to derive a loss trend from the data. Loss trend was selected at 3%. This is intended to be a moderate approximation of the general level of loss trend that occurred across various lines of insurance over the experience period.

### E. Loss Development

There is not enough loss data from the Lloyd's syndicates to create loss triangles, select loss development factors and develop losses to estimated ultimate losses. Nor have we been able to acquire any industry-wide information about loss development. As noted above, we are attempting to manage this in the rate indication by only using accident years 2007 and prior, which are assumed to be at ultimate loss.