

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
Project Name/Number: NHIC Individual Accident and Sickness Hospital Indemnity Policy/NHIC IND HI 2013 POL

Filing at a Glance

Company: National Health Insurance Company
Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
State: District of Columbia
TOI: H14I Individual Health - Hospital Indemnity
Sub-TOI: H14I.000 Health - Hospital Indemnity
Filing Type: Rate
Date Submitted: 08/01/2013
SERFF Tr Num: ICCI-129131462
SERFF Status: Pending State Action
State Tr Num:
State Status:
Co Tr Num: NHIC IND HI 2013-POL-R

Implementation
Date Requested:
Author(s): Ann Collins, Brenda Dawson
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
Project Name/Number: NHIC Individual Accident and Sickness Hospital Indemnity Policy/NHIC IND HI 2013 POL

General Information

Project Name: NHIC Individual Accident and Sickness Hospital Status of Filing in Domicile:
Indemnity Policy

Project Number: NHIC IND HI 2013 POL

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: 09/05/2013

State Status Changed:

Deemer Date:

Created By: Brenda Dawson

Submitted By: Brenda Dawson

Corresponding Filing Tracking Number: ICCI-129131463

Filing Description:

Insurance Compliance Consultants is pleased to submit the enclosed actuarial memorandum and rates for the forms filed under SERFF Tracking # ICCI-129131463, on behalf of National Health Insurance Company (NHIC). A letter of filing authorization is enclosed.

The purpose of this submission is to allow NHIC to individual hospital indemnity coverage to residents of your state.

The policy provides coverage for hospital confinement, hospital intensive care unit confinement, surgery, hospital admission, skilled nursing facility, doctor office visit, preventive care, urgent care/emergency room, diagnostic tests, mental health, chemical dependency, and medical evacuation.

Company and Contact

Filing Contact Information

Brenda Dawson, Authorized Representative Brendadawson@inscompliance.com

3925 East State Street, Suite 200

815-316-6714 [Phone]

Rockford, IL 61108

815-986-2355 [FAX]

Filing Company Information

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

National Health Insurance

CoCode: 82538

State of Domicile: Texas

Company

Group Code: 2538

Company Type:

800 Gessner

Group Name:

State ID Number:

Suite 600

FEIN Number: 74-1541799

Houston, TX 77024

(713) 935-4800 ext. [Phone]

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State: District of Columbia **Filing Company:** National Health Insurance Company
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Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
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Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Darniece Shirley	08/15/2013	08/15/2013

Response Letters

Responded By	Created On	Date Submitted
Brenda Dawson	09/05/2013	09/05/2013

State: District of Columbia **Filing Company:** National Health Insurance Company
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Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	08/15/2013
Submitted Date	08/15/2013
Respond By Date	09/05/2013

Dear Brenda Dawson,

Introduction:

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

Objection 1

Comments: Please explain why the filing has yet to be filed in the State of Domiciliary. If it has been filed, please provide the date of filing and the status.

Objection 2

Comments: The Rate Review Data Detail section of the filing is missing. The State understands this is a new filing and not required, however completing would be preferred. Please correct, via post-submission update.

Objection 3

- Actuarial Memorandum (Supporting Document)

Comments: Please provide the SERFF Tracking# for the Companion Forms Filing.

Objection 4

- Actuarial Memorandum (Supporting Document)

- Actuarial Justification (Supporting Document)

- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)

Comments: re: II. Benefit Description of the Actuarial Memorandum. This refers to customization at the group level, but the filing has been submitted as Individual market type. Please revise accordingly.

Objection 5

- Actuarial Memorandum (Supporting Document)

- Actuarial Justification (Supporting Document)

- Actuarial Memorandum and Certifications (Supporting Document)

Comments: re: II. Benefit Description of the Actuarial Memorandum. This refers to eighteen optional benefits available. Please provide with descriptions of how these optional benefits tie into the base coverage of Hospital Indemnity.

Objection 6

- Actuarial Memorandum (Supporting Document)

- Actuarial Justification (Supporting Document)

- Actuarial Memorandum and Certifications (Supporting Document)

Comments: re: X. Group Discounts of the Actuarial Memorandum. Please explain and revise accordingly as the filing has been submitted as Individual market type.

Objection 7

- Actuarial Memorandum (Supporting Document)

- Actuarial Justification (Supporting Document)

- Actuarial Memorandum and Certifications (Supporting Document)

- rate manual, [NHIC IND HI 2013-POL] (Rate)

Comments: Exhibit B refers to Group Discounts; however the filing has been submitted as Individual market type. Please

State: District of Columbia **Filing Company:** National Health Insurance Company
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revise accordingly.

Objection 8

- 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)
- rate manual, [NHIC IND HI 2013-POL] (Rate)

Comments: Please confirm: Dispositions with respects to this filing are being made on behalf of residents of the District of Columbia only.

Objection 9

- 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)
- rate manual, [NHIC IND HI 2013-POL] (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

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H141 Individual Health - Hospital Indemnity/H141.000 Health - Hospital Indemnity
Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
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Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/05/2013
Submitted Date 09/05/2013

Dear Darniece Shirley,

Introduction:

Thank you for your letter.

Response 1

Comments:

The forms are exempt from filing in Texas.

Related Objection 1

Comments: Please explain why the filing has yet to be filed in the State of Domiciliary. If it has been filed, please provide the date of filing and the status.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

A post-submission update was performed on this filing.

