

State: District of Columbia **Filing Company:** Principal Life Insurance Company
TOI/Sub-TOI: MS05G Group Medicare Supplement - Standard Plans/MS05G.015 Multi-Plan
Product Name: Principal Life Insurance Company Medicare Supplement Standardized Plans Rate Filing
Project Name/Number: /

Filing at a Glance

Company: Principal Life Insurance Company
Product Name: Principal Life Insurance Company Medicare Supplement Standardized Plans Rate Filing
State: District of Columbia
TOI: MS05G Group Medicare Supplement - Standard Plans
Sub-TOI: MS05G.015 Multi-Plan
Filing Type: Rate
Date Submitted: 11/19/2013
SERFF Tr Num: IASL-129251034
SERFF Status: Assigned
State Tr Num:
State Status:
Co Tr Num: PG MS RI
Implementation: 02/01/2014
Date Requested:
Author(s): Jaime Marchese
Reviewer(s): Donghan Xu (primary), Alula Selassie
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

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General Information

Project Name: Status of Filing in Domicile: Pending
 Project Number: Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Large
 Group Market Type: Discretionary Overall Rate Impact:
 Filing Status Changed: 11/25/2013
 State Status Changed: Deemer Date:
 Created By: Jaime Marchese Submitted By: Jaime Marchese
 Corresponding Filing Tracking Number:

Filing Description:

Principal Life Insurance Company Medicare Supplement Standardized Plans Rate Filing

Form Numbers: BC 88159 A-3 – Plan A; BC 88159 B-3 – Plan B; BC 88159 C-3 – Plan C; BC 88159 D-3 – Plan D; BC 88159 E-3 – Plan E; BC 88159 F-3 – Plan F; BC 88159 G-3 – Plan G; BC 88159 H-3 – Plan H; BC 88159 I-3 – Plan I; BC 88159 J-3 – Plan J

Rate increase amount: 0.0%

A similar filing is pending approval in Company's domicile state of Iowa.

Company and Contact

Filing Contact Information

Jaime Marchese, jaime.marchese@iasadmin.com
 8545 126th Avenue North, Suite 877-777-2443 [Phone] 2425 [Ext]
 200 727-584-5613 [FAX]
 Largo, FL 33773-1502

Filing Company Information

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

Principal Life Insurance Company	CoCode: 61271	State of Domicile: Iowa
711 High Street	Group Code: 332	Company Type:
Des Moines, IA 50392-2300	Group Name:	State ID Number:
(515) 247-5111 ext. [Phone]	FEIN Number: 42-0127290	

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

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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: 02/01/2013
Filing Method of Last Filing: SERFF

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Principal Life Insurance Company	0.000%	0.000%	\$0	1	\$7,724	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		DC Rates	BC 88159 A-3, BC 88159 B-3, BC 88159 C-3, BC 88159 D-3, BC 88159 E-3, BC 88159 F-3, BC 88159 G-3, BC 88159 H-3, BC 88159 I-3, BC 88159 J-3	Revised	Previous State Filing Number: IASL-128703461 Percent Rate Change Request:	DC STD Rates - 2014.pdf,

