

State: District of Columbia **Filing Company:** National Health Insurance Company
TOI/Sub-TOI: H07G Group Health - Specified Disease - Limited Benefit/H07G.002A Dread Disease - Cancer Only
Product Name: Group Cancer Policy
Project Name/Number: Group Cancer Policy/NHIC-GRP-6040

Filing at a Glance

Company: National Health Insurance Company
 Product Name: Group Cancer Policy
 State: District of Columbia
 TOI: H07G Group Health - Specified Disease - Limited Benefit
 Sub-TOI: H07G.002A Dread Disease - Cancer Only
 Filing Type: Rate
 Date Submitted: 08/05/2014
 SERFF Tr Num: ICCI-129662931
 SERFF Status: Submitted to State
 State Tr Num:
 State Status:
 Co Tr Num: NHIC-GRP-6040-R

Implementation
 Date Requested:
 Author(s): Ann Collins, Brenda Dawson
 Reviewer(s):
 Disposition Date:
 Disposition Status:
 Implementation Date:

State Filing Description:

State: District of Columbia
TOI/Sub-TOI: H07G Group Health - Specified Disease - Limited Benefit/H07G.002A Dread Disease - Cancer Only
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General Information

Project Name: Group Cancer Policy
 Project Number: NHIC-GRP-6040
 Requested Filing Mode: Review & Approval
 Explanation for Combination/Other:
 Submission Type: New Submission
 Group Market Type: Employer
 Filing Status Changed: 08/05/2014
 State Status Changed:
 Created By: Brenda Dawson
 Corresponding Filing Tracking Number: ICCI-129662932

Status of Filing in Domicile:
 Date Approved in Domicile:
 Domicile Status Comments:
 Market Type: Group
 Group Market Size: Small and Large
 Overall Rate Impact:
 Deemer Date:
 Submitted By: Brenda Dawson

Filing Description:

Insurance Compliance Consultants is pleased to submit the enclosed forms on behalf of National Health Insurance Company (NHIC). A letter of filing authorization is enclosed.

This is a rate filing for the forms filed under SERFF Tracking # ICCI-129662932. This filing is new and does not replace any filing currently on file with your Department. This filing is identical to the rate filing previously approved by your Department for LifeShield National Insurance Company on April 28, 2011, under SERFF Tracking # RDWS-126741014, with the exception of the Daily Radiation, Chemotherapy, Immunotherapy and Experimental Treatment Benefit Rider and the benefit listed for it in the schedule of benefits.

The policy provides coverage for Cancer.

Optional Benefit Riders will be offered for an additional premium.

Company and Contact

Filing Contact Information

Brenda Dawson, Authorized Representative Brendadawson@inscompliance.com
 3925 East State Street, Suite 200
 Rockford, IL 61108

815-316-6714 [Phone]
 815-986-2355 [FAX]

Filing Company Information

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

National Health Insurance Company	CoCode: 82538	State of Domicile: Texas
800 Gessner	Group Code: 2538	Company Type:
Suite 600	Group Name:	State ID Number:
Houston, TX 77024	FEIN Number: 74-1541799	
(713) 935-4800 ext. [Phone]		

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Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:

ICCI-129662931

State Tracking #:

Company Tracking #:

NHIC-GRP-6040-R

State:

District of Columbia

Filing Company:

National Health Insurance Company

TOI/Sub-TOI:

H07G Group Health - Specified Disease - Limited Benefit/H07G.002A Dread Disease - Cancer Only

Product Name:

Group Cancer Policy

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Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

%

Overall Percentage of Last Rate Revision:

%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

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):
National Health Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

SERFF Tracking #:

ICCI-129662931

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

NHIC-GRP-6040-R

State:

District of Columbia

Filing Company:

National Health Insurance Company

TOI/Sub-TOI:

H07G Group Health - Specified Disease - Limited Benefit/H07G.002A Dread Disease - Cancer Only

Product Name:

Group Cancer Policy

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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 sheet	NHIC-GRP-6040	New		NHIC Act Memo - GRP Cancer - Rates 20140724.pdf,

Exhibit B – Sample Claim Costs

Sample Annual Claim Costs											
Base Plan				Annual Screening				Hospital Confinement			
Attained	Cost per \$25 Benefit			Attained	Cost per \$25 Benefit			Attained	Cost per \$50 Benefit		
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family
20	5.1623	8.6295	13.2756	20	5.0000	6.1550	8.3125	20	0.6856	1.1460	1.8316
25	5.5908	9.0580	14.0897	25	5.0000	6.1550	8.3125	25	0.7318	1.1922	1.9240
30	6.3723	9.8396	15.5746	30	5.0000	6.1550	8.3125	30	0.8204	1.2808	2.1012
35	7.9764	11.4436	18.6223	35	5.0000	6.1550	8.3125	35	1.0283	1.4888	2.5171
40	11.5444	15.0117	25.4016	40	5.6000	6.7550	9.2625	40	1.4713	1.9317	3.4030
45	18.3608	21.8280	38.3527	45	6.9200	8.0750	11.4475	45	2.3455	2.8060	5.1515
50	28.5823	32.0496	57.7736	50	8.3300	9.4850	14.2025	50	3.6743	4.1347	7.8090
55	40.5044	43.9716	80.4256	55	10.2000	11.3550	18.0500	55	5.1725	5.6330	10.8055
60	55.3597	58.8269	108.6507	60	11.9500	13.1050	21.6125	60	7.0212	7.4817	14.5029
65	69.8519	72.6257	135.4925	65	13.7000	14.8088	25.1750	65	8.7736	9.1420	17.9156
70	78.5024	80.5828	151.2349	70	15.0500	16.0063	27.7875	70	9.7365	10.0128	19.7493
75	91.9120	93.2989	176.0196	75	15.8000	16.5484	28.9750	75	11.4581	11.6423	23.1004
80	101.5439	102.2374	193.6269	80	16.5500	16.7739	30.1625	80	12.7214	12.8135	25.5349

Sample Annual Claim Costs											
First Occurrence				First Occurrence Building				Radiation/Chemo/Immuno/Experimental			
Attained	Cost per \$500 Benefit			Attained	Cost per \$100 Benefit			Attained	Cost per \$100 Daily Benefit		
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family
20	0.2377	0.4141	0.6518	20	0.0475	0.0828	0.1304	20	1.3325	2.2275	3.5601
25	0.3344	0.5183	0.8527	25	0.0669	0.1037	0.1705	25	1.4224	2.3174	3.7397
30	0.4818	0.6509	1.1328	30	0.0964	0.1302	0.2266	30	1.5946	2.4895	4.0841
35	0.6027	0.7389	1.3416	35	0.1205	0.1478	0.2683	35	1.9988	2.8938	4.8926
40	1.0153	1.1554	2.1707	40	0.2031	0.2311	0.4341	40	2.8597	3.7547	6.6144
45	1.6062	1.7419	3.3480	45	0.3212	0.3484	0.6696	45	4.5591	5.4541	10.0131
50	2.3628	2.4873	4.8501	50	0.4726	0.4975	0.9700	50	7.1418	8.0368	15.1786
55	3.6107	3.7343	7.3450	55	0.7221	0.7469	1.4690	55	10.0539	10.9489	21.0028
60	5.2785	5.3999	10.6784	60	1.0557	1.0800	2.1357	60	13.6473	14.5423	28.1895
65	6.0680	6.1542	12.2221	65	1.2136	1.2308	2.4444	65	17.0535	17.7695	34.8230
70	7.5661	7.6323	15.1984	70	1.5132	1.5265	3.0397	70	18.9250	19.4620	38.3870
75	8.5301	8.5763	17.1064	75	1.7060	1.7153	3.4213	75	22.2713	22.6293	44.9007
80	9.0644	9.0916	18.1561	80	1.8129	1.8183	3.6312	80	24.7268	24.9058	49.6326

Sample Annual Claim Costs											
Hospital ICU				Surgical				Specified Disease			
Attained	Cost per \$50 Benefit			Attained	Cost per \$500 Benefit			Attained	Cost per \$1,500 Benefit		
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family
20	0.8549	1.4462	2.3010	20	0.3722	0.6221	0.9943	20	7.4250	11.1375	14.8500
25	0.9202	1.5115	2.4317	25	0.3972	0.6472	1.0444	25	7.4250	11.1375	14.8500
30	1.0045	1.5958	2.6004	30	0.4453	0.6953	1.1406	30	7.4250	11.1375	14.8500
35	1.1160	1.7073	2.8233	35	0.5582	0.8082	1.3664	35	7.4250	11.1375	14.8500
40	1.2518	1.8430	3.0948	40	0.7987	1.0486	1.8473	40	7.4250	11.1375	14.8500
45	1.4265	2.0177	3.4442	45	1.2733	1.5232	2.7965	45	7.4250	11.1375	14.8500
50	1.6577	2.2490	3.9066	50	1.9946	2.2445	4.2391	50	7.4250	11.1375	14.8500
55	1.9966	2.5879	4.5844	55	2.8079	3.0578	5.8657	55	7.4250	11.1375	14.8500
60	2.5545	3.1457	5.7002	60	3.8115	4.0614	7.8729	60	7.4250	11.1375	14.8500
65	3.4799	3.9529	7.4329	65	4.7628	4.9627	9.7255	65	7.4250	11.1375	14.8500
70	4.7874	5.1422	9.9296	70	5.2854	5.4354	10.7209	70	7.4250	11.1375	14.8500
75	3.2995	3.5360	6.8356	75	6.2200	6.3200	12.5400	75	7.4250	11.1375	14.8500
80	4.5570	4.6753	9.2324	80	6.9058	6.9558	13.8616	80	7.4250	11.1375	14.8500

Exhibit C - Proposed Annual Premiums

Annual Premium Rates											
Base Coverage				First Occurrence (Per \$500)				Hospital ICU (Per \$50)			
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family
18-39	\$20.91	\$26.73	\$46.12	18-39	\$1.74	\$1.99	\$3.79	18-39	\$2.07	\$3.06	\$5.16
40-49	\$51.87	\$57.73	\$100.31	40-49	\$4.59	\$4.80	\$9.01	40-49	\$3.08	\$4.08	\$7.03
50-65	\$94.79	\$100.30	\$186.54	50-65	\$8.80	\$8.99	\$17.89	50-65	\$4.76	\$5.70	\$10.51
66-79	\$151.76	\$154.75	\$301.63	66-79	\$14.02	\$14.10	\$28.91	66-79	\$8.11	\$8.62	\$16.76
Group	\$55.03	\$60.76	\$83.87	Group	\$4.96	\$5.18	\$7.51	Group	\$3.27	\$4.25	\$6.55
Annual Screening (Per \$25)				First Occurrence Building (Per \$100)				Surgical (Per \$500)			
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family
18-39	\$9.75	\$11.69	\$16.40	18-39	\$3.86	\$4.14	\$8.16	18-39	\$1.45	\$1.87	\$3.37
40-49	\$14.62	\$16.58	\$24.57	40-49	\$8.41	\$8.67	\$16.62	40-49	\$3.59	\$4.01	\$7.30
50-65	\$20.44	\$22.33	\$37.00	50-63	\$10.40	\$10.58	\$20.96	50-65	\$6.50	\$6.90	\$13.47
66-79	\$26.62	\$27.81	\$49.35	64-79	N/A	N/A	N/A	66-79	\$10.28	\$10.49	\$21.52
Group	\$14.82	\$16.75	\$21.99	Group	\$7.47	\$7.72	\$12.55	Group	\$3.79	\$4.20	\$6.09
Hospital Confinement (Per \$50)				Radiation/Chemo/Immuno/Exp (Per \$100)				Specified Disease (Per \$1,500)			
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family
18-39	\$2.68	\$3.45	\$6.20	18-39	\$5.20	\$6.71	\$12.06	18-39	\$13.50	\$20.25	\$26.89
40-49	\$6.61	\$7.39	\$13.45	40-49	\$12.85	\$14.36	\$26.14	40-49	\$13.50	\$20.25	\$26.89
50-65	\$11.98	\$12.71	\$24.81	50-65	\$23.28	\$24.70	\$48.21	50-65	\$13.50	\$20.25	\$26.89
66-79	\$18.93	\$19.33	\$39.65	66-79	\$36.79	\$37.57	\$77.07	66-79	\$13.50	\$20.25	\$26.89
Group	\$6.98	\$7.75	\$11.22	Group	\$13.58	\$15.05	\$21.81	Group	\$13.50	\$20.25	\$26.89

The modal premium factors are as follows:

- Semi-annual 0.520 x Annual
- Quarterly 0.265 x Annual
- Monthly Direct 0.090 x Annual
- Monthly Bank Draft 0.083 x Annual

EXHIBIT D - Anticipated Distribution of Business

By Issue Age			By Benefit Option	
	Individual		Base	1.0
<u>Issue Age</u>	<u>& 1-Parent</u>	<u>Family</u>	Screening (per \$25)	3.0
22	7.0%	7.0%	First Occ (per \$500)	10.0
27	10.0%	16.0%	Surgery (per \$500)	1.0
32	11.5%	20.0%	Rad & Chemo (per \$100)	3.0
37	13.0%	20.0%	Daily Indemnity (per \$100)	2.0
42	17.0%	16.0%	ICU (per \$100)	0.3
47	15.5%	9.0%	Specified Disease	0.3
52	13.5%	6.0%	Building Benefit (per \$500)	0.2
57	8.5%	4.0%		
62	3.5%	1.7%		
67	0.3%	0.1%		
72	0.1%	0.1%		
77	0.1%	0.1%		
By Gender				
	<u>Individual</u>	<u>1-Parent</u>	<u>Family</u>	
Female	60%	80%	55%	
Male	40%	20%	45%	
By Family Tier				
	<u>Individual</u>	55.0%		
	<u>1-Parent</u>	7.0%		
	<u>Family</u>	38.0%		

EXHIBIT E

Anticipated Durational Loss Ratios

				Cumulative
Policy	Earned	Incurred	Loss	Loss
<u>Year</u>	<u>Premiums</u>	<u>Claims</u>	<u>Ratio</u>	<u>Ratio</u>
1	243,066	64,494	26.5%	26.5%
2	173,372	72,952	42.1%	33.0%
3	130,876	60,242	46.0%	36.1%
4	103,533	51,649	49.9%	38.3%
5	84,726	45,532	53.7%	40.1%
6	72,131	41,496	57.5%	41.6%
7	63,300	38,719	61.2%	43.1%
8	56,217	36,438	64.8%	44.4%
9	50,186	34,376	68.5%	45.6%
10	44,817	32,388	72.3%	46.8%
11	40,031	30,469	76.1%	47.9%
12	35,734	28,583	80.0%	48.9%
13	31,874	26,763	84.0%	49.9%
14	28,410	25,008	88.0%	50.9%
15	25,300	23,318	92.2%	51.7%
16	22,511	21,693	96.4%	52.6%
17	20,009	20,124	100.6%	53.4%
18	17,766	18,624	104.8%	54.1%
19	15,757	17,195	109.1%	54.8%
20	13,957	15,834	113.4%	55.4%
21	12,347	14,540	117.8%	56.0%
22	10,907	13,306	122.0%	56.6%
23	9,620	12,139	126.2%	57.1%
24	8,471	11,042	130.4%	57.6%
25	7,447	10,013	134.5%	58.0%
26	6,534	9,050	138.5%	58.4%
27	5,722	8,155	142.5%	58.8%
28	5,002	7,323	146.4%	59.1%
29	4,362	6,555	150.3%	59.4%
30	3,796	5,847	154.0%	59.6%

National Health Insurance Company

				Cumulative
Policy	Earned	Incurred	Loss	Loss
<u>Year</u>	<u>Premiums</u>	<u>Claims</u>	<u>Ratio</u>	<u>Ratio</u>
31	3,296	5,197	157.7%	59.9%
32	2,855	4,607	161.4%	60.1%
33	2,466	4,068	165.0%	60.3%
34	2,125	3,580	168.5%	60.5%
35	1,826	3,138	171.8%	60.6%
36	1,565	2,739	175.1%	60.7%
37	1,337	2,384	178.4%	60.9%
38	1,138	2,066	181.5%	61.0%
39	966	1,783	184.5%	61.0%
40	818	1,532	187.4%	61.1%
41	689	1,311	190.1%	61.2%
42	579	1,118	193.1%	61.2%
43	485	950	195.9%	61.3%
44	404	803	198.7%	61.3%
45	336	676	201.3%	61.4%
46	277	566	203.9%	61.4%
47	228	471	206.3%	61.4%
48	187	390	208.7%	61.4%
49	153	322	211.0%	61.5%
50	124	264	213.3%	61.5%
Total	1,369,635	841,832	61.5%	
Discounted lifetime loss ratio @3.5%			55.0%	

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Supporting Document Schedules

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

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	Authorization Letter NHIC-GRP-6040.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	NHIC Act Memo - GRP Cancer - Act Memo 20140725.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	See attached actuarial memorandum and rate sheet
Attachment(s):	
Item Status:	
Status Date:	

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

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	NA
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

ICCI-129662931

State Tracking #:

Company Tracking #:

NHIC-GRP-6040-R

State:

District of Columbia

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National Health Insurance Company

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H07G Group Health - Specified Disease - Limited Benefit/H07G.002A Dread Disease - Cancer Only

Product Name:

Group Cancer Policy

Project Name/Number:

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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:	

GMAC Insurance

July 1, 2014

RE: NAIC # 82538 FEIN # 74-1541799

Group Cancer Expense Insurance Policy NHIC-GRP-6040

TO: All Departments of Insurance

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

Sincerely,

A handwritten signature in cursive script that reads "Charles W. Harris". The signature is written in black ink and is positioned above a solid horizontal line.

President

National Health Insurance Company

Group Cancer Policy Form NHIC-GRP-6040,
Group Cancer Certificate NHIC-GRP-6040-Cert,
Optional Annual Cancer Screening Benefit Rider NHIC-GRP-6041,
Optional Daily Hospital Confinement Benefit Rider NHIC-GRP-6042,
Optional First Occurrence Benefit Rider NHIC-GRP-6043,
Optional First Occurrence Building Benefit Rider NHIC-GRP-6044,
Annual Radiation, Chemotherapy, Immunotherapy & Experimental Treatment Benefit Rider
NHIC-GRP-6045, Daily Radiation, Chemotherapy, Immunotherapy & Experimental
Treatment Rider NHIC-GRP-6046,
Hospital Intensive Care Unit Benefit Rider NHIC-GRP-6047 TX,
Surgical Benefits Rider NHIC-GRP-6048,
Specified Disease Benefit Rider NHIC-GRP-6052

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 and associated riders. The specific purpose of this filing is to present the proposed rates for the referenced new policy form and associated riders. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides benefits for certain expenses caused by cancer. Certain benefits are payable in a fixed amount per day without limit. A more detailed summary of benefits can be found in Exhibit A.

Coverage is underwritten based on a simplified application with yes/no questions.

III. Applicability and Renewability

The referenced policy form will be issued on an group basis and certificates will be issued on an individual basis and guaranteed renewable for life or the earlier termination of the group policy. The premium rates presented in this filing will be in effect from the date of state approval. There is no currently in-force premium to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from age-specific SEER incidence rates 2003-2007. Carcinoma in situ incidence rates per footnotes of Table I-1. Source data has been adjusted from a population to an insured basis. The assumed ultimate claim costs are presented in attached Exhibit B.

Given the benefit design and the nature of the benefits provided, no benefit categories have been priced to pre-fund any medical trend.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1-q^m) \cdot (1-q^v)$$

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

Assumed mortality is based on 1980 CSO, ALB (60% Female/40% Male). Assumed voluntary lapse is as follows:

Duration	Issue Age									
	<u>22</u>	<u>27</u>	<u>32</u>	<u>37</u>	<u>42</u>	<u>47</u>	<u>52</u>	<u>57</u>	<u>62</u>	<u>67</u>
1	49.5%	40.5%	35.0%	29.5%	26.0%	23.5%	20.5%	20.0%	20.5%	18.0%
2	42.5%	35.0%	30.5%	26.0%	23.5%	21.5%	20.0%	19.0%	21.5%	17.0%
3	34.0%	29.5%	25.0%	22.5%	20.0%	18.0%	18.0%	17.0%	18.0%	16.0%
4	29.5%	25.0%	22.5%	19.0%	18.0%	17.0%	16.0%	16.0%	15.5%	14.5%
5	26.0%	20.5%	19.0%	16.0%	15.5%	14.5%	14.5%	13.5%	13.5%	11.5%
6	19.0%	16.0%	13.5%	12.5%	11.5%	11.0%	11.0%	12.5%	10.0%	11.0%
7	14.0%	13.5%	12.5%	11.0%	11.0%	10.0%	10.0%	11.0%	10.0%	10.0%
8	12.5%	11.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
9	11.5%	11.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
10+	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

VI. Expenses and Interest Rates

The following expenses were assumed in pricing the referenced policy form.

Maintenance Costs: 4.0% of paid claims and 7.5% of earned premium

Assessments and

Premium Tax: 1.9% of premium

Commissions and Sales Expenses: Policy Year 1: 73% of earned premium
Policy Years 2+: 15.5% of earned premium

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 2014

VII. Marketing Method

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

VIII. Underwriting

This policy form is underwritten based on a simplified application with yes/no questions.

The following aggregate claim selection factors have been used against ultimate claim costs:

Year 1: 70%
Years 2+: 100%

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on issue age, family composition (Employee or Employee and Family), benefit amount, riders selected and tobacco use. Rates will not vary by gender. Proposed gross monthly premiums are shown on attached Exhibit C.

Certificates will be issued to individuals at ages 18 through 79 and certificates are guaranteed renewable for life or to the date of policy termination if earlier.

X. Area Factors

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

XI. Distribution of Business and Average Annual Premium

The assumed distribution of issued policies by issue age, gender, family status, and coverage selected is shown in Exhibit D.

Using the assumed distribution and the proposed premiums, the anticipated average annual premium is \$349.40.

XII. Premium Modalization

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

Annual mode	See Exhibit C
Semi-annual mode	.52 x Annual
Quarterly mode	.265 x Annual
Monthly Direct	.09 x Annual
Monthly Bank Draft	.083 x Annual
Semi-monthly	divide monthly rate by 2
Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the annual payment mode are shown in attached Exhibit C.

XIII. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using the 1985 NAIC Cancer Claim cost tables and 1980 CSO, ALB (60% Female/40% Male) 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 are not used in this memorandum in the calculation of loss ratios.

XIV. 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.

National Health Insurance Company

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.

XV. Trend Assumptions

Given the benefit design and the nature of the benefits provided, no benefit categories have been priced to pre-fund any medical trend.

XVI. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 55%. Expected durational loss ratios are shown on Exhibit E. 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.

XVII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 4.9% of the present-value of lifetime premiums.

XVIII. Proposed Effective Date

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

XIX. Data Reliance

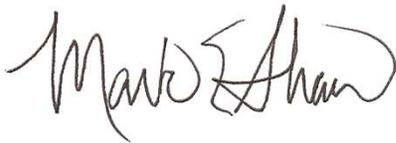
In completing the pricing analysis and filing materials for these policy forms, I relied on data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material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

XX. Actuarial Certification

I hereby certify that I am a Fellow of the Society of Actuaries and a Member of 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;
- 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, 2014
Date

Attachments:

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

Exhibit A - Schedule of Benefits

BASE BENEFITS

1. **Positive Diagnosis Test.** Pays expenses incurred up to \$300 per Calendar Year for one test that confirms the Positive Diagnosis of Cancer in an Insured Person. This benefit is not payable for multiple diagnoses of the same Cancer or for Cancer that metastasizes or for recurrence of the same Cancer. No Lifetime Maximum.
2. **National Cancer Institute Designated Comprehensive Cancer Treatment Center Evaluation/Consultation Benefit.** Pays the expense incurred up to a lifetime maximum of \$750, for evaluation or consultation from a National Cancer Institute Designated Comprehensive Cancer Treatment Center. If the Comprehensive Cancer Treatment Center is located more than 30 miles from the Insured Person's place of residence, Will also pay the transportation and lodging expenses incurred but not to exceed a lifetime maximum of \$350. This benefit is not payable on the same day a Second or Third Surgical Opinion Benefit is payable and is in lieu of the Non-Local Transportation and Lodging Expense benefits of the Policy. This benefit is payable one time during the lifetime of the Insured Person.
3. **Second and Third Surgical Opinion Expense Benefit.** Pays the Actual Charge for a written second surgical opinion on the recommendation of Cancer surgery and if the second surgical opinion is in conflict with the original recommendation and the Insured Person desires a third opinion, pays the Expense incurred for a written third surgical opinion. The Physician providing the second or third surgical opinion cannot be associated with the Physician who originally recommended the surgery. This benefit is not payable the same day the National Cancer Institute Evaluation/Consulting Benefit is payable. No Lifetime Maximum.
4. **Medical Imaging, Treatment Planning and Monitoring Expense Benefit.** Pays the Actual Charge up to \$1,000 per Calendar Year, for laboratory tests, diagnostic X-rays, medical images, simulations, dosimetries, treatment plannings or other procedures related to Radiation Treatment, Chemotherapy, or Immunotherapy. No Lifetime Maximum.
5. **Anti-Nausea Medication Expense Benefit.** Pays the Actual Charge for anti-nausea medication, up to \$150 per calendar month, when an Insured Person is prescribed such medication as the result of Radiation Treatment, Chemotherapy or Immunotherapy treatments for Cancer. No Lifetime Maximum.
6. **Colony Stimulating Factor or Immunoglobulin Expense Benefit.** Pays the Actual Charge up to \$1,000 per Calendar Month for Colony Stimulating Factor Drugs or Immunoglobulin prescribed by a Physician or Oncologist during an Insured Person's Cancer treatment regimen for which benefits are payable under the Radiation, Chemotherapy and Immunotherapy Benefit of this Policy or rider attached to it. No Lifetime Maximum.
7. **Outpatient Hospital or Ambulatory Surgical Center Expense Benefit.** Pays the Actual Charge made by an Ambulatory Surgical Center or Outpatient department of a hospital for the use of its facilities for the performance of a surgical procedure covered under this Policy up to \$350 per day. No Lifetime Maximum.
8. **Prosthesis Expense Benefit**
 - (A.) **Surgically Implanted Breast Prosthesis.** Pays the Actual Charge for a surgically implanted prosthetic device required and prescribed to restore normal body contour lost as the direct result of an Insured Person's breast removal for the treatment of Cancer. The Surgically Implanted Breast Prosthesis Benefit does not include coverage for a Breast Transverse Rectus Abdominis Myocutaneous (TRAM) Flap procedure listed under the Reconstructive Surgery Benefit. No Lifetime Maximum.

- (B.) **Non-Surgically Implanted Prosthesis.** Pays the Actual Charge up to \$2,000 per amputation for an artificial limb or other non-surgically implanted prosthetic device that is prescribed and required to restore normal body function lost as the direct result of an Insured Person's surgery for the treatment of Cancer. We will pay a lifetime maximum of \$2,000 per amputation. The cost of replacement of a prosthetic device is not covered. Hairpieces or wigs are not covered under this benefit. No Lifetime Maximum on Number of Amputations.
9. **Non-Local Transportation Expense.** Pays a Non-Local Transportation Expense benefit equal to the Actual Charge for coach fare on a Common Carrier for the Insured Person and one adult companion's travel to a Hospital, Radiation Therapy Treatment Center, Chemotherapy Treatment Center, Oncology Clinic or any other specialized treatment center where the Insured Person receives treatment on an inpatient or outpatient basis for Cancer. This benefit is payable only if the treatment is not available Locally but is available Non- Locally. The adult companion may include the live donor of bone marrow or stem cells used in a bone marrow or stem cell transplant for the Insured Person. At the option of the Insured Person, We will pay a single private vehicle mileage allowance of \$.50 per mile for Non- Local transportation in lieu of the common carrier coach fare. No Lifetime Maximum
10. **Lodging Expense Benefit.** Pays the Actual Charge up to \$75 per day for a room in a motel, hotel or other appropriate lodging facility (other than a private residence) when an Insured receives treatment for Cancer at a Non-Local Hospital, Radiation Therapy Treatment Center, Chemotherapy Treatment Center, Oncology Clinic or any other specialized treatment center. The room must be occupied by the Insured Person or an adult companion including the live donor of bone marrow or stem cells used in a bone marrow or stem cell transplant for the Insured Person. This benefit is not payable for lodging expense incurred more than 24 hours before the treatment nor for lodging expense incurred more than 24 hours following treatment. This benefit is limited to 100 days per Calendar Year. No Lifetime Maximum
11. **Inpatient Blood, Plasma and Platelets Expense.** Pays the Actual Charge up to \$300 per day for the procurement cost, administration, processing and cross matching of blood, plasma or platelets administered to an Insured Person in the treatment of Cancer while an Inpatient. No Lifetime Maximum.
12. **Outpatient Blood, Plasma and Platelets Expense Benefit.** Pays the Actual Charge up to \$300 per day for the procurement cost, administration, processing and cross matching of blood, plasma or platelets administered to an Insured Person in the treatment of Cancer while an Outpatient. No Lifetime Maximum.

- 13. Bone Marrow or Stem Cell Donor Expense Benefit.** Pays the Daily Hospital Confinement Benefit shown on the Policy Schedule for each day a live donor, other than the Insured Person, is confined in a hospital for the harvesting of bone marrow or stem cells used in a bone marrow or stem cell transplant for the treatment of an Insured Person's Cancer. No Lifetime Maximum.
- 14. Bone Marrow or Stem Cell Transplant Expense Benefit.** Pays the Actual Charge up to a lifetime maximum of \$15,000 for surgical and anesthesia procedures (including the harvesting and subsequent reinfusion of blood cells or peripheral stem cells) performed for a bone marrow transplant and/or a peripheral stem cell transplant for the treatment of an Insured Person's Cancer.
- 15. Ambulance Expense Benefit.** Pays the Actual Charge for licensed, professional ambulance service if an Insured Person is transferred to a Hospital where he or she is admitted as an inpatient for the treatment of Cancer. No Lifetime Maximum.
- 16. Inpatient Oxygen Expense Benefit.** Pays the Actual Charge up to \$300 per Hospital confinement for oxygen received by an Insured Person while confined in a Hospital for the treatment of Cancer. No Lifetime Maximum.
- 17. Attending Physician Expense Benefit.** Pays the Actual Charge up to \$40 per day for the professional services of a Physician or Oncologist rendered to an Insured Person while he or she is confined in a Hospital for the treatment of Cancer or a Specified Disease. This benefit is payable only if the Physician or Oncologist personally visits the Hospital room occupied by the Insured Person and the amount stated is the maximum amount that will be payable for each day of Hospital confinement regardless of the number of visits made by one or more Physicians or Oncologists. No Lifetime Maximum.
- 18. Inpatient Private Duty Nursing Expense Benefit.** Pays the Actual Charge up to \$150 per day for the full time service of a Nurse that is required and ordered by a Physician when an Insured Person is confined in a Hospital for the treatment of Cancer or a Specified Disease. The Nurse must provide services other than those normally provided by the Hospital and the Nurse may not be an employee of the Hospital or an Immediate Family Member of the Insured Person. No Lifetime Maximum.
- 19. Outpatient Private Duty Nursing Expense Benefit.** Pays the Actual Charge up to \$150 per day but not to exceed a number of days equal to the number of days of the prior Hospital confinement for the full time service of a Nurse that is required and ordered by a Physician when an Insured Person is confined indoors at home as the result of Cancer. This benefit is not payable if the services of the Nurse are custodial in nature or to assist the Insured Person in the activities of daily living. This benefit is not payable when the Nurse is a member of the Insured Person's Immediate Family. Charges must begin the day following a period of Hospital confinement for which benefits are payable under this Policy. No Lifetime Maximum.
- 20. Convalescent Care Facility Expense Benefit.** Pays the Actual Charge up to \$100 per day for an Insured Person's confinement in a Convalescent Care Facility. The maximum number of days for which this benefit is payable will be the number of days in the last Period of Hospital Confinement that immediately preceded admission to a Convalescent Care Facility. The Convalescent Care Facility Confinement must: be due to Cancer; begin within 14 days after the Insured Person has been discharged from a Hospital for the treatment of Cancer; be authorized by a Physician as being medically necessary for the treatment of Cancer. No Lifetime Maximum.
- 21. Rental or Purchase of Medical Equipment Expense Benefit.** Pays the Actual Charge up to \$1,500 per Calendar Year for the rental or purchase of covered medical equipment designed for home use, required and ordered by the Insured Person's attending Physician as the direct result of the treatment of Cancer. Covered medical equipment includes wheel chair, oxygen equipment, respirator, braces, crutches or hospital bed. No Lifetime Maximum.
- 22. Home Health Care Expense Benefit.** Pays benefits for the following Covered Charges when a Insured Person requires Home Health Care for the treatment of Cancer.
 1. Home Health Care Visits — Pays the Actual Charge for Home Health Care Visits up to \$75 for each day on which one or more such visits occur. We will not pay this benefit for more than 60 days in any Calendar Year.