Related Objection 2

Comments: The Rate Review Data Detail section of the filing is missing. The State understands this is a new filing and not required, however completing would be preferred. Please correct, via post-submission update.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

The General Information tab shows that the corresponding forms were filed under ICCL-129131463. On 9/4 the form filing was withdrawn until this rate filing is approved.

Related Objection 3

Applies To:

- Actuarial Memorandum (Supporting Document)

Comments: Please provide the SERFF Tracking# for the Companion Forms Filing.

Changed Items:

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
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No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments:

This product will be frequently offered for sale in payroll groups. The decision to buy will be at the individual level. Offerings for a specific group level may have tailored benefits, but in order to simplify administration and minimize potential anti-selection, the same tailored benefits will be offered to all individuals in the group. This approach is consistent with an Individual market type product.

Related Objection 4

Applies To:

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- District of Columbia and Countrywide Experience for the Last 5 Years (P&C) (Supporting Document)

Comments: re: II. Benefit Description of the Actuarial Memorandum. This refers to customization at the group level, but the filing has been submitted as Individual market type. Please revise accordingly.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 5

Comments:

As noted in the response to objection 4, this products benefit offering may be tailored at the group level. A Hospital Indemnity policy is typically sold as a supplement to other medical coverage. While all benefit offerings will include a daily hospital indemnity benefit, other benefit offerings for a particular group may need to vary in order to best meet their needs. All benefit offerings have been designed consistent with recent federal guidance on Hospital Indemnity benefit structures.

Related Objection 5

Applies To:

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)

Comments: re: II. Benefit Description of the Actuarial Memorandum. This refers to eighteen optional benefits available. Please provide with descriptions of how these optional benefits tie into the base coverage of Hospital Indemnity.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 6

State: District of Columbia **Filing Company:** National Health Insurance Company
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Project Name/Number: NHIC Individual Accident and Sickness Hospital Indemnity Policy/NHIC IND HI 2013 POL

Comments:

All policies issued in a payroll group will be rated on an individual basis and will maintain those rates even if the insured leaves the payroll group. This is consistent with the Individual market type. However, in certain payroll groups due to economies of distribution the rates offered on an individual basis may have a discount applied consistent with that economy of distribution. As indicated above, consistent with the Individual market type the resulting reduced rates will then be subsequently maintained even if the individual leaves the payroll group.

Related Objection 6

Applies To:

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)

Comments: re: X. Group Discounts of the Actuarial Memorandum. Please explain and revise accordingly as the filing has been submitted as Individual market type.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 7**Comments:**

As noted in the response to Objection 6, in certain payroll groups due to economies of distribution the rates offered on an individual basis may have a discount applied consistent with that economy of distribution. Consistent with the Individual market type, the resulting reduced individual rates will then be subsequently maintained even if the individual leaves the payroll group.

Related Objection 7

Applies To:

- Actuarial Memorandum (Supporting Document)
- Actuarial Justification (Supporting Document)
- Actuarial Memorandum and Certifications (Supporting Document)
- rate manual, [NHIC IND HI 2013-POL] (Rate)

Comments: Exhibit B refers to Group Discounts; however the filing has been submitted as Individual market type. Please revise accordingly.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 8**Comments:**

This filing is being made on behalf of DC residents only.

Related Objection 8

Applies To:

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
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- Cover Letter All Filings (Supporting Document)
- Certificate of Authority to File (Supporting Document)
- Actuarial Memorandum (Supporting Document)
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- Actuarial Memorandum and Certifications (Supporting Document)
- Unified Rate Review Template (Supporting Document)
- rate manual, [NHIC IND HI 2013-POL] (Rate)

Comments: Please confirm: Dispositions with respects to this filing are being made on behalf of residents of the District of Columbia only.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 9**Comments:**

The form filing was withdrawn on 9/4 and I will ask the DOI to reopen that filing once this rate filing is approved.

Related Objection 9

Applies To:

- 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)
- rate manual, [NHIC IND HI 2013-POL] (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.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Brenda Dawson

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
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Post Submission Update Request Submitted On 09/05/2013

Status: Submitted
Created By: Brenda Dawson

Rate Information:

Field Name	Requested Change	Prior Value
Rate Data Applies	Yes	No

Company Rate Information:

Company Name: National Health Insurance Company

Field Name	Requested Change	Prior Value
Overall % Indicated Change	0.000%	
Overall % Rate Impact	0.000%	
Written Premium Change for this Program	\$0	
# of Policy Holders Affected for this Program	0	
Written Premium for this Program	\$0	
Maximum %Change (where required)	0.000%	
Minimum %Change (where required)	0.000%	

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

National Health Insurance Company

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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		rate manual	NHIC IND HI 2013-POL	New		NHIC Actuarial Memo - HI Ind - 20130725 rates.pdf,

Exhibit A - Sample Claim Costs

Hospital Confinement per \$100 DB			ICU Confinement per \$100 DB		
<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>	<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>
5	\$0.92	\$0.96	3	\$0.14	\$0.15
10	\$1.09	\$1.07	4	\$0.17	\$0.18
15	\$1.17	\$1.12	5	\$0.20	\$0.21
20	\$1.22	\$1.17	10	\$0.27	\$0.27
25	\$1.25	\$1.20	15	\$0.30	\$0.29
30	\$1.27	\$1.21	20	\$0.32	\$0.31

Hospital Admission Benefit

Monthly Claim Costs per \$100		
	<u>Adult</u>	<u>Child</u>
	\$0.34	\$0.41

Emergency Room Benefit

Monthly Claim Costs per \$100 benefit		
<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.96	\$1.38
2	\$1.25	\$1.71
3	\$1.33	\$1.79
4	\$1.40	\$1.87
5	\$1.50	\$1.95

Newborn Hospital Benefit

Monthly Claim Costs per \$100 benefit		
<u>Max #Days</u>	<u>Adult</u>	<u>Child</u>
1	N/A	\$0.51
2	N/A	\$1.00
3	N/A	\$1.20
4	N/A	\$1.37

Skilled Nursing Facility

Monthly Claim Costs per \$100 daily benefit		
<u>Max #Days</u>	<u>Adult</u>	<u>Children</u>
(3 - 100)		
3	0.13	0.10
5	0.17	0.13
7	0.20	0.16
10	0.24	0.19
14	0.28	0.22
30	0.42	0.32

Surgeon Benefit			
Monthly Claim Costs per \$100 daily benefit			
IP & OP SURGEON	<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>
	1	\$2.01	\$1.12
	3	\$2.81	\$1.56
	5	\$2.98	\$1.68
	7	\$3.06	\$1.76
	10	\$3.11	\$1.81

Anesthesia Benefit			
Monthly Claim Costs per \$100 daily benefit			
		<u>Adult</u>	<u>Child</u>
		\$3.11	\$1.81

Pre-Admission Testing Benefit			
Monthly Claim Costs per \$100 daily benefit			
	<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>
	1	\$0.35	\$0.38
	2	\$0.63	\$0.69
	3	\$0.86	\$0.94
	4	\$1.04	\$1.14
	5	\$1.17	\$1.28

Ambulatory Surgical Center Benefit			
Monthly Claim Costs per \$100 daily benefit			
	<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>
	1	\$1.22	\$0.54
	2	\$1.53	\$0.68
	3	\$1.62	\$0.73
	4	\$1.67	\$0.77
	5	\$1.71	\$0.81

Doctor's Office Visit Benefit		
Monthly Claim Costs per \$10 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.66	\$0.63
2	\$1.14	\$1.10
3	\$1.51	\$1.42
4	\$1.88	\$1.74
5	\$2.14	\$1.90
6	\$2.41	\$2.06
7	\$2.59	\$2.23

Preventive Care Office Visit Benefit		
Monthly Claim Costs per \$10 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.66	\$0.63
2	\$1.03	\$0.95
3	\$1.19	\$1.04

Diagnostic Tests Benefit		
Monthly Claim Costs per \$100 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$1.43	\$0.80
2	\$1.77	\$1.00

X-Ray Benefit		
Monthly Claim Costs per \$100 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$0.94	\$0.53
2	\$1.17	\$0.66
3	\$1.26	\$0.71

Laboratory Benefit		
Monthly Claim Costs per \$100 Benefit		
<u>Maximum # Days</u>	<u>Adult</u>	<u>Child</u>
1	\$2.33	\$0.53
3	\$5.12	\$1.16
5	\$6.81	\$1.55
7	\$7.85	\$1.79
10	\$8.72	\$1.98
14	\$9.28	\$2.11
20	\$9.54	\$2.12

Ambulance Benefit			
Monthly Claim Costs per \$100 daily benefit			
Ground Ambulance			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.15	\$0.15	
2	\$0.21	\$0.21	
3	\$0.24	\$0.24	
4	\$0.26	\$0.26	
Air Ambulance			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.15	\$0.15	
2	\$0.18	\$0.18	
3	\$0.20	\$0.20	

Mental Health Benefit			
Monthly Claim Costs per \$100 daily benefit			
Inpatient MH			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
5	\$0.42	\$0.43	
10	\$0.56	\$0.53	
15	\$0.63	\$0.58	
20	\$0.67	\$0.61	
30	\$0.72	\$0.65	
45	\$0.76	\$0.69	
60	\$0.79	\$0.71	
90	\$0.82	\$0.74	
100	\$0.83	\$0.75	
Outpatient MH			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.47	\$0.46	
3	\$1.40	\$1.37	
5	\$2.34	\$2.28	
7	\$2.94	\$2.82	
10	\$3.84	\$3.62	
14	\$4.34	\$3.97	
20	\$5.10	\$4.49	

Chemical Abuse Benefit			
Monthly Claim Costs per \$100 daily benefit			
Inpatient SA + Detoxification			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
5	\$0.11	\$0.10	
10	\$0.13	\$0.12	
15	\$0.15	\$0.14	
30	\$0.17	\$0.16	
45	\$0.17	\$0.16	
60	\$0.18	\$0.16	
90	\$0.19	\$0.16	
100	\$0.19	\$0.18	
Outpatient MH			
<u>Max # Days</u>	<u>Adult</u>	<u>Child</u>	
1	\$0.12	\$0.11	
2	\$0.23	\$0.23	
3	\$0.35	\$0.34	
4	\$0.46	\$0.46	
5	\$0.58	\$0.57	
6	\$0.66	\$0.64	
7	\$0.73	\$0.70	
Medical Evacuation Benefit			
Monthly Claim Costs per \$1000 benefit			
\$0.15			

When Maternity coverage is added, claim costs for Adult females will be increased by 84% (i.e., multiply by 1.84), and rates for Child(ren) will be increased by 12% (i.e., multiply by 1.12), for the following benefits:

			Hospital Confinement		ICU Confinement				
			Hospital Admission		Emergency Room				
			Newborn Hospital		PreAdmit Testing				
			Doctor's OV		Preventive OV				
			Diagnostic		X-Ray				
			Lab Test		Mental Health				
			Chem Abuse		Ambulance				
			Med Evac						

Exhibit B - Proposed Gross Monthly Premiums

Monthly Premiums by Benefit																				3/27/2013			
All benefits are priced per \$100 benefit except as otherwise noted																							
Standard Coverage -- without Maternity																							
Issue Age	Hospital Confinement (30d max)				ICU Confinement (30d max)				Hospital Admission				Emergency Room (2 days max)				Newborn Hospital (2 days max)						
	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par			
18 - 39	2.67	6.96	5.34	9.63	0.71	1.86	1.43	2.58	0.71	2.17	1.42	2.88	2.41	8.43	4.82	10.84	2.10	2.98	4.20	5.08			
40 - 49	2.67	6.96	5.34	9.63	0.71	1.86	1.43	2.58	0.71	2.17	1.42	2.88	2.41	8.43	4.82	10.84	2.10	2.98	4.20	5.08			
50 - 54	3.29	7.07	6.58	10.36	0.88	1.89	1.76	2.77	0.85	2.17	1.70	3.02	2.44	7.74	4.88	10.18	2.59	3.37	5.18	5.96			
55 - 59	4.03	7.34	8.06	11.37	1.07	1.96	2.14	3.03	1.04	2.17	2.08	3.21	2.57	7.22	5.14	9.79	3.17	3.85	6.34	7.02			
60 - 64	4.90	7.63	9.80	12.53	1.31	2.04	2.62	3.35	1.27	2.20	2.54	3.47	2.70	6.53	5.39	9.22	3.86	4.42	7.72	8.28			
Issue Age	SNF (30d max)				Surgeon (2 max)				Anesthesia (unlimited)				Ambulatory Center (2 days max)				PreAdmit Testing (2 days max)						
	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par			
18 - 39	0.88	2.01	1.76	2.89	5.35	10.42	10.70	15.77	6.38	12.75	12.76	19.13	3.14	5.53	6.28	8.67	1.29	3.72	2.58	5.01			
40 - 49	0.88	2.01	1.76	2.89	5.35	10.42	10.70	15.77	6.38	12.75	12.76	19.13	3.14	5.53	6.28	8.67	1.29	3.72	2.58	5.01			
50 - 54	1.09	2.08	2.18	3.17	8.40	12.86	16.80	21.26	10.01	15.62	20.02	25.63	4.92	7.03	9.84	11.95	2.03	4.17	4.06	6.20			
55 - 59	1.33	2.20	2.66	3.53	9.66	13.58	19.32	23.24	11.52	16.44	23.04	27.96	5.67	7.52	11.34	13.19	2.32	4.21	4.64	6.53			
60 - 64	1.62	2.34	3.24	3.96	10.77	14.01	21.54	24.78	12.84	16.90	25.68	29.74	6.32	7.84	12.64	14.16	2.60	4.15	5.20	6.75			
Issue Age	Doctor's OV (4 days max)				Preventive OV (2 days max)				Diagnostic (1 day max)				X-Ray Benefit (1 day max)				Lab Test Benefit (10d max)						
	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par			
18 - 39	39.49	100.72	78.98	140.21	21.64	55.06	43.28	76.70	2.93	5.74	5.86	8.67	2.40	4.72	4.80	7.12	17.88	24.85	35.76	42.73			
40 - 49	39.49	100.72	78.98	140.21	21.64	55.06	43.28	76.70	2.93	5.74	5.86	8.67	2.40	4.72	4.80	7.12	17.88	24.85	35.76	42.73			
50 - 54	48.71	102.64	97.42	151.35	26.69	56.14	53.38	82.83	4.60	7.08	9.20	11.68	3.76	5.81	7.52	9.57	28.06	34.20	56.12	62.26			
55 - 59	59.60	106.92	119.20	166.52	32.66	58.49	65.32	91.15	5.30	7.47	10.60	12.77	4.33	6.13	8.66	10.46	32.30	37.69	64.60	69.99			
60 - 64	72.58	111.54	145.16	184.12	39.77	61.04	79.54	100.81	5.91	7.70	11.82	13.61	4.83	6.31	9.66	11.14	36.02	40.45	72.04	76.47			
Issue Age	Mental Health (10 IP / 10 OP)				Chem Abuse (10 IP / 5 OP)				Ambulance (2d grnd / 2d air max)				Med Evac *per \$10K*										
	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par	Ind	1-Par	Ins/Sp	2-Par							
18 - 39	9.24	23.85	18.48	33.09	1.49	3.92	2.98	5.41	0.75	2.12	1.50	2.87	2.89	8.17	5.78	11.06							
40 - 49	9.24	23.85	18.48	33.09	1.49	3.92	2.98	5.41	0.75	2.12	1.50	2.87	2.89	8.17	5.78	11.06							
50 - 54	11.40	24.26	22.80	35.66	1.84	3.98	3.68	5.82	0.76	1.97	1.52	2.73	2.92	7.57	5.84	10.49							
55 - 59	13.95	25.23	27.90	39.18	2.25	4.13	4.50	6.38	0.80	1.86	1.60	2.66	3.08	7.16	6.16	10.24							
60 - 64	16.99	26.28	33.98	43.27	2.74	4.29	5.48	7.03	0.84	1.71	1.68	2.55	3.23	6.59	6.46	9.82							
When Maternity coverage is added, rates for Adult females will be increased by 84% (i.e., multiply by 1.84), and rates for Child(ren) will be increased by 12% (i.e., multiply by 1.12), for the following benefits:																							
												Hospital Confinement				ICU Confinement							
												Hospital Admission				Emergency Room							
												Newborn Hospital				PreAdmit Testing							
												Doctor's OV				Preventive OV							
												Diagnostic				X-Ray							
												Lab Test				Mental Health							
												Chem Abuse				Ambulance							
												Med Evac											

Note: The above rates are before applying Benefit factors and Group Discounts, if any.

Benefit Factors		Group Discounts	
Daily	Underwriting	Group	Premium
Hospital	Selection	<u>Commission</u>	<u>Discount</u>
Benefit	Factor	Full	0%
\$10 - \$100	0.80	75% of Full	5%
\$110 - \$200	0.95	50% of Full	10%
\$210 - \$500	1.00	25% of Full	15%
Over \$500	1.10	None	20%

Monthly Premiums by Package				
without Maternity				
Replacement Limited Medical Benefit Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$365.84	\$813.73	\$729.83	\$1,178.72
40 - 49	\$365.23	\$813.73	\$729.83	\$1,178.72
50 - 54	\$505.52	\$901.90	\$1,011.04	\$1,407.42
55 - 59	\$592.01	\$938.93	\$1,184.01	\$1,530.93
60 - 64	\$680.71	\$966.53	\$1,361.36	\$1,647.18
Hospital Indemnity Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$40.66	\$108.18	\$79.32	\$147.84
40 - 49	\$40.05	\$108.18	\$79.32	\$147.84
50 - 54	\$48.50	\$109.37	\$97.00	\$157.87
55 - 59	\$59.39	\$112.31	\$118.78	\$171.70
60 - 64	\$72.29	\$115.91	\$144.59	\$188.20
Gap / Supplemental Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$113.73	\$235.78	\$225.47	\$348.52
40 - 49	\$113.13	\$235.78	\$225.47	\$348.52
50 - 54	\$164.26	\$273.03	\$328.53	\$437.30
55 - 59	\$192.39	\$287.45	\$384.78	\$479.84
60 - 64	\$220.18	\$298.60	\$440.36	\$518.79
Emergency Evacuation Plan				
<u>Issue Age</u>	<u>Individual</u>	<u>1Parent</u>	<u>Ins+Spouse</u>	<u>2Parent</u>
18 - 39	\$12.48	\$30.89	\$22.97	\$42.37
40 - 49	\$11.87	\$30.89	\$22.97	\$42.37
50 - 54	\$13.19	\$30.28	\$26.37	\$43.47
55 - 59	\$15.41	\$30.39	\$30.82	\$45.80
60 - 64	\$17.96	\$30.31	\$35.92	\$48.27

Note: The above rates are before applying Benefit factors and Group Discounts, if any.

EXHIBIT C - Anticipated Distribution of Business

By Issue Age Group		By Family Status	
<u>Issue Ages</u>	<u>Distribution</u>	<u>Family Status</u>	<u>Distribution</u>
18-20	1.5%	Individual	60.0%
21-25	5.0%	Individual + Spouse	15.0%
26-30	11.0%	1-Parent Family	10.0%
31-35	17.0%	2-Parent Family	15.0%
36-40	25.0%		
41-45	22.5%		
46-50	9.0%		
51-55	4.5%		
56-60	2.5%		
61-64	2.0%		

By Product Packages	
Replacement LMBP	26.0%
Hospital Indemnity	37.0%
Gap/Supplemental	30.0%
Emergency Evac	7.0%

Exhibit D

Anticipated Durational Loss Ratios

<u>Pol Year</u>	<u>Earned</u>	<u>Incurred</u>	<u>Loss Ratio</u>	<u>Cumulative</u>
	<u>Premis + Fees</u>	<u>Claims</u>		<u>Loss Ratio</u>
1	2,410,088	1,242,576	51.6%	51.6%
2	1,684,306	875,454	52.0%	51.7%
3	1,332,821	698,701	52.4%	51.9%
4	1,096,307	580,088	52.9%	52.1%
5	923,591	493,612	53.4%	52.2%
6	796,471	430,302	54.0%	52.4%
7	702,968	384,406	54.7%	52.6%
8	628,127	348,046	55.4%	52.8%
9	561,224	315,604	56.2%	53.0%
10	501,421	286,643	57.2%	53.2%
11	447,966	260,744	58.2%	53.4%
12	399,095	236,543	59.3%	53.6%
13	354,425	214,045	60.4%	53.8%
14	314,698	193,993	61.6%	54.0%
15	279,373	176,063	63.0%	54.2%
16	247,965	160,005	64.5%	54.4%
17	219,193	144,391	65.9%	54.6%
18	192,843	129,424	67.1%	54.8%
19	169,571	116,130	68.5%	54.9%
20	149,026	104,255	70.0%	55.1%
21	130,511	93,243	71.4%	55.3%
22	112,105	81,272	72.5%	55.4%
23	94,354	69,180	73.3%	55.5%
24	79,032	58,618	74.2%	55.6%
25	65,831	49,373	75.0%	55.7%
26	54,480	41,297	75.8%	55.8%
27	44,741	34,249	76.6%	55.9%
28	36,405	28,117	77.2%	55.9%
29	29,289	22,795	77.8%	56.0%
30	23,231	18,181	78.3%	56.0%

Anticipated Durational Loss Ratios (continued)

<u>Pol Year</u>	<u>Earned</u>	<u>Incurred</u>	<u>Loss Ratio</u>	<u>Cumulative</u>
	<u>Premis + Fees</u>	<u>Claims</u>		<u>Loss Ratio</u>
31	19,426	15,355	79.0%	56.0%
32	16,284	13,047	80.1%	56.1%
33	12,807	10,348	80.8%	56.1%
34	10,295	8,406	81.6%	56.1%
35	8,157	6,720	82.4%	56.1%
36	6,344	5,262	83.0%	56.1%
37	4,812	4,029	83.7%	56.1%
38	3,650	3,085	84.5%	56.2%
39	2,800	2,388	85.3%	56.2%
40	2,084	1,788	85.8%	56.2%
41	1,483	1,273	85.8%	56.2%
42	981	847	86.3%	56.2%
43	640	554	86.6%	56.2%
44	433	379	87.5%	56.2%
45	292	258	88.5%	56.2%
46	204	182	89.2%	56.2%
47	132	117	89.1%	56.2%
48	72	62	87.0%	56.2%
49	22	19	87.0%	56.2%
50	0	0		56.2%
Total	14,172,375	7,961,475	56.2%	
Pres Value	\$11,293,949	\$6,212,876	55.0%	

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
Project Name/Number: NHIC Individual Accident and Sickness Hospital Indemnity Policy/NHIC IND HI 2013 POL

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	See the general information tab
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	NHIC Authorizatton Letter 3-7-13.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	NHIC Actuarial Memo - HI Ind - 20130725 act memo.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	See the attached actuarial memorandum and rates.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	NA this is a new product filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H14I Individual Health - Hospital Indemnity/H14I.000 Health - Hospital Indemnity
Product Name: NHIC Individual Accident and Sickness Hospital Indemnity Policy
Project Name/Number: NHIC Individual Accident and Sickness Hospital Indemnity Policy/NHIC IND HI 2013 POL

Bypass Reason:	NA this is a new product filing
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	This is a non ACA filing. The actuarial memorandum was added to the above Actuarial Memorandum tab
Attachment(s):	
Item Status:	
Status Date:	

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

GMAC Insurance

February 28, 2013

Re: NAIC #82538 FEIN # 74-1541799
Critical Illness Policies and Related Forms and Rates

To: All Departments of Insurance

National Health Insurance Company hereby authorizes Insurance Compliance Consulting to represent us in the submission of the above-referenced forms and related outline of coverage forms, rates and actuarial documents and to negotiate with insurance departments for their approval.

Sincerely,



Michael Weiner
Chief Financial Officer

National Health Insurance Company
Hospital Indemnity Policy NHIC IND HI 2013

Actuarial Memorandum

I. Scope and Purpose

This actuarial memorandum has been prepared for the purpose of complying with state regulations regarding the pricing of the referenced policy form. The specific purpose of this filing is to present the proposed rates for the referenced new policy form. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides benefits for hospitalization and for eighteen other optional benefits as elected. The company intends to sell the following four benefits packages. These packages may be customized (add/subtract benefits or change benefit amounts) at the group level, but the standard offerings are as follows:

1) Replacement LM Benefit Plan

<u>Hospital Confinement/Medical Facility Benefit</u>	
Hospital Confinement Benefit	\$2500 per day of confinement
Maximum Benefit	10 days per Certificate Year per Covered Person
Hospital Intensive Care Unit Confinement Benefit	\$2500 per day of confinement
Maximum Benefit Period	Up to 5 days per Certificate Year per Covered Person
Hospital Admission Benefit	\$2500 per admission
Maximum Benefit	2 admissions per Certificate Year per Covered Person
Emergency Room Benefit	\$500 per day
Maximum Benefit	2 days per Certificate Year per Covered Person
<u>Newborn Child Hospital Care Benefit</u>	
Newborn Child Hospital Care Benefit	\$1000 per day of hospital care
Maximum Benefit	2 days of hospital care per Certificate Year, per Covered Newborn Child
<u>Skilled Nursing Facility Benefit</u>	
Maximum Benefit	\$100 per day Up to 30 days per Certificate Year per Covered Person
<u>Surgeon Benefit</u>	
Maximum Benefit per Day	
Inpatient Surgeon Benefit	\$1500 per day per Covered Person
Outpatient Surgeon Benefit	\$1000 per day per Covered Person
Surgeon Maximum Benefit	5 days per Certificate Year per Covered Person
<u>Anesthesia Benefit</u>	
Maximum Benefit	\$500 per day per Covered Person 5 days max
<u>Ambulatory Surgical Center Benefit</u>	
Ambulatory Surgical Center Benefit	\$1500 per day
Maximum Benefit	2 days per Certificate Year per Covered Person
<u>Pre-Admission Test Benefit</u>	
Maximum Benefit	\$100 per day 2 days per Certificate Year per Covered Person
<u>Doctor's Office Visit Benefit</u>	
Doctor's Office Benefit	\$50 per day
Maximum Benefit	3 days per Certificate Year per Covered Person
<u>Preventive Care Office Visit</u>	

Preventive Care Office Benefit	\$125 per day
Maximum Benefit	1 days per Certificate Year per Covered Person
Diagnostic Tests Benefit	
MRI; CAT; PET; Colonoscopy; Bone Marrow Test; Stress Test	\$1000 per day
Maximum Benefit	1 days per Certificate Year per Covered PersonFamily
X-Ray Benefit	
Mammography; EEG; X-Ray; Breast Ultrasound; Sigmoidoscopy	\$150 per day
Maximum Benefit	2 days per Certificate Year per Covered Person
Laboratory Benefit	
Blood test for triglycerides; CA 15-3; CA 125; CEA; eye exam; fasting blood glucose test; hemocult stool analysis; PSA; serum protein electrophoresis; thermography; cervical cytological screening; colorectal cancer screening; prostate cancer screening; child health screening	\$50 per day
Maximum Benefit	5 days per Certificate Year per Covered Person
Mental Health Benefit	
Mental Health Inpatient Benefit	\$250
Mental Health Inpatient Maximum Benefit	10
Mental Health Outpatient Benefit	\$50
Mental Health Outpatient Maximum Benefit	5 days
Chemical Abuse and Dependence Diagnosis and Treatment Benefit	
Chemical Abuse and Dependence Diagnosis and Treatment Benefit	\$250 per day
Detoxification Maximum Benefit	5 days
Inpatient Rehabilitation Maximum Benefit	5 days
Chemical Abuse and Dependence Outpatient Benefit	\$50
Chemical Abuse and Dependence Outpatient Benefit Maximum Benefit	5 days
Ambulance Benefit	
Ground	\$250 per day
Ground Ambulance Benefit Maximum	2 days per Certificate Year per Covered Person
Air	\$5000 per day
Air Ambulance Benefit Maximum	1 days per Certificate Year per Covered Person
Emergency Medical Evacuation Benefit	
Benefit Amount	\$10,000 per evacuation
Deductible Amount	\$2500 per evacuation
Minimum Number of Miles	50
EME Assistance Company	XYZ Company

2). Hospital Indemnity Plan

Hospital Confinement/Medical Facility Benefit	
Hospital Confinement Benefit	\$1500 per day of confinement
Maximum Benefit	5 days per Certificate Year per Covered Person
Hospital Admission Benefit	\$1500 per admission
Maximum Benefit	1 admissions per Certificate Year per Covered Person

3). Gap/Supplemental Plan

Hospital Confinement/Medical Facility Benefit	
Hospital Confinement Benefit	\$1000 per day of confinement
Maximum Benefit	5 days per Certificate Year per Covered Person
Hospital Intensive Care Unit Confinement Benefit	
Maximum Benefit Period	
Hospital Admission Benefit	\$1000 per admission
Maximum Benefit	1 admissions per Certificate Year per Covered Person
Newborn Child Hospital Care Benefit	
Newborn Child Hospital Care Benefit	\$500 per day of hospital care
Maximum Benefit	2 days of hospital care per Certificate Year, per Covered Newborn Child
Surgeon Benefit	
Maximum Benefit per Day	
Inpatient Surgeon Benefit	\$500 per day per Covered Person
Outpatient Surgeon Benefit	\$500 per day per Covered Person
Surgeon Maximum Benefit	5 days per Certificate Year per Covered Person
Anesthesia Benefit	
	\$250 per day per Covered Person 5 days max
Diagnostic Tests Benefit	
MRI; CAT; PET; Colonoscopy; Bone Marrow Test; Stress Test	\$1000 per day. 1 day Max

4). Emergency Evac Plan

Hospital Confinement/Medical Facility Benefit	
Hospital Confinement Benefit	\$1000 per day of confinement
Maximum Benefit	1 days per Certificate Year per Covered Person
Emergency Medical Evacuation Benefit	
Benefit Amount	\$15,000 per evacuation
Deductible Amount	\$2500 per evacuation
Minimum Number of Miles	250
EME Assistance Company	XYZ Company

Coverage is generally subject to a pre-existing condition provision. For replacement policies this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

III. Applicability and Renewability

The referenced policy form will be issued on an individual basis and will be guaranteed renewable to the policy anniversary following the primary insured's attainment of age 65. The premium rates presented in

this filing will be in effect from the date of state approval. There are no currently in-force certificates to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from various public and proprietary sources. Morbidity sources used include:

- Injury in the United States - 2007 Chartbook (U.S. Dept HHS, CDC, National Center for Health Statistics)
- Injury Episodes and Circumstances: National Health Interview Survey, 1997–2007
- Towers Watson HealthMAPS claim cost model for 2012
- 2009 HCUP data (<http://hcupnet.ahrq.gov/HCUPnet.jsp>)
- 2009 NHDS, NAMCS and NHAMCS datasets
- Proprietary recent insurer hospital confinement experience compiled by UHAS Inc.

A sample of the assumed claim costs before application of selection factors are presented in attached Exhibit A.

Given the benefit design and the nature of the benefits provided, no benefit categories are assumed to be subject to significant medical trend.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1 - q^m) * (1 - q^v)$$

where q^m represents the mortality decrement and q^v represents the voluntary lapse rate.

Assumed mortality is based on the 1990-95 Select and Ultimate mortality table. The assumed total termination rates are based upon recent industry experience for similar products.

Total Termination rates are assumed as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7+
35%	22%	18%	16%	14%	12%	10%

Under the alternate premium structure when policies go to attained age rates the termination rate for the 1st year of attained age rating is assumed to be 20%. Policies terminate at the end of the policy month during which the Policyholder attains age 65 regardless of issue age or policy year.