PRINCIPAL LIFE INSURANCE COMPANY

Actuarial Memorandum for Group A&H Rate Filing

Medicare Supplement Standardized Plans

Exhibit A - Current and Proposed Annual Premium Schedule

Current Rates

	<u>Plan</u>	<u>Under Age 65</u>	<u>Age 65-69</u>	<u>Age 70-74</u>	<u>Age 75-79</u>	<u>Age 80+</u>
Male	A	1,828.56	1,443.48	1,924.68	2,328.96	2,559.96
	B	2,155.56	1,701.72	2,268.84	2,745.24	3,017.76
	C	3,009.12	2,375.64	3,167.64	3,832.80	4,212.72
	D	2,441.52	1,927.44	2,569.92	3,109.68	3,417.84
	E	2,591.16	2,045.64	2,727.48	3,300.36	3,627.84
	F	2,632.20	2,077.92	2,770.80	3,352.56	3,684.96
	G	1,958.88	1,546.68	2,062.08	2,495.28	2,742.60
	H with Rx	5,170.20	4,081.92	5,442.24	6,585.24	7,238.16
	H Without Rx	3,412.32	2,694.00	3,591.84	4,346.40	4,777.20
	I with Rx	4,713.96	3,721.32	4,961.88	6,004.20	6,599.64
	I Without Rx	3,064.08	2,418.84	3,225.36	3,902.76	4,289.76
	J with Rx	7,348.20	5,801.16	7,734.84	9,359.04	10,287.24
	J Without Rx	4,335.36	3,422.64	4,563.60	5,521.80	6,069.48
Female	A	1,560.00	1,231.56	1,642.32	1,987.20	2,184.24
	B	1,839.00	1,451.88	1,935.96	2,342.40	2,574.72
	C	2,567.52	2,026.80	2,702.52	3,270.12	3,594.36
	D	2,083.32	1,644.36	2,192.64	2,652.96	2,916.12
	E	2,211.00	1,745.40	2,327.28	2,815.80	3,095.16
	F	2,245.68	1,773.00	2,363.88	2,860.32	3,144.12
	G	1,671.48	1,319.76	1,759.44	2,128.80	2,340.12
	H with Rx	4,411.08	3,482.52	4,643.40	5,618.76	6,175.80
	H Without Rx	2,911.20	2,298.36	3,064.56	3,708.36	4,075.80
	I with Rx	4,022.16	3,175.44	4,233.72	5,122.68	5,630.76
	I Without Rx	2,614.32	2,064.00	2,751.84	3,329.76	3,659.88
	J with Rx	6,269.40	4,949.52	6,599.64	7,985.40	8,777.28
	J Without Rx	3,699.00	2,920.20	3,893.76	4,711.44	5,178.60

Area Factor

County

0.88

All of State

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Supporting Document Schedules

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

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	Third Party Authorization Letter.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	AJ - DC STAND 2014.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Justification
Bypass Reason:	N/A - filing rates on a closed block of business.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A - Medicare Supplement rate filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A - Medicare Supplement rate filing
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

IASL-129251034

State Tracking #:

Company Tracking #:

PG MS RI

State:

District of Columbia

Filing Company:

Principal Life Insurance Company

TOI/Sub-TOI:

MS05G Group Medicare Supplement - Standard Plans/MS05G.015 Multi-Plan

Product Name:

Principal Life Insurance Company Medicare Supplement Standardized Plans Rate Filing

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/

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	N/A - Medicare Supplement rate filing
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A - Medicare Supplement rate filing
Attachment(s):	
Item Status:	
Status Date:	



Insurance Administrative Solutions, L.L.C.

INSURANCE ADMINISTRATORS

November 19, 2013

Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, DC 20002

**RE: PRINCIPAL LIFE INSURANCE COMPANY
SERFF FILING #: IASL-129251034
NAIC NUMBER: 61271
FEIN NUMBER: 42-01272290**

**SUBMISSION
ANNUAL RATE FILING
STANDARDIZED MEDICARE SUPPLEMENT GROUP POLICIES**

**FORM NUMBERS: BC 88159 A-3 – Plan A; BC 88159 B-3 – Plan B; BC 88159 C-3 – Plan C;
BC 88159 D-3 – Plan D; BC 88159 E-3 – Plan E; BC 88159 F-3 – Plan F;
BC 88159 G-3 – Plan G; BC 88159 H-3 – Plan H; BC 88159 I-3 – Plan I;
BC 88159 J-3 – Plan J**

Insurance Administrative Solutions, L.L.C. has been authorized to file the above captioned filing on behalf of Principal Life Insurance Company.

The Company is requesting a 0.0% rate increase. The requested implementation date for these rates is February 1, 2014.

A similar filing is pending approval in the Company's domicile state of Iowa.

If you have any questions or comments, please contact me at (877) 777-2443, extension 2425 or by e-mail at jaime.marchese@iasadmin.com. My fax number is (727) 584-5613.

