

SERFF Tracking #:

GRTT-128818354

State Tracking #:

Company Tracking #:

RA12-8

State: District of Columbia

Filing Company:

Guarantee Trust Life Insurance Company

TOI/Sub-TOI: H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness

Product Name: Amendment Rider Rates

Project Name/Number: /RA12-8

Rate Information

Rate data applies to filing.

Filing Method: serff

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: 0.000%

Effective Date of Last Rate Revision: 12/06/2012

Filing Method of Last Filing: 0

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):
Guarantee Trust Life Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Tobacco Rate Factors	G1130-DC, G1131-DC, RG11LSHAS-DC, RG10CTW-DC, RG10IC-DC	New		Lump Sum CHS Tobacco Factors.pdf

Guarantee Trust Life Insurance Company
Limited Benefit Policy Forms G1130 & G1131 and Associated Riders
Tobacco Rating Factors

Tobacco rating factors are applied to non-tobacco-distinct rate tables for:

- > Base Lump Sum Cancer Policy G1130
- > Base Lump Sum Heart Attack & Stroke Policy G1131
- > Lump Sum Heart Attack & Stroke Rider RG11LSHAS
- > Therapy and Wellness Rider RG10TCW
- > Intensive Care Rider RG10IC

Tobacco Factor:	1.176
Non-Tobacco Factor:	0.980

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Supporting Document Schedules

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

		Item Status:	Status Date:
Bypassed - Item:	Certificate of Authority to File		
Bypass Reason:	Not applicable.		

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memorandum		
Comments:			
Attachment(s):			
Actl Memo G1130-1131 Tobacco 50%LR.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:	See Acturial Memorandum.		

		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		
Bypass Reason:	Not applicable.		

		Item Status:	Status Date:
Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		
Bypass Reason:	Not applicable.		

Item Status:

Status Date:

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Bypassed - Item:	Rate Summary Worksheet		
Bypass Reason:	Not applicable.		



Guarantee Trust Life Insurance Company
1275 Milwaukee Avenue – Glenview, Illinois 60025 – (847) 699-0600

December 21, 2012

RE: NAIC Number: 64211/FEIN Number: 36-1174500
SERFF Tracking Number GRIT-128818354
Actuarial Memorandum and Factors for RA12-8 and RA12-9

We are submitting the above referenced actuarial memorandum and factors for the Department's review and approval.

These factors will be used with amendment riders RA12-8 and RA12-9 which will be added to new issues of Lump Sum Cancer policy form G1130-DC and Lump Sum Heart Attack or Stroke Policy form G1131-DC, respectively. The rider adds a 30 day waiting period. The rider will only be added to new issues. It will not be added to inforce coverage. Policy forms G1130-DC and G1131-DC were approved by your Department on November 29, 2011 under tracking number, serff filing number GRIT-127808961. The rates were approved on January 10, 2012 under serff tracking number GRIT-127808960.

In the solicitation of these products we will use application APPH3-12 and APPH3-12-N/S. The "-N/S" version does not include the smoking question. The actuarial memorandum and factors will be used with application APPH3-12 with the smokers question. The factors will be applied to the rates which have already been approved for use with this product.

Forms RA12-8, RA12-9, APPH3-12 and APPH3-12-N/S have been filed separately under serff tracking number GRIT-128818355.

Thank you for your time and attention to this filing. If you have any questions, please contact me toll free at 800-338-7452, ext. 5730 or e-mail me at jjannotta@gtlic.com.

Sincerely,

Joan Jannotta
Product Manager
Product Approval and Compliance (PAC)
Direct Line: 1-847-904-5730
Toll-Free: 1-800-338-7452, extension #5730
E-mail: jjannotta@gtlic.com
Fax: 847-699-0093

Guarantee Trust Life Insurance Company
Actuarial Memorandum for Filing of Premium Rating Factors
Limited Benefit Policy Forms G1130 & G1131 and Associated Riders

1. SCOPE AND PURPOSE OF FILING

The purpose of this filing is to introduce factors that revise the rates to a tobacco / non-tobacco structure such that rates continue to meet state requirements, with benefits reasonable to premiums charge. This filing is not intended for other purposes.

The tobacco-distinct rate structure is to be applied to new business only, not to existing policies. It will be implemented following state approvals, but no earlier than December 1, 2012.

2. DESCRIPTION OF BENEFITS

BASE POLICY – Lump Sum Cancer Benefit Policy (G1130)

Lump Sum Benefit

Pays indemnity benefit of \$5,000 per unit on diagnosis of cancer or cancer in situ. No benefit is payable for skin cancer.

Re-occurrence Benefit

Re-occurrence of cancer whether previously diagnosed or newly diagnosed is covered if the insured has been cancer free and without treatment for 365 days prior to a subsequent cancer diagnosis. Lump sum benefit varies by year of re-occurrence:

Full Yrs Elapsed	Pct of Lump Sum Benefit
Less than 1	0%
1	10%
2-3	25%
4	50%
5+	100%

BASE POLICY – Lump Sum Heart Attack or Stroke Benefit Policy (G1131)

Lump Sum Benefit

Pays indemnity benefit of \$5,000 per unit on diagnosis of heart attack or stroke.

Re-occurrence Benefit

Re-occurrence of heart attack or stroke is covered after 365 days following a prior heart attack or stroke. Lump sum benefit varies by year of re-occurrence:

Full Yrs Elapsed	Pct of Lump Sum Benefit
Less than 1	0%
1	10%
2-3	25%
4	50%
5+	100%

Coronary Angioplasty or Bypass Benefit

Pays indemnity benefit of \$500 per unit for angioplasty or bypass. Benefit is not payable if performed as a direct result of a heart attack that immediately preceded the procedure.

Heart Attack or Stroke Lump Sum Benefit Rider (RG11LSHAS)

This rider is only available with the Cancer Lump Sum Benefit Policy (G1130).

Benefits for this rider are the same as for the Heart Attack or Stroke Lump Sum Benefit Policy (G1131).

Therapy and Wellness Benefit Rider - Per Unit (RG10CTW)

Health and Wellness Benefit

Pays an indemnity benefit of \$50 per unit per year for the following tests:

- Mammogram
- Breast ultrasound
- Breast MRI (magnetic resonance imaging)
- CA15-3 (test for breast Cancer tumor)
- Pap smear
- Thin Prep
- Biopsy
- Flexible sigmoidoscopy
- Hemocult stool specimen (lab confirmed)
- Chest X-ray
- MRI
- CAT Scan
- Electrocardiograms
- Heart Catheterization
- CEA (blood test for colon Cancer)
- CA 125 (blood test for ovarian Cancer)
- PSA (blood test for prostate Cancer)
- Testicular ultrasound
- Thermography
- Colonoscopy
- Virtual colonoscopy
- Serum protein electrophoresis
- Echocardiograms
- Blood test to confirm elevated cardiac enzymes
- Neuroimaging Studies
- Thallium Scan
- Angiogram

This benefit is payable once per calendar year per covered person. Additional payment shall not be made should a covered person have more than one of the allowable tests performed per calendar year.

Educational Services Benefit

Pays an indemnity benefit of \$50 per unit per session for a self-management education and counseling program provided to educate the Covered Person and their primary caregiver, when needed, to care for the Covered Person's needs as the result of Covered Condition(s) for which a Covered Person has received other benefits under this Policy. This benefit is limited to 12 sessions per year.

Hearing, Occupational, Physical and Speech Therapies Benefit

Pays an indemnity benefit of \$25 per unit per day for hearing, occupational, physical, and/or speech therapy needed as a result of a Covered Condition(s) for which the Covered Person receives other benefits under this Policy. The amount payable for covered therapy benefits is shown in the benefit Schedule.

Mental Health Benefit

Pays an indemnity benefit of \$50 per session per unit for counseling for mental and nervous disorders such as neurosis, psychoneurosis, psychopathy, psychosis, or emotional disease or disorder needed as the result of Covered Condition(s) for which a Covered Person received other benefits under this Policy. This benefit is limited to 5 sessions per calendar year.

Healthy Lifestyle Benefit

Pays an indemnity benefit of \$25 per unit per calendar year for making healthy lifestyle choices. This benefit is payable if a covered person joins a gym, participates in a smoking cessation program or joins a weight loss program. This benefit is payable once per calendar year per covered person that is over the age of 17.

Alternative Care Benefit

1. Integrative Assessment and Education Benefit: A one-time benefit of \$75 per unit is payable for assessment/education services performed by an Accredited Practitioner.
2. Ameliorative Benefit: We will pay an indemnity benefit of \$25 per unit per visit to an Accredited Practitioner, for up to 20 visits per year for Acupuncture, Massage Therapy, Biofeedback and Hypnosis.
3. Lifestyle Benefit: We will pay an indemnity benefit of \$25 per unit per visit up to 20 visits per year to an Accredited Practitioner for the following types of alternative care: smoking cessation, Yoga, meditation, relaxation techniques, Tai-Chi and nutritional counseling.

Intensive Care Benefit Rider - Per Unit (RG10IC)

Intensive Care Benefit

Pays an indemnity benefit of \$150 per unit per day for confinement in an Intensive Care Unit. Pays one half (1/2) the amount for confinement in a Step-Down unit. Benefits are doubled if confinement occurs within 48 hours of an accident in which any covered insured is the operator or passenger of; an automobile, motor home, bus, motorcycle, or any truck with a load capacity of 2,000 or less or as a fare paying passenger on any vehicle, boat, ship, aircraft, or train. Benefits are limited to 30 days of confinement in connection with any one hospital admission. Benefits reduce by 50% at age 70.

3. UNDERWRITING

This policy is underwritten on a simplified issue basis based on answers provided on the application. The application is being revised to include a question concerning tobacco use.

4. MARKETING METHOD

This policy will be marketed to individuals by contracted agents and brokers.

5. ISSUE AGES AND RENEWABILITY

Policies will be issued to people from 0 to 90 years of age. Premiums may be changed on the first anniversary and each due date thereafter. The policy is guaranteed renewable for life.

6. GROSS PREMIUM ASSUMPTIONS

The original pricing assumptions used for statutory projection purposes and calculation of gross premiums are attached as Exhibit A. The premiums vary by individual versus family coverage, plan type and age at issue. None of the assumptions have changed from the original filing.

Proposed tobacco factors are introduced in order to also vary premiums by non-tobacco / tobacco use. This tobacco premium structure will apply only to future new business, so premiums for previously issued policies will not be impacted. Overall, the new structure is intended to be premium-neutral as compared to the original structure.

It is assumed that 10% of policies will be issued to tobacco users. Recent statistics indicate that approximately 24% of the adult population smokes cigarettes (*Health, United States, 2010*, National Center for Health Statistics). However, it is expected that smokers will be somewhat less likely than non-smokers to apply for coverage under this product due to the tobacco premium structure and its impact on agent and prospective applicant behavior. Further, it is also anticipated that tobacco users that do apply will be less likely to qualify for coverage due to existing health conditions.

The tobacco load to be used is 20% of the non-tobacco premium rate for all premium categories. While we anticipate that the true morbidity for tobacco users related to the main conditions covered under this product (cancer, heart attack, and stroke) is more severe than a 20% load would imply, we are also concerned that a larger load will drive negative agent relations and potentially induce an excessive level of improper answers provided on the application.

In order to keep the revised structure premium-neutral relative to the original structure, the premium tables for non-tobacco is calculated as approximately 98% of the existing aggregate (tobacco and non-tobacco combined) tables. Then the tobacco premium tables are 120% of the non-tobacco tables, or approximately 117.6% of the aggregate table ($1.20 \times 0.98 = 1.176$). So the combination of the tobacco and non-tobacco tables will be equivalent to the current aggregate tables, using the 10% tobacco / 90% non-tobacco distribution:

$$\begin{aligned} & (0.10 \times \text{tobacco table}) + (0.90 \times \text{non-tobacco table}) \\ = & (0.10 \times 1.176 \times \text{aggregate table}) + (0.90 \times 0.98 \times \text{aggregate table}) \\ & = 1.00 \times \text{aggregate table} \end{aligned}$$

7. PREMIUMS

Based upon the anticipated sales distribution, the expected nationwide average annual premium per policy, excluding the return of premium rider, is \$1,158. Due to the premium-neutral nature of the proposed tobacco premium structure, this revision is not expected to change this average.

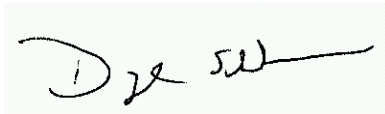
Gross premium tobacco factors are provided as a separate document and will be applied to new business only.

8. ANTICIPATED LOSS RATIO

The lifetime anticipated loss ratio for this form exceeds 50%, the minimum required loss ratio for this type of coverage in this state. The lifetime anticipated loss ratio is calculated as the present value of future benefits divided by the present value of future premiums. Active life reserves are not included in the calculation of the incurred loss ratio.

9. ACTUARIAL CERTIFICATION

I hereby certify that, to the best of my knowledge and belief, the rate filing submitted herein is in compliance with all applicable laws of this state and Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans"; that the anticipated loss ratio submitted herein is expected to develop over the period for which rates are computed to provide coverage; and that the benefits are reasonable in relation to the premiums charged. In my opinion, the rates are not excessive, inadequate, or unfairly discriminatory.



Daryl Schrader, FSA, MAAA
Actuary, Guarantee Trust Life Insurance Company
October 11, 2012

EXHIBIT A
Individual Cancer /Heart Attack or Stroke Products

Original Pricing Assumptions

1) Mortality and Lapse Rates

Voluntary lapse rate assumptions are included in the following table.

Policy Year	Issue Ages	
	<u>0-44</u>	<u>45+</u>
1	40%	19%
2	15%	8%
3	12%	6%
4	10%	5%
5	8%	4%
6	6%	4%
7+	5%	4%

Mortality is based on 100% of 1994 GAM, blended 50% male / 50% female.

2) Interest

4% pre-tax investment earnings rate, after expenses.

3) Claim Costs

Derived from Wakely Actuarial Services claim cost guidelines, company experience, and published industry data. Adjusted for underwriting selection factors. Assumed a 50/50 male/female distribution.

Note that this product was introduced only a few months ago, thus experience under the product is not developed enough to provide useful pricing information.

4) Reserves

Statutory: Gross unearned premiums plus the tabular reserves will be held. Tabular reserves are calculated under a 2 year full preliminary term method, 2001 CSO Mortality Table C and the minimum valuation interest rate. Voluntary lapse rates are used in the calculation of the tabular reserve.

Tobacco Pricing Assumptions

5) Tobacco Use

Tobacco use is determined from statistics in *Health, US, 2010*, National Center for Health Statistics (CDC).

6) Tobacco Impact

The impact of tobacco use on cancer and cardiovascular diseases is based on information from *The Consequences of Smoking: A Report of the Surgeon General*, Center for Disease Control, 2004.