2. **Medicine and Supplies** — Pays the Actual Charge up to \$450 in any Calendar Year for drugs, medicine, and medical supplies provided by or on behalf of the Home Health Care Agency.
3. **Services of a Nutritionist** — Pays the Actual Charge up to a lifetime maximum of \$300 for the services of a nutritionist to set up programs for special dietary needs.
23. **Hospice Care Expense Benefit.** Pays the Actual Charge for Hospice Care up to \$100 per day, when such care is required because of Cancer. This benefit is payable whether confinement is required in a Hospice Center or services are provided in the Insured Person's home by a Hospice Team. Our payments will be based on the following conditions being met: 1) the Insured Person has been given a prognosis as being Terminally Ill with an estimated life expectancy of 6 months or less; and 2) We have received a written summary of such prognosis from the attending Physician. We will not pay this benefit while the Insured Person is confined to a Hospital or Convalescent Care Facility. The lifetime maximum benefit is 365 days of Hospice Care.
24. **Hairpiece Expense Benefit.** Pays the Actual Charge up to a lifetime maximum of \$150 for the purchase of a wig or hairpiece required as the direct result of the treatment of Cancer.
25. **Physical, Speech, Audio Therapy and Psychotherapy Expense Benefit.**
Pays the Actual Charge up to \$25 per therapy session for:
 1. Physical therapy treatments given by a licensed Physical Therapist; or
 2. Speech therapy given by a licensed Speech Pathologist/Therapist; or
 3. Audio therapy given by a licensed Audiologist; or
 4. Psychotherapy given by a license Psychologist.These sessions may be given at an institute of physical medicine and rehabilitation, a Hospital, or the Insured Person's home. These treatments must be given on an Outpatient basis unless the primary purpose of a Hospital confinement is for treatment of Cancer other than with physical, speech or audio therapy or psychotherapy. Benefits under this section may not exceed \$1,000 per Calendar Year. No Lifetime Maximum.
26. **Waiver of Premium.** We will waive the premiums starting on the first premium due date following a 60 day period of Total Disability of the Named Insured due to Cancer. The Name Insured must: (a) be receiving treatment for such Cancer for which benefits are payable under this Policy; and (b) remain disabled for 60 consecutive days; or (c) receiving Hospice Care. We will waive premiums for as long as the Named Insured remains Totally Disabled. Premiums will be waived in accordance with the mode of payment in effect when treatment began. If the Named Insured is retired or age 65 or over at the time he/she becomes Totally Disabled, the definition of Total Disability will mean the inability to perform 2 or more of the ADL's (Activities of Daily Living) without the assistance of another person. ADL's are defined as activities used in measuring levels of personal functioning capacity.

RIDER BENEFITS

ANNUAL CANCER SCREENING BENEFIT RIDER

- A. Basic Benefit.** Pays the expense incurred up to the Maximum Benefit Amount shown on the Policy Schedule, once per Calendar Year per Insured Person for screening tests performed to determine whether Cancer exists in an Insured Person. Covered Annual Cancer Screening Tests include: mammogram, pap smear, breast ultrasound, thin prep, biopsy, chest x-ray, thermography, colonoscopy, flexible sigmoidoscopy, hemocult stool specimen, psa (blood test for prostate cancer), cea (blood test of colon cancer), CA 125 (blood test for ovarian cancer), CA 15-3 (blood test for breast cancer), Serum Protein Electrophoresis (blood test for myeloma). No Lifetime Maximum.
- B. Additional Benefit.** Pays an additional benefit up to two times the Maximum Benefit Amount shown on the Policy Schedule, for one additional invasive diagnostic procedure required as the result of an abnormal cancer screening test for which benefits are payable under the Basic Benefit above for an Insured Person. Invasive diagnostic procedure means a procedure requiring an excision or the insertion of an instrument in the body. This additional benefit is payable regardless of the

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results of the additional diagnostic procedure, however, the amount payable will be reduced dollar for dollar for any amount payable under the Positive Diagnosis Benefit. No Lifetime Maximum.

Unit of Coverage: \$25

Units Available: 0-5

FIRST OCCURRENCE BENEFIT RIDER

If an Insured Person receives a Positive Diagnosis of Internal Cancer while insured under this Policy, We will pay the Maximum Benefit Amount shown on the Policy Schedule. If the Insured Person receiving the Positive Diagnosis of Internal Cancer is a child under the age of 21, We will pay one and one-half times the Maximum Benefit Amount shown on the Policy Schedule. This benefit is payable one time only during the lifetime of each Insured Person, regardless of the number of Positive Diagnoses that Insured Person may have of Internal Cancer.

Unit of Coverage: \$500

Units Available: 0-20

SURGICAL BENEFIT RIDER

- 1) Pays the Actual Charge for a surgical procedure according to the Surgical Schedule shown in the policy. The surgery may be performed either as an inpatient of a Hospital or as an outpatient in a Hospital, Ambulatory Surgical Center, physician's office or other free standing medical facility. No Lifetime Maximum on Number of Operations.
- 2) Anesthesia Expense Benefit. Pays the charges for such services not to exceed 25% of the Surgical Expense Benefit for the operation performed. This includes the services of a professional anesthesiologist or of an anesthetist under supervision of a Physician for the purpose of administering anesthesia. No Lifetime Maximum on Number of Operations.
- 3) Skin Cancer Surgery. Pays the amount listed in the surgical schedule (\$125 to \$750) when a surgical operation is performed on a covered person for a diagnosed skin cancer and a charge is incurred for the specific procedure. The benefit amount listed includes anesthesia services. No Lifetime Maximum. Skin Cancer Benefit is constant regardless of number of units purchased.

Unit of Coverage: \$500

Units Available: 0 — 20

DAILY RADIATION, CHEMOTHERAPY, IMMUNOTHERAPY AND EXPERIMENTAL TREATMENT EXPENSE BENEFIT

Pays the Actual Charge incurred by an Insured Person, not to exceed the Radiation Treatment, Chemotherapy, Immunotherapy, and Experimental Treatment Benefit amount shown on the Certificate Schedule for each day an Insured Person receives one or more of the following Cancer Treatments, subject to stated monthly and lifetime benefits maximums. Chemotherapy (including Hormonal Therapy) or Immunotherapy injected by a Chemotherapist, an Oncologist, Physician or other legally qualified medical personnel in the office of an Oncologist or Physician, a Cancer Treatment Center, a Hospital or Clinic;

1. Chemotherapy (including Hormonal Therapy) or Immunotherapy injected by a Chemotherapist, an Oncologist, Physician or other legally qualified medical personnel in the office of an Oncologist or Physician, an Chemotherapy Treatment Center, a Hospital, or Clinic;
2. Self-injected Chemotherapy or Immunotherapy drugs, limited to the maximum daily benefit amount per treatment.
3. Chemotherapy or Immunotherapy drugs dispensed by a pump or implant. This is limited to the maximum daily benefit amount for the initial prescription and an equal amount for each refill.
4. Oral Chemotherapy or Immunotherapy regardless of where administered. This is limited to the maximum daily benefit amount per prescription.
5. Radiation Treatment administered by a Radiation Therapist, an Oncologist, Physician or other legally qualified medical personnel in the office of an Oncologist or Physician, a Radiation

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Treatment Center, a Hospital or Clinic. Benefits payable for interstitial or intracavitary applications of Radiation Treatments are payable on the day of insertion only and not for each day the Radiation Treatment remains in the body.

6. Experimental Treatment.

The Radiation Treatment, Chemotherapy, Immunotherapy Benefit, or Experimental Treatment amount shown on the Certificate Schedule is the maximum. Pays on any day an Insured Person receives a Chemotherapy, Immunotherapy, Radiation or Experimental Treatment, regardless of the type or number of different treatments the Insured Person may receive on the same day.

<u>Benefit</u>	<u>Daily Benefit Amount</u>	<u>Monthly Maximum Benefit</u>	<u>Lifetime Benefit</u>	<u>Additional Benefit Information</u>
Injected Chemotherapy	\$100	4 times	none	Benefit limited to the calendar week in which the charge is incurred
Oral Chemotherapy	\$100	4 times	none	Max of 3 different medications per month
Radiation Therapy	\$100	4 times	none	Benefit limited to the calendar week in which the charge is incurred
Experimental Treatment	\$100	4 times	none	
Immunotherapy	\$100	4 times	none	

No Lifetime Maximum.

Unit of Coverage: \$100

Units Available: 0 — 10

ANNUAL RADIATION, CHEMOTHERAPY, IMMUNOTHERAPY AND EXPERIMENTAL TREATMENT BENEFIT RIDER

Pays the Actual Charge incurred in any one Calendar Year by an Insured Person for Radiation Treatment, Chemotherapy, Hormonal Therapy, Immunotherapy or Experimental Treatment not to exceed the Radiation Treatment, Chemotherapy, Immunotherapy or Experimental Treatment Benefit amount shown on the Policy Schedule for each Calendar Year. The Radiation Treatment, Chemotherapy, Hormonal Therapy, Immunotherapy or Experimental Treatment must be for the treatment of an Insured Person's Cancer. Treatments must be administered or, in the case of self-administered or oral chemotherapy or immunotherapy, prescribed by a Physician, Chemotherapist, Oncologist, Radiation Therapist or other licensed medical personnel as required by the applicable state law to administer the treatment. Treatment may be on an Inpatient or Outpatient basis. No Lifetime Maximum.

Unit of Coverage: \$2,500

Units Available: 0 — 8

If this rider is purchased minimum coverage amount is one \$2,500 unit.

DAILY HOSPITAL CONFINEMENT BENEFIT RIDER

Confinement of 30 Days or Less: Pays the Daily Hospital Confinement Benefit amount shown on the Policy Schedule for the Daily Hospital Confinement Benefit, for each of the first 30 days in each Period of Hospital Confinement during which an Insured Person is confined to a Hospital, including a Government or Charity Hospital, for the treatment of Cancer.

Confinements of 31 Days or More: If an Insured Person is continuously confined to a Hospital, including a Government or Charity Hospital, for longer than 30 consecutive days for the treatment of Cancer, we will pay two times the Daily Hospital Confinement Benefit amount shown on the Policy Schedule for the Daily Hospital Confinement Benefit. This benefit payment will begin on the 31st continuous day of such confinement and continue for each day of confinement until the Insured Person is discharged from the Hospital.

Double Benefits for Dependent Child Under Age 21: The amounts payable under this benefit will be double the amount shown on the Policy Schedule for this Rider if the Insured Person so confined is a dependent child under the age of 21.

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Unit of Coverage: \$50

Units Available: 0 — 12

If this rider is purchased minimum coverage amount is two \$50 units.

SPECIFIED DISEASE BENEFIT RIDER

Covered Specified Diseases: Addison's Disease Lyme Disease Rocky Mountain Spotted Fever Amyotrophic Lateral Sclerosis Malaria Sickle Cell Anemia Botulism Meningitis Tay-Sachs Disease Bovine Spongiform Encephalopathy Multiple Sclerosis Tetanus Budd-Chiari Syndrome Muscular Dystrophy Toxic Epidermal Necrolysis Cystic Fibrosis Myasthenia Gravis Tuberculosis Diphtheria Neimann-Pick Disease Tularemia Encephalitis Osteomyelitis Typhoid Fever Epilepsy Poliomyelitis Undulant Fever Hansen's Disease Q Fever West Nile Virus Histoplasmosis Rabies Whipple's Disease Legionnaire's Disease Reye's Syndrome Whooping Cough Lupus Erythematosus Rheumatic Fever.

BENEFITS: If this rider is selected and while coverage is in force, if an Insured Person is first diagnosed with one or more covered Specified Diseases and is hospitalized for the definitive treatment of any covered Specified Disease, We will pay benefits according to the provisions of this rider.

Initial Hospitalization Benefit: Pays an Initial Hospitalization Benefit of \$1,500 when an Insured Person is confined to a Hospital for 12 or more hours as a result of receiving treatment for a Specified Disease. This benefit is payable only once per period of confinement and once per Calendar Year for each Insured Person.

Hospital Confinement Benefit: Pays \$300 per day when an Insured Person is hospitalized during any continuous period of 30 days or less for the treatment of a covered Specified Disease. Benefits increase to \$600 per day beginning with the 31st day continuous confinement. A period of confinement is a Hospital confinement that starts while this rider is in force. If the confinement follows a previously covered confinement, it will be deemed a continuation of the first confinement unless it is the result of an entirely different Specified Disease, or unless the confinements are separated by 30 days or more.

Exclusions: No benefit will be paid for: 1. loss due to any disease or illness other than those listed as covered Specified Diseases; 2. care and treatment received outside the territorial limits of the United States; 3. treatment that has not been approved by a Physician as being medically necessary; or 4. losses or medical expenses incurred prior to the Effective Date of an Insured Person's coverage regardless of the date of diagnosis.

Unit of Coverage: \$1,500 Initial Hospitalization; \$300 Daily Confinement Benefit for first 30 days increasing to \$600 on the 31st day of continuous confinement.

Units Available: 0-3

HOSPITAL INTENSIVE CARE UNIT BENEFIT RIDER

Hospital Intensive Care Unit Benefits: Subject to all the terms, provisions, conditions, definitions, exclusions, limitations and reductions contained in this rider and the base policy, for covered Intensive Care Unit or Step Down Unit confinements which occur during a Period of Confinement that begins after the Insured Person's Effective Date of coverage We will pay the benefits described in A., B., or C. below.

A. Intensive Care Unit Benefit: Pays the Daily Hospital Intensive Care Unit Benefit amount shown on the Policy Schedule for each day an Insured Person is confined in an Intensive Care Unit as the result of Sickness or Injury, subject to the following: (1) Intensive Care Unit Benefits will begin on the first day of such confinement. (2) However, We will not pay benefits for any more than 45 days during any one Period of Hospital Intensive Care Unit Confinement.

B. Double Intensive Care Unit Benefit: The Daily Hospital Intensive Care Unit Benefit payable for any one Period of Confinement that is the result of Cancer or as the result of a Travel Related Injury will be double the Hospital Intensive Care Unit Benefit shown on the Policy Schedule. The double benefit for a Travel Related Injury is payable only for the initial Intensive Care Unit confinement that commences within 24 hours of the accident causing the Travel Related Injury. Double benefits are not

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payable for successive periods of Intensive Care Unit confinement even when part of the same Period of Confinement.

C. Step Down Unit Benefit: Pays one-half of the Daily Hospital Intensive Care Unit Benefit shown on the Policy Schedule for each day the Insured Person is confined in a Step Down Unit as the result of Sickness or Injury. During each Period of Confinement, We will pay benefits for a combined maximum of 45 days under A., B., or C.

Unit of Coverage: \$50

Units Available: 0 — 20

If this rider is purchased minimum coverage amount is two \$50 units.

FIRST OCCURRENCE BUILDING BENEFIT RIDER

If this rider is selected and while coverage is in force, on the day following each Policy Anniversary of this Policy, the First Occurrence Maximum Benefit Amount shown on the Policy Schedule will be increased for each Insured Person by \$100 for each Unit of this rider that is purchased. The benefits under this Rider will be paid under the same terms as the First Occurrence Benefit of the base policy. This benefit will cease to increase for an Insured Person on the day following the first Policy Anniversary after the Insured Person's 65th birthday or on the date of Positive Diagnosis of Internal Cancer, whichever occurs first. However, regardless of the age of the Insured Person on the Effective Date of this rider, this benefit shall accrue for a period of at least five years unless Internal Cancer is diagnosed prior to the fifth year of coverage. If this is an Individual Policy type, no further premium will be billed for this rider after the payment of benefits. Once issued, this First Occurrence Building Benefit Rider has no termination age but it may not be purchased at ages 64 or older.

Unit of Coverage: \$100

Units Available: 0 — 6

Exhibit B – Sample Claim Costs

Annual Claim Costs											
Base Plan				Annual Screening				Hospital Confinement			
Attained	Cost per \$25 Benefit			Attained	Cost per \$50 Benefit			Attained	Cost per \$100 Benefit		
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family
20	5.1623	8.6295	13.2756	20	5.0000	6.1550	8.3125	20	0.6856	1.1460	1.8316
25	5.5908	9.0580	14.0897	25	5.0000	6.1550	8.3125	25	0.7318	1.1922	1.9240
30	6.3723	9.8396	15.5746	30	5.0000	6.1550	8.3125	30	0.8204	1.2808	2.1012
35	7.9764	11.4436	18.6223	35	5.0000	6.1550	8.3125	35	1.0283	1.4888	2.5171
40	11.5444	15.0117	25.4016	40	5.6000	6.7550	9.2625	40	1.4713	1.9317	3.4030
45	18.3608	21.8280	38.3527	45	6.9200	8.0750	11.4475	45	2.3455	2.8060	5.1515
50	28.5823	32.0496	57.7736	50	8.3300	9.4850	14.2025	50	3.6743	4.1347	7.8090
55	40.5044	43.9716	80.4256	55	10.2000	11.3550	18.0500	55	5.1725	5.6330	10.8055
60	55.3597	58.8269	108.6507	60	11.9500	13.1050	21.6125	60	7.0212	7.4817	14.5029
65	69.8519	72.6257	135.4925	65	13.7000	14.8088	25.1750	65	8.7736	9.1420	17.9156
70	78.5024	80.5828	151.2349	70	15.0500	16.0063	27.7875	70	9.7365	10.0128	19.7493
75	91.9120	93.2989	176.0196	75	15.8000	16.5484	28.9750	75	11.4581	11.6423	23.1004
80	101.5439	102.2374	193.6269	80	16.5500	16.7739	30.1625	80	12.7214	12.8135	25.5349
First Occurrence				First Occurrence Building				Annual Rad/Chemo/Immuno/Experimental			
Attained	Cost per \$500 Benefit			Attained	Cost per \$100 Benefit			Attained	Cost per \$100 Daily Benefit		
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family
18	0.2377	0.4141	0.6518	18	0.0475	0.0828	0.1304	18	1.8415	3.0783	4.9197
19	0.2377	0.4141	0.6518	19	0.0475	0.0828	0.1304	19	1.8415	3.0783	4.9197
20	0.2377	0.4141	0.6518	20	0.0475	0.0828	0.1304	20	1.8415	3.0783	4.9197
25	0.3344	0.5183	0.8527	25	0.0669	0.1037	0.1705	25	1.9656	3.2024	5.1680
30	0.4818	0.6509	1.1328	30	0.0964	0.1302	0.2266	30	2.2036	3.4404	5.6439
35	0.6027	0.7389	1.3416	35	0.1205	0.1478	0.2683	35	2.7622	3.9990	6.7612
40	1.0153	1.1554	2.1707	40	0.2031	0.2311	0.4341	40	3.9519	5.1887	9.1406
45	1.6062	1.7419	3.3480	45	0.3212	0.3484	0.6696	45	6.3003	7.5371	13.8374
50	2.3628	2.4873	4.8501	50	0.4726	0.4975	0.9700	50	9.8694	11.1063	20.9757
55	3.6107	3.7343	7.3450	55	0.7221	0.7469	1.4690	55	13.8938	15.1306	29.0244
60	5.2785	5.3999	10.6784	60	1.0557	1.0800	2.1357	60	18.8595	20.0964	38.9559
65	6.0680	6.1542	12.2221	65	1.2136	1.2308	2.4444	65	23.5667	24.5561	48.1228
70	7.5661	7.6323	15.1984	70	1.5132	1.5265	3.0397	70	26.1530	26.8951	53.0481
75	8.5301	8.5763	17.1064	75	1.7060	1.7153	3.4213	75	30.7774	31.2721	62.0495
80	9.0644	9.0916	18.1561	80	1.8129	1.8183	3.6312	80	34.1706	34.4180	68.5886
Daily Rad/Chemo/Immuno/Experimental				Hospital ICU							
Attained	Cost per \$100 Daily Benefit			Attained	Cost per \$50 Benefit						
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family				
18	1.3325	2.2275	3.5601	18	0.8303	1.4215	2.2518				
19	1.3325	2.2275	3.5601	19	0.8425	1.4337	2.2762				
20	1.3325	2.2275	3.5601	20	0.8549	1.4462	2.3010				
25	1.4224	2.3174	3.7397	25	0.9202	1.5115	2.4317				
30	1.5946	2.4895	4.0841	30	1.0045	1.5958	2.6004				
35	1.9988	2.8938	4.8926	35	1.1160	1.7073	2.8233				
40	2.8597	3.7547	6.6144	40	1.2518	1.8430	3.0948				
45	4.5591	5.4541	10.0131	45	1.4265	2.0177	3.4442				
50	7.1418	8.0368	15.1786	50	1.6577	2.2490	3.9066				
55	10.0539	10.9489	21.0028	55	1.9966	2.5879	4.5844				
60	13.6473	14.5423	28.1895	60	2.5545	3.1457	5.7002				
65	17.0535	17.7695	34.8230	65	3.4799	3.9529	7.4329				
70	18.9250	19.4620	38.3870	70	4.7874	5.1422	9.9296				
75	22.2713	22.6293	44.9007	75	3.2995	3.5360	6.8356				
80	24.7268	24.9058	49.6326	80	4.5570	4.6753	9.2324				

National Health Insurance Company

Annual Claim Costs									
Surgical				Specified Disease					
Attained	Cost per \$500 Benefit			Attained	Cost per \$1,500 Benefit				
Age	Individual	1-Parent	Family	Age	Individual	1-Parent	Family		
18	0.3722	0.6221	0.9943	18	7.9225	11.8837	15.8450		
19	0.3722	0.6221	0.9943	19	7.4250	11.1375	14.8500		
20	0.3722	0.6221	0.9943	20	7.4250	11.1375	14.8500		
25	0.3972	0.6472	1.0444	25	7.4250	11.1375	14.8500		
30	0.4453	0.6953	1.1406	30	7.4250	11.1375	14.8500		
35	0.5582	0.8082	1.3664	35	7.4250	11.1375	14.8500		
40	0.7987	1.0486	1.8473	40	7.4250	11.1375	14.8500		
45	1.2733	1.5232	2.7965	45	7.4250	11.1375	14.8500		
50	1.9946	2.2445	4.2391	50	7.4250	11.1375	14.8500		
55	2.8079	3.0578	5.8657	55	7.4250	11.1375	14.8500		
60	3.8115	4.0614	7.8729	60	7.4250	11.1375	14.8500		
65	4.7628	4.9627	9.7255	65	7.4250	11.1375	14.8500		
70	5.2854	5.4354	10.7209	70	7.4250	11.1375	14.8500		
75	6.2200	6.3200	12.5400	75	7.4250	11.1375	14.8500		
80	6.9058	6.9558	13.8616	80	7.4250	11.1375	14.8500		

Exhibit C - Proposed Annual Premiums

Annual Rates															
Base Coverage				Daily Rad/Chemo/Immuno/Exp (Per \$100)											
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family								
18-39	\$20.91	\$26.73	\$46.12	18-39	\$5.20	\$6.71	\$12.06								
40-49	\$51.87	\$57.73	\$100.31	40-49	\$12.85	\$14.36	\$26.14								
50-65	\$94.79	\$100.30	\$186.54	50-65	\$23.28	\$24.70	\$48.21								
66-79	\$151.76	\$154.75	\$301.63	66-79	\$36.79	\$37.57	\$77.07								
Group	\$55.03	\$60.76	\$83.87	Group	\$13.58	\$15.05	\$21.81								
Annual Screening (Per \$25)				Annual Rad/Chemo/Immuno/Exp (Per \$2,500)											
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family								
18-39	\$9.75	\$11.69	\$16.40	18-39	\$11.12	\$14.23	\$25.68								
40-49	\$14.62	\$16.58	\$24.57	40-49	\$27.46	\$30.61	\$55.81								
50-65	\$20.44	\$22.33	\$37.00	50-65	\$49.08	\$52.03	\$101.59								
66-79	\$26.62	\$27.81	\$49.35	66-79	\$76.16	\$77.73	\$159.01								
Group	\$14.82	\$16.75	\$21.99	Group	\$28.80	\$31.86	\$46.32								
Hospital Confinement (Per \$50)				Hospital ICU (Per \$50)											
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family								
18-39	\$2.68	\$3.45	\$6.20	18-39	\$2.07	\$3.06	\$5.16								
40-49	\$6.61	\$7.39	\$13.45	40-49	\$3.08	\$4.08	\$7.03								
50-65	\$11.98	\$12.71	\$24.81	50-65	\$4.76	\$5.70	\$10.51								
66-79	\$18.93	\$19.33	\$39.65	66-79	\$8.11	\$8.62	\$16.76								
Group	\$6.98	\$7.75	\$11.22	Group	\$3.27	\$4.25	\$6.55								
First Occurrence (Per \$500)				Surgical (Per \$500)											
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family								
18-39	\$1.74	\$1.99	\$3.79	18-39	\$1.45	\$1.87	\$3.37								
40-49	\$4.59	\$4.80	\$9.01	40-49	\$3.59	\$4.01	\$7.30								
50-65	\$8.80	\$8.99	\$17.89	50-65	\$6.50	\$6.90	\$13.47								
66-79	\$14.02	\$14.10	\$28.91	66-79	\$10.28	\$10.49	\$21.52								
Group	\$4.96	\$5.18	\$7.51	Group	\$3.79	\$4.20	\$6.09								
First Occurrence Building (Per \$100)				Specified Disease (Per \$1,500)											
Iss Age	Individual	1-Parent	Family	Iss Age	Individual	1-Parent	Family								
18-39	\$3.86	\$4.14	\$8.16	18-39	\$13.50	\$20.25	\$26.89								
40-49	\$8.41	\$8.67	\$16.62	40-49	\$13.50	\$20.25	\$26.89								
50-63	\$10.40	\$10.58	\$20.96	50-65	\$13.50	\$20.25	\$26.89								
Group	\$7.47	\$7.72	\$12.55	66-79	\$13.50	\$20.25	\$26.89								
				Group	\$13.50	\$20.25	\$26.89								

National Health Insurance Company

The modal premium factors are as follows:

- Semi-annual 0.520 x Annual
- Quarterly 0.265 x Annual
- Monthly Direct 0.090 x Annual
- Monthly Bank Draft 0.083 x Annual

EXHIBIT D - Anticipated Distribution of Business

By Issue Age			By Benefit Option	
Issue Age	Individual & 1-Parent	Family		Avg Units
22	7.0%	7.0%	Base	1.0
27	10.0%	16.0%	Screening (per \$25)	3.0
32	11.5%	20.0%	First Occ (per \$500)	10.0
37	13.0%	20.0%	Surgery (per \$500)	1.0
42	17.0%	16.0%	Daily Rad & Chemo (per \$100)	2.5
47	15.5%	9.0%	Annual Rad & Chemo (per \$2,500)	2.0
52	13.5%	6.0%	Daily Indemnity (per \$100)	2.0
57	8.5%	4.0%	ICU (per \$100)	0.3
62	3.5%	1.7%	Specified Disease	0.3
67	0.3%	0.1%	Building Benefit (per \$500)	0.2
72	0.1%	0.1%		
77	0.1%	0.1%		
By Gender				
	Individual	1-Parent	Family	
Female	60%	80%	55%	
Male	40%	20%	45%	
By Family Tier				
	Individual	1-Parent	Family	
	55.0%	7.0%	38.0%	

EXHIBIT E
Anticipated Durational Loss Ratios

Policy	Earned	Incurred	Loss	Cumulative
Year	Premiums	Claims	Ratio	Loss Ratio
1	296,463	76,717	25.9%	25.9%
2	211,449	87,441	41.4%	32.3%
3	159,615	72,688	45.5%	35.5%
4	126,265	62,669	49.6%	37.7%
5	103,327	55,486	53.7%	39.6%
6	87,966	50,698	57.6%	41.2%
7	77,196	47,397	61.4%	42.7%
8	68,557	44,686	65.2%	44.0%
9	61,202	42,239	69.0%	45.3%
10	54,655	39,859	72.9%	46.5%
11	48,819	37,557	76.9%	47.7%
12	43,578	35,287	81.0%	48.7%
13	38,871	33,084	85.1%	49.8%
14	34,646	30,954	89.3%	50.7%
15	30,854	28,890	93.6%	51.7%
16	27,452	26,901	98.0%	52.5%
17	24,401	24,970	102.3%	53.3%
18	21,667	23,108	106.7%	54.1%
19	19,216	21,329	111.0%	54.8%
20	17,022	19,636	115.4%	55.5%
21	15,058	18,027	119.7%	56.1%
22	13,301	16,492	124.0%	56.7%
23	11,732	15,042	128.2%	57.2%
24	10,331	13,679	132.4%	57.7%
25	9,082	12,401	136.5%	58.1%
26	7,969	11,205	140.6%	58.5%
27	6,979	10,094	144.6%	58.9%
28	6,100	9,062	148.6%	59.2%
29	5,320	8,109	152.4%	59.5%
30	4,630	7,232	156.2%	59.8%

National Health Insurance Company

Policy	Earned	Incurred	Loss	Cumulative
Year	Premiums	Claims	Ratio	Loss Ratio
31	4,020	6,428	159.9%	60.0%
32	3,482	5,696	163.6%	60.3%
33	3,008	5,029	167.2%	60.5%
34	2,592	4,424	170.7%	60.6%
35	2,227	3,878	174.1%	60.8%
36	1,908	3,385	177.4%	60.9%
37	1,630	2,946	180.7%	61.0%
38	1,389	2,553	183.9%	61.1%
39	1,179	2,203	186.9%	61.2%
40	998	1,893	189.8%	61.3%
41	841	1,620	192.6%	61.4%
42	707	1,382	195.5%	61.4%
43	591	1,173	198.4%	61.5%
44	493	992	201.2%	61.5%
45	409	835	203.9%	61.5%
46	338	699	206.5%	61.6%
47	279	582	209.0%	61.6%
48	228	483	211.4%	61.6%
49	186	398	213.8%	61.6%
50	151	326	216.1%	61.7%
Total	1,670,382	1,029,865	61.7%	
PV @3.5%	\$1,326,419	\$729,570	55.0%	