Sincerely,

A handwritten signature in blue ink that reads "Jaime Marchese".

Jaime Marchese, FLMI
Compliance Analyst



Principal Life
Insurance Company

January 4, 2013

Ms. Darcey Shaffer, FLMI, ACS
Compliance Manager
Insurance Administrative Solutions, L.L.C.
8545 126th Avenue North, Suite 200
Largo, Florida 33773-1502

Re: Filing/Reporting Requirements

Dear Ms. Shaffer:

This letter authorizes Insurance Administrative Solutions, L.L.C. to file on behalf of Principal Life Insurance Company rate filings and reports with the State Departments of Insurance.

Insurance Administrative Solutions, L.L.C. may correspond with the State Departments of Insurance regarding any questions they may have concerning the filings.

A copy of this letter is as valid as the original. This authorization will be valid for twelve months from the date of this letter.

Sincerely,

A handwritten signature in blue ink that reads "Natalie J. Sell". The signature is written in a cursive, flowing style.

Natalie J. Sell, FSA, MAAA
Actuary – Pricing
Specialty Benefits Division
Phone: (515) 247-7440

PRINCIPAL LIFE INSURANCE COMPANY

Actuarial Memorandum for Group A&H Rate Filing

Medicare Supplement Standardized Plans

1. Purpose of Filing

The purpose of this rate filing is to demonstrate that the lifetime anticipated loss ratio of these plans meet minimum state requirements. It is not intended to be used for any other purpose.

2. Scope of Filing

This filing applies to the company's group standardized Medicare Supplement business for plans A, B, C, D, E, F, G, H, I and J. These plans provide similar benefits with similar loss ratio patterns and are therefore being combined in order to increase statistical credibility.

The Company is requesting a rate increase of 0.0% for these forms. Since this is a closed block of business, this rate increase will apply to inforce business only. The number of policyholders, annualized premium inforce and average premium per policy for these forms as of 6/30/13 are as follows:

Plan	Requested Rate Increase	District of Columbia			Nationwide		
		Policies Inforce	Annualized Premium	Average Premium	Policies Inforce	Annualized Premium	Average Premium
A	0.0%				45	76,734	1,705
B	0.0%				109	225,373	2,068
C	0.0%				1,280	3,474,918	2,715
D	0.0%				147	309,833	2,108
E	0.0%				31	66,779	2,154
F	0.0%				8,247	21,801,076	2,644
G	0.0%				637	1,220,433	1,916
H	0.0%				94	309,267	3,290
I	0.0%				573	1,784,815	3,115
J	0.0%	1	7,724	7,724	1,800	8,329,687	4,628
Total:	0.0%	1	7,724	7,724	12,963	37,598,915	2,900

This is a closed block of business. This rate increase will be implemented on the policy anniversary following the rate increase approval effective date. The actual implementation date will not be sooner than one year from the most recent rate increase applied.

3. Benefits

These plans provide the benefits required by state and federal law as Medicare Supplement Plans A, B, C, D, E, F, G, H, I and J.

4. Reason for Rate Increase and Expected Effect on Premiums

This rate increase is being requested for adverse experience, medical provider reimbursement rate increases, utilization changes, medical cost shifting, and new medical procedures and technology.

Exhibit A details the current and requested premium rate schedules.

5. Rate Justification Standard - Minimum Loss Ratios

This filing demonstrates that both the projected future loss ratio and the lifetime anticipated loss ratio for these plans are higher than the required minimum loss ratio.

