

State: District of Columbia **Filing Company:** Police and Firemen's Insurance Association
TOI/Sub-TOI: H07I Individual Health - Specified Disease - Limited Benefit/H07I.002A Dread Disease - Cancer Only
Product Name: PFI Cancer CAN13-Rates
Project Name/Number: PFI Cancer CAN13/

Filing at a Glance

Company: Police and Firemen's Insurance Association
Product Name: PFI Cancer CAN13-Rates
State: District of Columbia
TOI: H07I Individual Health - Specified Disease - Limited Benefit
Sub-TOI: H07I.002A Dread Disease - Cancer Only
Filing Type: Rate
Date Submitted: 10/24/2013
SERFF Tr Num: GBAC-129209880
SERFF Status: Assigned
State Tr Num:
State Status:
Co Tr Num:

Implementation: 01/01/2014
Date Requested:
Author(s): Mary Gardner, Anita Haug
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

State: District of Columbia **Filing Company:** Police and Firemen's Insurance Association
TOI/Sub-TOI: H071 Individual Health - Specified Disease - Limited Benefit/H071.002A Dread Disease - Cancer Only
Product Name: PFI Cancer CAN13-Rates
Project Name/Number: PFI Cancer CAN13/

General Information

Project Name: PFI Cancer CAN13	Status of Filing in Domicile: Pending
Project Number:	Date Approved in Domicile:
Requested Filing Mode:	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 10/24/2013
	State Status Changed:
Deemer Date:	Created By: Anita Haug
Submitted By: Anita Haug	Corresponding Filing Tracking Number:

Filing Description:

Re: POLICE AND FIREMEN'S INSURANCE ASSOCIATION – NAIC #58009

CAN12(DC) -- Limited Benefit Insurance (Cancer First Occurrence Indemnity Benefit Plan), approved 09/30/2011
 CANFAM(DC) -- Cancer First Occurrence Indemnity Benefit Family Rider, approved 09/30/2011
 CANRP(DC) -- Premium Refund Rider, approved 09/30/2011
 CanApp2 -- Application for Cancer Protection Plan

On behalf of the Police and Firemen's Insurance Association, a fraternal benefit society incorporated under laws of the District of Columbia, we are submitting a rate filing for the above-referenced individual Accident and Health policy and riders. This rate filing is intended to replace the previously approved rate filing, approved 12/15/2011

The policy and family rider provide for a lump sum benefit payment upon a first occurrence of cancer. The forms are guaranteed renewable.

CanApp2 is being filed separately under SERFF Tr Num: GBAC-129175791.

Company and Contact

Filing Contact Information

Anita Haug, Assistant Actuary	ahaug@lifebase.com
Griffith, Ballard and Company	319-896-5972 [Phone]
100 First Avenue N.E., Suite 117	319-896-5969 [FAX]
Cedar Rapids, IA 52401	

Filing Company Information

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

Police and Firemen's Insurance Association	CoCode: 58009	State of Domicile: Indiana
101 East 116th Street	Group Code:	Company Type: Fraternal
Carmel, IN 46032	Group Name:	State ID Number:
(317) 581-1913 ext. [Phone]	FEIN Number: 35-0586820	

State: District of Columbia **Filing Company:** Police and Firemen's Insurance Association
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Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:

GBAC-129209880

State Tracking #:**Company Tracking #:****State:** District of Columbia**Filing Company:** Police and Firemen's Insurance Association**TOI/Sub-TOI:** H071 Individual Health - Specified Disease - Limited Benefit/H071.002A Dread Disease - Cancer Only**Product Name:** PFI Cancer CAN13-Rates**Project Name/Number:** PFI Cancer CAN13/

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		CAN13-Rates	CAN12 (DC), CANFAM (DC), CANRP (DC)	Revised	Previous State Filing Number: GBAC-127740983 Percent Rate Change Request: 66.67	pfi.cancer2014.pricing.xls.PremiumSchedule.pdf,

**Police and Firemen's Protective Association
Lump Sum Cancer Plan
Schedule of Premiums
Add \$48.00 Annual Policy Fee**

Issue Age	Annual Premium Rate per \$1,000				Sample Total Monthly Premium	
	Individual Coverage Policy	Family Coverage Rider	Return of Premium Rider		\$10,000 Lump Sum Benefit	
			Individual	Family*	Individual Only **	Family Coverage**
18-39	7.68	6.72	10.00	15.36	18.73	28.80
40-50	10.16	8.56	13.36	18.40	23.60	34.93
51-55	13.12	11.20	15.28	20.24	27.67	41.13
56-64	17.20	15.44	N/A	N/A	18.33	31.20
65-70	23.12	21.52	N/A	N/A	23.27	41.20

Semi-Annual Premium Factor 0.50000
Quarterly Premium Factor 0.25000
Monthly Premium Factor 0.08333

*-Family Return of premium rider premium covers both individual and family coverages

**-Includes Return of Premium Rider for issue ages 0-55

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Product Name: PFI Cancer CAN13-Rates

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Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	Cover Letter-RATES.DC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	Authorization Filing Letter-FORMS-RATES.DC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	pfi.can12.2014actuarial.description.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	Included in Actuarial Memorandum above
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	Included in Actuarial Memorandum above
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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Comments:	As of 6/30/2013, DC: A.Written Premium: \$5,770 B.Number of Policyholders 34 C.Historical Rate Changes This is the first rate change for this product; 33.33% rate reduction Nationwide: A.Written Premium \$746,011 B.Number of Policyholders 2,276 C.Historical Rate Changes This is the first rate change for this product; 66.66% rate reduction
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	



Police and Firemen's Insurance Association

101 East 116th Street • Carmel, IN 46032 • 317-581-1913 • www.pfia1913.org

A Fraternal Benefit Society

September 18, 2013

Re: POLICE AND FIREMEN'S INSURANCE ASSOCIATION – NAIC #58009

**CAN12(DC) -- Limited Benefit Insurance (Cancer First Occurrence Indemnity Benefit Plan),
approved 9/30/2011**

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CANRP(DC) -- Premium Refund Rider, approved 9/30/2011

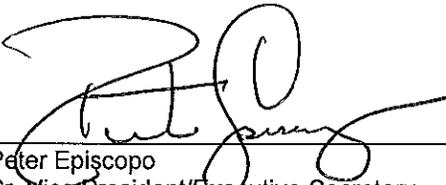
CanApp2 -- Application for Cancer Protection Plan

This rate filing #CAN13-Rates is for the above-referenced individual Accident and Health policy, riders and application and is intended to become effective 1/1/2014, replacing the previously approved rate filing, approved 12/15/2011.

As of 6/30/2013, there were 34 CAN12 (DC) policyholders. The overall premium impact of filing on DC policyholders is a 66.67% rate decrease.

The policy and family rider provide for a lump sum benefit payment upon a first occurrence of cancer. The forms are guaranteed renewable.

CanApp2 is being filed separately under SERFF Tr Num: GBAC-129175791.



Peter Episcopo
Sr. Vice President/Executive Secretary



Police and Firemen's Insurance Association

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September 18, 2013

Re: POLICE AND FIREMEN'S INSURANCE ASSOCIATION – NAIC #58009

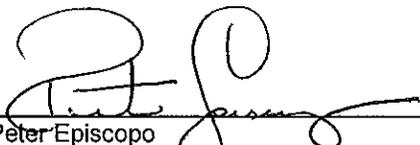
CanApp2 Application for Cancer Protection Plan

And rates for use with existing forms CAN12 (DC), CANFAM (DC), CANRP (DC)

To Whom It May Concern:

I HEREBY CERTIFY that Griffith, Ballard and Company has supervised the development of the forms and/or rates included in this submission, and that they are authorized to submit these forms and/or rates on behalf of Police and Firemen's Insurance Association.

Any questions regarding this submission should be directed to Steve Griffith of Griffith, Ballard and Company, as the individual responsible for this filing.



Peter Episcopo
Sr. Vice President/Executive Secretary

**Police and Firemen's Insurance Association
Lump Sum Cancer Policy and Riders
Form CAN12
Actuarial Description
Rate Reduction Effective January 1, 2014**

Scope and Purpose

The purpose of this memorandum is to establish the expected loss ratios for Police and Firemen's Insurance Association's Lump Sum Cancer Policy and Riders for the rate reduction to be effective January 1, 2014. This memorandum is not intended for any other purpose.

The form was first issued in 2012 for benefit amount choices of \$5,000 or \$10,000. With this rate reduction, the same premiums as originally charged will now buy \$7,500 or \$15,000, respectively. This amounts to a 33.33% premium reduction.

Benefit Description

This form provides for the payment of a benefit payment equal to the amount set forth in the policy in the event of the first diagnosis of internal cancer or malignant systemic melanoma. It does not cover any other any other disease, condition or disability, even though such other disease, condition or disability may have been complicated, aggravated or caused, directly or indirectly, by cancer. No benefits will be paid for a skin cancer or a surface melanoma diagnosis.

No benefit will be paid for any preexisting conditions, or for diagnosis before 30 days following the issue of the policy.

Underwriting is on a "simplified" basis, with the only health question related to pre-existing cancer diagnosis

Riders

The Family Insurance rider provides the same coverage as the base policy for diagnosis for the policy insured's spouse and/or dependent children (under the age of 21, or 25 if a full-time student).

The Return of Premium rider provides for a return of all premiums paid, for the policy and riders, at the end of 20 years, if no benefits have been paid under the policy. It is available through issue age 55.

Renewability Clause

The policy and riders are guaranteed renewable during the insured's lifetime. Charges for the riders vary by attained age of the insured, but are fixed at issue (i.e., may not be changed)

The policy and any riders terminate upon payment of a claim, the death of the insured, or lapse of premium payments. An insured's coverage terminates upon payment of a claim, when the family member ceases to be eligible (as defined in the rider) or when the policy terminates. If the policy terminates, the spouse of the insured is eligible to continue coverage under a new policy, with premiums based upon the age of the spouse at the time the new policy is issued.

**Police and Firemen's Insurance Association
Lump Sum Cancer Policy and Riders
Form CAN12
Actuarial Description
Rate Reduction Effective January 1, 2014**

Underwriting

Underwriting is on a simplified basis, with issue or rejection based solely upon the answers to a single question as to whether the applicant has already been diagnosed for cancer. NO other health or family history questions are asked and no external database underwriting is undertaken.

Morbidity

Claim costs are assumed to follow 83.33% of the incidence rates set forth in the 1985 NAIC Cancer tables, average for males and females. Family rider claim costs are based upon the same set of incidence rates, assuming a spouse and an average number of children varying by age. Note that these rates compare to U.S. national incidence rates, as published by the National Cancer Institute, for the 1999-2007 exposure period as follows:

Age	Incidence Rate (all cancer causes)	
	83.33% 1985 NAIC	1997-2007 U.S. History
32	0.12%	0.07%
37	0.17	0.11
42	0.23	0.18
47	0.34	0.31
52	0.49	0.55
57	0.70	0.90
62	0.95	1.38
67	1.21	1.98
72	1.43	2.39
77	1.61	2.71
82	1.72	2.82
87	1.84	2.72

Our research regarding cancer incidence rates for critical illness coverage (with most credible experience in the United Kingdom) indicates that the appropriate claim cost basis is population incidence rates, adjusted for underwriting. In many early versions of Critical Illness coverage, considerable underwriting was done, including a full set of health and family history questions, the latter being most important in the case of cancer exposure. The policy being filed will be underwritten on, essentially, a simplified basis, with only a single question related to pre-existing cancer diagnosis. We therefore assume that only slightly better than population incidence rates are appropriate for this policy. On this basis, this assumption is reasonable and follows the pattern of the NAIC claim cost tables which are called for in the Model Regulation for the Valuation of Health Insurance policies.

The Return of Premium claim cost is estimated by assuming that anyone in force at the end of 20 years has not incurred any claim and that all premiums will be returned.

Mortality

100% of 2001 Valuation Basic Table (Ultimate), assuming 50% males and 50% females.

**Police and Firemen's Insurance Association
Lump Sum Cancer Policy and Riders
Form CAN12
Actuarial Description
Rate Reduction Effective January 1, 2014**

Other Terminations

Expected cancer incidence rates, based upon the total individual and/or family coverage, if the Return of Premium rider is attached, 4.00% per year if not.

Expenses

\$60 issue cost
\$40 per year maintenance cost
20% of first year commission internal marketing expenses

Commissions

34% first year, 10% years 2-10, 5% thereafter (including administrative fees)

Marketing Method

The policy and riders are offered via direct sales to members of the Police and Firemen's Insurance Association.

Premium Classes

Premiums are on a unisex basis, based upon issue age.

Issue Age Range

The policy and riders are issued between ages 18 and 70.

Area Factors

No area factors are applicable to this plan.

Average Annual Premium

The average annual premium for this block is expected to be \$307.10. This is based upon the following distribution assumptions:

Return of Premium Rider	25% of issues
Family Coverage Rider	72% of issues
Issue Ages--Without ROP	10% age 37, 20% age 45, 60% age 52, 5% age 60, 5% age 72
Issue Ages--With ROP	30% age 37, 30% age 45, 40% age 52
Benefit	50% at \$7,500, 50% at \$15,000

**Police and Firemen's Insurance Association
Lump Sum Cancer Policy and Riders
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Premium Modalization Rules

Modalized premiums are simple fractions of the annual premium, with no additional mode loading. For example, the monthly premium is 0.08333 times the annual premium.

Claim Liability and Reserves

Since this is a lump sum benefit, no short or long term claim liabilities are anticipated, other than claims due and unpaid and an estimate for Incurred But Not Reported claims.

Active Life Reserves

Reserves are based upon anticipated claim costs and return of premium benefit (if applicable), using 2001 CSO Male Nonsmoker Age Last Birthday, 3.50% interest and the 2 Year Full Preliminary Term method.

Trend Assumptions

No trend assumptions have been made.

Minimum Loss Ratio

The highest minimum loss ratio in the jurisdictions where this product is filed is 60%.

Anticipated Loss Ratio

Based on the average mix of business, the anticipated lifetime loss ratio is expected to be 62.96% (58.62% without the return of premium benefit and 70.39% with the return of premium benefit). The Association has only sold a version of this plan since 2012. There is no credible claim experience to date, and the Association will be adjusting benefits on current in force consistent with these new (lower) premium rates. We expect the loss ratio on the entire block will be the same.

The anticipated lifetime loss ratios for each central issue age is set forth following:

Issue Age	Loss Ratio
37	57%
45	62
52	66
60	65
72	64

As such, it is clear that premiums are reasonable in relation to benefits.

The reasonableness of the Return of Premium benefit has been made for a block of policies distributed as indicated above. The total anticipated persisting ROP rider premiums over the first 20 years of the study have been compared to the persisting ROP benefit to be paid at the end of 20 years. On this basis, we have calculated the effective return on the anticipated premiums at 3.92%.

**Police and Firemen's Insurance Association
Lump Sum Cancer Policy and Riders
Form CAN12
Actuarial Description
Rate Reduction Effective January 1, 2014**

Actuarial Certifications

1. The current schedule of premiums is sufficient to cover anticipated costs under moderately adverse experience, with very limited underwriting. This policy is issued on a guaranteed renewable basis, and the insurer reserves the right to increase premiums.
2. I have reviewed the policy design and coverage and have taken them into consideration.
3. I have reviewed underwriting and claims adjudication processes and have taken them into consideration.
4. Additional active life reserves will be held as noted above. Moreover,
 - a. the reserve assumption contains sufficient margins for adverse deviation;
 - b. the net valuation renewal years does not increase, as a percentage of gross premiums;
 - c. the difference between the gross premiums and the corresponding net valuation premium for renewal years is sufficient to provide for expected renewal expenses.
5. Since the premiums are level by issue age, for any given insured, no costs for this policy will increase after attained age 65.

Actuarial Description Prepared by:



Steve Griffith, F.S.A., M.A.A.A.
Consulting Actuary
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