VI. Expenses and Interest Rates

The following expenses, which reflect costs associated with a third party administrator, were assumed in pricing the referenced policy form.

Issue Costs:	3% of premium
Maintenance Costs:	9% of premium
Premium Tax and Assessments:	2.5% of premium
Commissions and Sales Expenses:	18% of premium on a present value basis. This may be paid on either a level basis in all years or an actuarially equivalent amount with higher first year commissions

and lower commissions in subsequent years.

Investment Income: 3.25% on cash flows

Interest rates: 3.5% for discounting, consistent with the valuation interest rate for policies of this type issued in 2013

VII. Marketing Method

The referenced policy/rider forms will be marketed by an agency distribution force that also markets other products for the company.

VIII. Underwriting

This policy form is generally underwritten based on a simplified application with yes/no questions. In certain large groups coverage for the primary insured may be underwritten on a guaranteed issue or contingent guaranteed issue basis (dependent coverage will be subject to simplified issue) if certain participation requirements are met.

The assumed underwriting selection factor for use against ultimate claim costs in all years varies by the amount of the Daily Hospital benefit elected as follows:

Daily Hospital Benefit	Underwriting Selection Factor
\$10 - \$100	0.80
\$110 - \$200	0.95
\$210 - \$500	1.00
Over \$500	1.10

All coverage terminates on the last day of the month in which the Policyholder attains age 65.

Coverage is generally subject to a pre-existing condition provision. For replacement policies this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on issue age, family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverage selected.

Rates will not vary by gender. Proposed gross monthly premiums for each benefit and the four standard benefit packages are shown in attached Exhibit B.

X. Group Discounts

A premium discount of up to 20% is available for applicants from certain large groups where distribution expenses are reduced. The amount of discount is based on the distribution expense as follows:

Group	Premium
<u>Commission</u>	<u>Discount</u>
Full	0%
75% of Full	5%
50% of Full	10%
25% of Full	15%
None	20%

All members of a specific group will receive identical premium discounts.

XI. Area Factors

Gross annual premiums for these policies will not vary based on the insured's residence location (ZIP3).

XII. Distribution of Business and Average Annual Premium

The assumed distribution of issued policies by issue age, family status, and benefit options are shown in Exhibit C.

Using the assumed distributions and the proposed premiums, the anticipated average annual premium is \$2921.31.

XIII. Premium Modalization

The following premium modalization factors will be applied in billing calculations.

Annual mode	12 x Monthly
Semi-annual mode	6 x Monthly
Quarterly mode	3 x Monthly
Semi-monthly	divide monthly rate by 2
Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the monthly payment mode are shown on attached Exhibit C.

XIV. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using pricing claim cost assumptions with a load for conservatism and 1990-95 Select and Ultimate mortality table. Voluntary lapse rates and discount rates assumed will comply with the NAIC Health Insurance Reserves Model Regulation and any applicable state regulations. Active life reserves were not used in the calculation of anticipated loss ratios.

XV. Claim Liability and Reserves

This is a new filing of this form; there are no claim reserves or liabilities at this time. The claim reserve at any point in time will consist of (a) incurred but unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

Claim reserves will be determined using a "claim lag" methodology whereby a history of claims paid by incurral data will be maintained and such "claim run-off" will then be used to estimate the level of claim reserves.

XVI. Trend Assumptions

Given the benefit design and the nature of the benefits provided, no benefit categories are assumed to be subject to significant medical trend.

XVII. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 55%. Expected durational loss ratios are shown on Exhibit D. The anticipated lifetime loss ratio is 55.0% on a discounted basis. Active life reserves were not used in the calculation of anticipated loss ratios.

XVIII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 9.6% of the present-value of lifetime premiums.

XIX. Proposed Effective Date

The proposed rates will be effective upon approval. Future rate increases are not anticipated at this time.

XX. Data Reliance

In completing the pricing analysis and filing materials for these policy forms, I relied on expected sales data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material to the analysis conducted or the conclusions drawn from the analysis.

XXI. Actuarial Certification

I hereby certify that I am a Member of the Society of Actuaries and the American Academy of Actuaries and meet the Academy's qualification standards for issuing this statement of actuarial opinion.

I further certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:

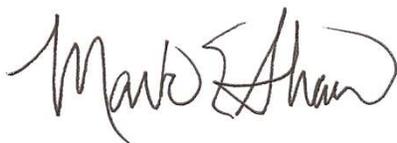
The entire rate filing is in compliance with the applicable laws of the state in which it is filed;

The entire rate filing complies with all applicable Actuarial Standards of Practice (including Actuarial Standards of Practice Number 8, *Regulatory Filings for Rates and Financial Projections for Health Plans* and Number 5, *Recommendations and Interpretations Concerning Incurred Health Claim Liabilities*, promulgated by the Actuarial Standards Board);

The expected loss ratio meets the minimum requirements of the state in which it is filed;

The benefits are reasonable in relation to the proposed premiums; and

The premium schedule is not excessive, inadequate, or unfairly discriminatory.



Mark E. Shaw, FSA, MAAA, CERA
Senior Consulting Actuary
United Health Actuarial Services, Inc.
phone: 414-469-0407
email: mshaw@uhasinc.com

July 25, 2013

Date

Attachments:

- Exhibit A – Sample Claim Costs
- Exhibit B – Proposed Gross Premiums
- Exhibit C – Anticipated Distribution of Business
- Exhibit D – Anticipated Durational Loss Ratios