Type of Coverage:	Group Medicare Supplement
Renewal Clause:	Guaranteed Renewable
Minimum Loss Ratio:	75%

PRINCIPAL LIFE INSURANCE COMPANY

Actuarial Memorandum for Group A&H Rate Filing

Medicare Supplement Standardized Plans

6. Projection Assumptions

- a. Interest - A 4.5% effective annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience.
- b. Persistency - An annual termination rate of 12.0% has been assumed for projecting the inforce into the future.
- c. Claim Cost Trend - An annual claim cost trend of 6.58% has been assumed as the overall claim cost trend. It is comprised of a medical trend component of 5.0% and an aging component of 1.5%.
- d. Claim Seasonality - To reflect the calendar year seasonality of claims resulting from the payment of Medicare deductibles in the first half of the calendar year, the loss ratio for the remaining 6 months of the current calendar year is assumed to be 95% of the loss ratio for the first 6 months of the current calendar year. This assumption is based on Wakely Actuarial client company experience for Medicare Supplement business.
- e. Rate Increases - The requested 0.0% rate increase has been assumed with an estimated effective date of 1/1/14 and will be implemented on the policy anniversary following the rate increase approval effective date. For projection purposes, in all years thereafter annual rate increases of 5.0% have been assumed for all plans with an effective date of 1/1. Also, additional annual increases of 1.5% have been assumed in all years to reflect the automatic annual attained age increases in premiums. The only rate increase being requested at this time is the 0.0% rate increase effective 1/1/14. All future rate increases will be filed as required.

7. Historical Experience

Because state experience is not credible, nationwide experience is being used for the purpose of calculating lifetime loss ratios. Nationwide historical experience for these plans since inception is as follows:

Year	Paid Claims by Year Incurred	Remaining Claim Reserve	Incurred Claims	Earned Premium	Loss Ratio
1992	46,849	-	46,849	75,897	61.7%
1993	1,208,029	-	1,208,030	2,502,835	48.3%
1994	4,078,820	-	4,078,846	6,926,522	58.9%
1995	7,250,422	-	7,250,420	11,742,693	61.7%
1996	11,985,518	-	11,985,520	17,443,785	68.7%
1997	20,055,118	-	20,055,107	26,218,300	76.5%
1998	30,653,204	-	30,653,221	37,706,774	81.3%
1999	49,498,790	-	49,498,803	59,061,578	83.8%
2000	61,620,155	-	61,620,155	77,237,258	79.8%
2001	56,171,510	-	56,171,510	76,633,933	73.3%
2002	53,426,132	-	53,426,132	75,960,061	70.3%
2003	50,370,367	-	50,370,367	76,075,348	66.2%
2004	50,502,110	-	50,502,110	74,101,857	68.2%
2005	48,161,486	-	48,161,486	70,421,201	68.4%
2006	38,907,273	-	38,907,273	56,036,154	69.4%
2007	35,910,731	-	35,910,731	50,507,164	71.1%
2008	34,802,887	-	34,802,887	47,150,925	73.8%
2009	32,793,513	-	32,793,513	44,449,234	73.8%
2010	31,476,386	-	31,476,386	42,696,940	73.7%
2011	29,911,045	-	29,911,045	38,526,497	77.6%
2012	28,129,294	88,971	28,218,265	36,160,895	78.0%
1/13-6/13	11,354,014	3,130,715	14,484,729	18,821,184	77.0%
Total	688,313,653	3,219,686	691,533,385	946,457,035	73.1%
<u>Accumulated at 4.5%</u>			1,053,175,428	1,440,321,432	73.1%

PRINCIPAL LIFE INSURANCE COMPANY

Actuarial Memorandum for Group A&H Rate Filing

Medicare Supplement Standardized Plans

8. Current Loss Ratio

Historical experience has been restated at 6/30/13 premium and claim levels for purposes of projecting experience loss ratios beyond 6/30/13.

Year	Historical Earned Premium	Current Rate Level Factor*	Current Earned Premium	Historical Incurred Claims	Claim Trend Factor**	Current Incurred Claims	Current Loss Ratio
2012	36,160,895	1.018	36,795,284	28,218,265	1.050	29,629,178	80.5%
1/13-6/13	18,821,184	1.002	18,849,416	14,484,729	1.012	14,662,489	77.8%
Total			55,644,699			44,291,667	79.6%

*Adjusts for rate increases previously approved (0.3% on 1/1/13 and 2.9% on 1/1/12).

**Applies a claim cost trend of 5.0% from the midpoint of the period to 6/30/13.

9. Projected Future Experience

Future experience has been projected for 20 years using the current annualized premium inforce, the current loss ratio, and applying trend, persistency, and rate increase assumptions as detailed in Section 6.

Year	Persistency Factor*	Projected Earned Premium w/o Increase	Current Loss Ratio Factor**	Projected Incurred Claims	Rate Increase Factor***	Projected Earned Premium with Increase	Projected Loss Ratio
<i>6/30/13 Values --></i>		37,598,915	79.6%				
Rest of 2013	0.969	18,208,157	73.1%	13,312,298	1.004	18,276,057	72.8%
2014	0.880	33,087,045	84.8%	28,068,006	1.015	33,583,351	83.6%
2015	0.774	29,116,600	90.4%	26,323,860	1.056	30,746,565	85.6%
2016	0.681	25,622,608	96.4%	24,688,095	1.125	28,835,974	85.6%
2017	0.600	22,547,895	102.7%	23,153,977	1.199	27,044,106	85.6%
2018	0.528	19,842,147	109.4%	21,715,189	1.278	25,363,585	85.6%
2019	0.464	17,461,090	116.6%	20,365,807	1.362	23,787,492	85.6%
2020	0.409	15,365,759	124.3%	19,100,276	1.452	22,309,338	85.6%
2021	0.360	13,521,868	132.5%	17,913,384	1.547	20,923,035	85.6%
2022	0.316	11,899,244	141.2%	16,800,247	1.649	19,622,878	85.6%
2023	0.279	10,471,335	150.5%	15,756,279	1.758	18,403,512	85.6%
2024	0.245	9,214,774	160.4%	14,777,184	1.873	17,259,918	85.6%
2025	0.216	8,109,001	170.9%	13,858,930	1.996	16,187,387	85.6%
2026	0.190	7,135,921	182.1%	12,997,736	2.127	15,181,502	85.6%
2027	0.167	6,279,611	194.1%	12,190,057	2.267	14,238,124	85.6%
2028	0.147	5,526,057	206.9%	11,432,567	2.416	13,353,367	85.6%
2029	0.129	4,862,931	220.5%	10,722,147	2.575	12,523,589	85.6%
2030	0.114	4,279,379	235.0%	10,055,873	2.745	11,745,373	85.6%
2031	0.100	3,765,853	250.4%	9,431,001	2.925	11,015,515	85.6%
2032	0.088	3,313,951	266.9%	8,844,958	3.117	10,331,011	85.6%
2033	0.078	2,916,277	284.4%	8,295,333	3.322	9,689,042	85.6%
Total				339,803,202		400,420,722	84.9%
		<u>Discounted at 4.5%</u>		245,032,783		289,663,524	84.6%

* Applies a 12.0% annual termination rate from 6/30/13 to the midpoint of the period.

** Projects the current loss ratio using a trend factor of 6.58%.

*** Applies a rate increase of 0.0% effective 1/1/14 on average with annual increases of 5.0% on 1/1 for each year

PRINCIPAL LIFE INSURANCE COMPANY

Actuarial Memorandum for Group A&H Rate Filing

Medicare Supplement Standardized Plans

10. Lifetime Anticipated Loss Ratio

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premiums. These values are summarized below;

	Present Values at 4.5%		
	Incurred Claims	Earned Premium	Loss Ratio
Historical	1,053,175,428	1,440,321,432	73.1%
Projected Future	245,032,783	289,663,524	84.6%
Lifetime Anticipated	1,298,208,211	1,729,984,956	75.0%

The projected future loss ratio and the lifetime anticipated loss ratio are both greater than the required 75% minimum.

11. Actuarial Certification

I hereby certify that, to the best of my knowledge and judgement, the following items are true with respect to this filing: the assumptions presented are expected to develop and are consistent with the issuer's business plan at the time of the filing; the anticipated lifetime loss ratio, future loss ratio and third year loss ratio all exceed the applicable ratio; the filed rates maintain the proper relationship between policies which had different rating methodologies; and the filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board including the data quality standard of practice.

Respectfully Submitted,



William M. Reynolds, FSA, MAAA
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida