

SERFF Tracking #:

JEPT-128929561

State Tracking #:

Company Tracking #:

GL41 ACC0213 RATES

State: District of Columbia

Filing Company: The Lincoln National Life Insurance Company

TOI/Sub-TOI: H02G Group Health - Accident Only/H02G.000 Health - Accident Only

Product Name: Group Accident

Project Name/Number: 2013 Enhancements--Phase 1/GL41 ACC0213 Rates

### Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: Decrease

Overall Percentage of Last Rate Revision: 0.000%

Effective Date of Last Rate Revision: 04/27/2010

Filing Method of Last Filing: SERFF

### Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
The Lincoln National Life Insurance Company	0.000%	-6.600%	\$0	0	\$1,453	0.000%	-14.300%

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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		GL41 ACC0213 Rates	GL41, GL42	Revised	Previous State Filing Number: JEPT-126572225 Percent Rate Change Request:	Appendix - Rates.pdf,

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**Premium Rates**

**24-Hour Coverage Premiums**

	<u>Heaped 65%/5% Commissions</u>				<u>Flat 15% Commissions</u>			
	Employee	EE + Spouse	EE + Child	Family	Employee	EE + Spouse	EE + Child	Family
Select	11.71	17.55	21.42	29.35	11.07	16.58	20.24	27.74
Choice	16.04	23.35	27.56	37.34	15.16	22.07	26.04	35.29
Preferred	22.46	34.15	39.67	55.05	21.22	32.27	37.49	52.02
Elite	30.52	46.59	53.50	74.50	28.84	44.03	50.56	70.40

**Off-the-Job Coverage Premiums**

	<u>Heaped 65%/5% Commissions</u>				<u>Flat 15% Commissions</u>			
	Employee	EE + Spouse	EE + Child	Family	Employee	EE + Spouse	EE + Child	Family
Select	9.95	14.92	18.21	24.95	9.41	14.09	17.20	23.58
Choice	13.63	19.85	23.43	31.74	12.89	18.76	22.13	30.00
Preferred	19.09	29.03	33.72	46.79	18.04	27.43	31.87	44.22
Elite	25.94	39.60	45.48	63.33	24.51	37.43	42.98	59.84

Premiums shown are associated with attached pricing schedule of benefits.  
 Premiums may vary based on different benefit amounts and commissions

**Optional Coverages**

**Off the Job Accident Disability**

Monthly Premium Rate per \$100 Monthly Benefit

Premiums applied to Employee rates and Spouse rates only, if elected

Elimination Period (in days)	Maximum Duration in Months					
	3	6	9	12	18	24
0	0.68	0.91	1.04	1.14	1.31	1.44
3	0.53	0.70	0.81	0.89	1.02	1.12
7	0.45	0.60	0.69	0.75	0.86	0.95
14	0.31	0.42	0.48	0.53	0.61	0.67
30	0.25	0.33	0.38	0.41	0.47	0.52
60	0.23	0.31	0.35	0.39	0.44	0.49
90	0.21	0.28	0.33	0.36	0.41	0.45

**Sickness and Off the Job Accident Disability**

Monthly Premium Rate per \$100 Monthly Benefit

Premiums applied to Employee rates and Spouse rates only, if elected

Elimination Periods (in days)		Maximum Duration in Months					
Accident	Sickness	3	6	9	12	18	24
0	0	5.24	6.76	7.69	8.41	9.56	10.48
0	3	4.41	5.69	6.47	7.08	8.05	8.82
0	7	3.61	4.66	5.30	5.80	6.59	7.22
0	14	2.97	3.84	4.36	4.78	5.43	5.95
0	30	2.38	3.07	3.50	3.83	4.35	4.77
3	3	4.07	5.25	5.97	6.54	7.43	8.14
3	7	3.52	4.54	5.16	5.65	6.42	7.04
3	14	2.86	3.69	4.20	4.60	5.22	5.72
3	30	2.36	3.04	3.46	3.79	4.30	4.71
7	7	3.46	4.46	5.07	5.55	6.31	6.91
7	14	2.84	3.67	4.17	4.56	5.18	5.68
7	30	2.36	3.04	3.46	3.79	4.31	4.72
14	14	2.42	3.13	3.56	3.89	4.42	4.85
14	30	2.09	2.70	3.07	3.36	3.82	4.18
30	30	1.90	2.45	2.78	3.05	3.46	3.79
60	60	1.78	2.29	2.61	2.85	3.24	3.55
90	90	1.64	2.11	2.40	2.63	2.99	3.28

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**Sickness Hospital Confinement Benefit**

Monthly Premium Rate per \$100 Daily Benefit

Benefit Payable up to 30 days

Benefit	Monthly Premium Rates			
	Employee	EE + Spouse	EE + Child	Family
Sickness Hospital Confinement Benefit	\$4.09	\$8.18	\$6.95	\$11.42

**Health Assessment Benefit**

Monthly Premium Rate per \$50 Benefit

Benefit Payable up to one test per person per year

Benefit	Monthly Premium Rates			
	Employee	EE + Spouse	EE + Child	Family
Health Assessment Benefit	\$2.21	\$4.40	\$2.76	\$5.07
Add Immunization Benefit	\$0.09	\$0.19	\$1.99	\$2.57
Add Routine Physical Benefit	\$0.17	\$0.32	\$2.44	\$3.17

Health Assessment Benefit Adjustment Factor for number of covered tests per year

Number of Tests	Adjustment Factor
1	1.000
2	1.830
3	2.507
4	3.061
5	3.514
6	3.851
7	4.128
8	4.359
9	4.553
10+	4.717

Health Assessment Benefit Adjustment Factor for selected benefit level

Benefit Level	Adjustment Factor
<\$50	0.857
\$50 - \$99	1.000
\$100 +	1.429

The Lincoln National Life Insurance Company

<u>Flat 20% Commissions</u>			
Employee	EE + Spouse	EE + Child	Family
11.71	17.55	21.42	29.35
16.04	23.35	27.56	37.34
22.46	34.15	39.67	55.05
30.52	46.59	53.50	74.50

<u>Flat 20% Commissions</u>			
Employee	EE + Spouse	EE + Child	Family
9.95	14.92	18.21	24.95
13.63	19.85	23.43	31.74
19.09	29.03	33.72	46.79
25.94	39.60	45.48	63.33

**State:** District of Columbia **Filing Company:** The Lincoln National Life Insurance Company  
**TOI/Sub-TOI:** H02G Group Health - Accident Only/H02G.000 Health - Accident Only  
**Product Name:** Group Accident  
**Project Name/Number:** 2013 Enhancements--Phase 1/GL41 ACC0213 Rates

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	03112013 Accident Phase 1 Rates Cover.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	Not applicable to this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	GL41 ACC Enhancements ActMemo.pdf Exhibits for 2013 Accident Filing (a).pdf Exhibits for 2013 Accident Filing (b).pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Justification
<b>Comments:</b>	Please refer to the Actuarial Memorandum.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	Not applicable to accident only filings.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

**State:** District of Columbia **Filing Company:** The Lincoln National Life Insurance Company  
**TOI/Sub-TOI:** H02G Group Health - Accident Only/H02G.000 Health - Accident Only  
**Product Name:** Group Accident  
**Project Name/Number:** 2013 Enhancements--Phase 1/GL41 ACC0213 Rates

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	Not applicable to accident only filings.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Rate Summary Worksheet
<b>Bypass Reason:</b>	Not applicable to accident only filings.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Rate Objection Response Letter
<b>Comments:</b>	
<b>Attachment(s):</b>	DC Acc Response 2013 04 23.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Side-by-Side Comparison
<b>Comments:</b>	
<b>Attachment(s):</b>	Side-by-Side Comparison.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



*The Lincoln National Life Insurance Company*  
8801 Indian Hills Drive  
Omaha, NE 68114-4066  
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March 12, 2013

DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING  
INSURANCE PRODUCTS DIVISION  
FORMS & POLICY ANALYSIS BRANCH  
810 FIRST STREET NE, SUITE 701  
WASHINGTON, DC 20002

NAIC No.: 0020-65676  
FEIN No.: 35-0472300

RE: Group Accident Rates  
GL41 ACC0213 Rates

Enclosed for filing with your Department are the captioned Group Accident rates, for use with Group Policy Series GL41 and Group Certificate Series GL42, approved by your Department on April 27, 2010. Our Group Accident forms are marketed by licensed agents and brokers primarily to employer groups, but also may be used with labor union or professional association groups.

The rates are being revised to adjust for lower than expected loss ratios. They will be offered to new business only. No changes will be made to any in force business.

The required filing documents are also enclosed.

Your review and notice of approval will be greatly appreciated.

Regards,

Sincerely,

A handwritten signature in blue ink, appearing to read 'Benjamin Davis', with a long horizontal flourish extending to the right.

Benjamin Davis  
Compliance Analyst  
Lincoln Financial Group  
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# The Lincoln National Life Insurance Company

## Actuarial Memorandum

### Group Accident Insurance Policy Form Series GL41 and Certificate Form Series GL42

#### 1. Scope & Purpose

This Actuarial Memorandum supports new rates being filed to correspond to the Group Accident Insurance Policy Form Series GL41 and Certificate Form Series GL42. No changes are being made to the form. The new rates will be used for new business. No changes will be made to existing in force business. This memorandum is not intended to be used for any other purpose.

#### 2. Benefit Description

The benefits paid under this policy have not changed in description, but are included for reference.

This policy pays the benefits for an injury caused by a covered accident.

The 24 Hour option pays benefits if the covered accident occurs at any time. The Off-the-Job option pays benefits if the covered accident occurs while the covered person is off the job.

Listed below is a brief description of the benefits provided. A detailed description of the benefits and limitations are identified in the policy.

Ambulance Transportation: Pays a benefit for a licensed professional ambulance company to transport a covered person by ground, to or from a hospital or between medical facilities for treatment of injuries received in a covered accident. The ambulance transportation must be within 90 days of the covered accident

Air Ambulance Transportation: Pays a benefit for a licensed professional air ambulance company to transport a covered person to or from a hospital, or between medical facilities or for treatment of injuries received in a covered accident. The air ambulance transportation must be within 48 hours of the covered accident.

Emergency Care Treatment: Pays a benefit for each covered person who requires examination and/or treatment in an Emergency Care Facility. The emergency care treatment must be received within 72 hours of a covered accident.

Initial Physician Office Visit: Pays a benefit for each covered person who receives treatment and/or examination by a physician or medical health professional in an office of practice as the result of injuries received in a covered accident. The examination or treatment must be received within 60 days of a covered accident. Not payable if benefits are received for the Emergency Care Treatment.

Major Diagnostic Exams: Pays a benefit if an insured person or dependent is required to undergo a major diagnostic exam within 60 days of the covered accident.

Hospital Admission: Pays a benefit if an insured person is admitted to a hospital as a result of injuries received in a covered accident. The admission must occur within 180 days of a covered accident.

Hospital Confinement: Pays a daily confinement benefit if an insured person is confined to a hospital as a result of injuries received in a covered accident. The confinement must occur within 180 days of a covered accident. This benefit is payable for up to 365 days per person per covered accident.

Intensive Care Unit Confinement: Pays a daily confinement benefit if an insured person is confined to an intensive care unit of a hospital as a result of injuries received in a covered accident. The confinement must occur within 30 days of a covered accident. This benefit is payable for up to 15 days per person per covered accident. This benefit is not payable for the same day a hospital confinement benefit is paid.

Alternate Care and Rehabilitative Facility Confinement: Pays a benefit for each day an insured person or dependent is confined on an inpatient basis in an Alternate Care or Rehabilitative Facility as a result of a covered accident. The confinement must occur within 180 days of a covered accident. This benefit is payable for up to 90 days per person per covered accident.

Follow Up Care: Pays a benefit for each session of follow-up care for physician treatment, physical therapy or home health care as a result of a covered accident. Follow up care must be received within 365 days of a covered accident.

Transportation: Pays a benefit for each covered person who is required to travel more than 100 miles to receive special treatment or be confined in a hospital if prescribed by a physician for treatment of injuries resulting from a covered accident and such treatment or confinement is not available locally.

Lodging: Pays a benefit when a companion accompanies an insured person or dependent who is hospital confined more than 100 miles from the insured person's or dependent's residence due to a covered accident.

Family Care: Pays a benefit for each day an insured person is confined in a hospital, ICU or Alternate Care or Rehabilitative Facility as a result of a covered accident if the insured person has a child or children attending a licensed Child Care Center. This benefit will be paid for each day the insured person is confined for each child attending day care.

Fracture: Pays a benefit for each covered person who sustains fractures as the result of injuries received in a covered accident. The fracture must be diagnosed by a physician within 90 days of a covered accident.

Dislocation: Pays a benefit for each covered person who sustains a dislocation as the result of injuries received in a covered accident. The dislocation must be diagnosed by a physician within 90 days of a covered accident.

Blood, Plasma, Platelets: Pays a benefit for transfusion, administration, cross matching, typing and processing of blood, plasma, platelets administered within 90 days of a covered accident.

Burns: Pays a Burn Benefit when an insured Person or dependent sustains a burn that must be treated by a physician within 72 hours of a covered accident.

Skin Graft: Pays a benefit for each covered person who receives a skin graft for a burn for which a benefit was payable under the burn benefit.

Coma: Pays a benefit if an insured person or dependent has been in a coma for 15 or more days as a result of a covered accident.

Concussion: Pays a benefit if the insured person or dependent sustains a concussion as a result of a covered accident. The concussion must be diagnosed by a physician within 72 hours of a covered accident.

Dental Injury: Pays a benefit for each covered person who requires dental work as the result of injuries received in a covered accident. Treatment must be received within 7 days of a covered accident.

Eye Injury: Pays a benefit if an insured person or dependent injures an eye (or eyes) in a covered accident.

Joint Replacement: Pays a benefit when an insured person or dependent sustains an injury requiring a hip, knee, or shoulder replacement as a result of a covered accident. The joint replacement must be performed by a physician within 90 days of a covered accident.

Laceration: Pays a benefit for each covered person who sustains a laceration as the result of an injury received in a covered accident. The laceration must be treated by a physician or medical health professional within 72 hours of a covered accident.

Knee Cartilage: Pays a benefit when an insured person sustains an injury requiring the surgical repair or removal of torn knee cartilage as a result of a covered accident. The surgical repair must be performed by a physician within 90 days of a covered accident.

Tendon/Ligament/Rotator Cuff: Pays a benefit when an insured person requires surgical repair of tendons, ligaments, or of the muscles or tendons that make up the rotator cuff as a result of a covered accident. The surgical repair must be performed by a physician within 90 days of a covered accident.

Ruptured Disc: Pays a benefit when an insured person sustains an injury requiring surgical repair of a ruptured intervertebral disc as a result of a covered accident. The ruptured disc must be surgically repaired by a physician within 90 days of a covered accident.

Surgery (Arthroscopic): Pays a benefit when an insured person undergoes arthroscopic surgery, with no repair, as a result of a covered accident. The surgery must be performed by a physician within 72 hours of a covered accident.

Surgery (Abdominal or Thoracic): Pays a benefit when an insured person or dependent undergoes abdominal or thoracic surgery as a result of a covered accident. The surgery must be performed by a physician within 72 hours of a covered accident.

Medical Appliance Assistance: Pays a benefit for the use of a medical appliance prescribed by a physician for a covered person as a result of injuries received in a covered accident.

Prosthesis: Pays a benefit for functional prosthetic limbs that are required by an insured person or dependent as a result of injuries sustained in a covered accident. The functional prosthetic limb must be prescribed by a physician within 365 days of a covered accident.

Accidental Death or Dismemberment (AD&D): Pays a benefit when an insured person sustains an injury as a result of a covered accident that causes death or dismemberment

Transportation of Remains: Pays a benefit if the insured person dies as a result of a covered accident at least 100 miles from his or her principal place of residence for the preparation and transportation of the insured person's or dependent's body to a mortuary.

Seat Belt/Helmet: If an insured person suffers an AD&D loss and was wearing a seat belt or helmet, the Accidental Death or Dismemberment benefit amount will be increased by the percentage stated in the Schedule of Benefits.

Common Disaster: Pays a benefit if both the insured person and dependent spouse are injured in a common accident and lose their lives as a direct result of such injuries within 365 days after the common accident.

Catastrophic Loss: Pays a benefit if an insured person sustains a catastrophic loss as a result of a covered accident within 365 days following the covered accident.

Reasonable Modifications: As part of the Catastrophic Loss benefit, the company will pay a benefit for modifications required to the insured person's home or vehicle as a result of injuries sustained by the insured person or dependent in a covered accident. This benefit is payable only if an insured person suffers a permanent loss or loss of use within 365 days of the covered accident.

Off the Job Accident Disability Benefit: Pays a monthly benefit if an insured person becomes totally disabled as a result of injuries sustained in a covered accident.

Sickness and Off the Job Accident Disability Benefit: Pays a monthly benefit if an insured person becomes totally disabled as a result of injuries sustained in a covered accident or a sickness.

Sickness Hospital Confinement Benefit: Pays a benefit for each day an insured person is confined in a hospital as the result of a sickness.

Health Assessment Benefit: Pays a benefit to an insured person or insured dependent who has a health assessment test.

3. Renewability

The base policy is guaranteed renewable for life.

4. Applicability

These rates apply to new policies.

5. Morbidity

The morbidity assumptions were developed from sources that varied depending on the underlying benefit. The primary source used was Milliman's Health Cost Guidelines. This source was the basis for the

development of underlying incidence and continuance factors for the majority of the benefits included in this policy. Other key sources used for refining and adjusting assumptions are as follows:

- National Safety Council "Injury Facts" 2008,
- National Health Survey "Series 10, No. 134,"
- National Health Survey "Series 10, No. 202,"
- CDC's NCHS Vital Health Statistics Number 386, National Hospital Ambulatory Medical Care Survey: 2005 Emergency Department Summary June 29, 2007,
- National Hospital Discharge Survey: 2005 Annual Summary With Detailed Diagnosis and Procedure Data,
- NCHS Series 10, No 202, "Injury and Poisoning Episodes and Conditions: National Health Interview Survey, 1997" July 2000,
- American Academy of Orthopaedic Surgeons Fast Facts,
- CDC's NCHS Vital Health Statistics, "Ambulatory and Inpatient Procedures in the United States" Series 13, No. 139,
- National Burn Repository, 2006 Report, Dataset Version 3.0,
- US Census,
- Traumatic Brain Injury in the United States: Emergency Department Visits, Hospitalizations, and Deaths,
- Ambulatory and Inpatient Procedures in the United States, 1996, Series 13, No. 139,
- National Safety Council "Injury Facts", 2008 Edition, and
- Annual Report for the Model Spinal Cord Injury Care Systems, 2006

However, our incurred loss ratio is running lower than expected. Please see Exhibit I, showing claims experience over the 2.25 years business has been in force, and Exhibit II, showing the credibility calculations we used to establish the basis for our rate changes.

## 6. Mortality

Mortality is included in the persistency rates found in Section 7.

7. Persistency

The assumed persistency rates are the complement of the lapse rates illustrated below. These lapse rates reflect the impact of both voluntary and involuntary (death) terminations.

Duration	Lapse
1	25.0%
2	20.0%
3	17.0%
4	15.0%
5	13.0%
6	12.0%
7	11.0%
8+	10.0%

8. Marketing Method

This product will be sold by independent agents and brokers, primarily to employees at an employer's worksite.

9. Underwriting

This is an accident policy; no health underwriting will be done.

10. Premium Classes

Premiums for the accident policy will vary by family composition and coverage. The family composition classes are "Employee", "Employee + Spouse", "Employee + Children", and "Family". The coverage tiers are 24 hour Coverage and Off-the-Job Coverage.

11. Issue Age Range

Benefits will be offered to all eligible active employees (and their dependents) of an employer that are between the ages of 0 and 80. Premium rates do not vary by age or gender.

12. Area Factors

There are no area factors for these forms. The rates will be the same throughout the state.

13. Average Annual Premium

The average annual premium is \$270.

14. Premium Modalization Rules

The modal premium factors to be applied to monthly premium rates are:

Mode	Factor
Monthly	1.0
Quarterly	3.0
Semi-Annual	6.0
Annual	12.0

For modes other than those shown above, modal premiums are calculated as:

$$\text{Monthly Premiums} \times 12 / \# \text{ of modal pay periods}$$

15. Claim Liability and Reserves

Claim reserves are set using actuarial methodology that is consistent with the NAIC Health Insurance Reserves Model Regulation.

16. Active Life Reserves

Active life reserves are set using actuarial methodology that is consistent with the NAIC Health Insurance Reserves Model Regulation.

17. Trend Assumptions

No trend has been assumed in this filing.

18. Minimum Loss Ratio

The minimum acceptable loss ratio is 55%.

19. Anticipated Loss Ratio

The anticipated loss ratio is expected to be 55%.

20. Contingency and Risk Margins

Contingency and risk margins of approximately 10% for the policy were assumed in the rate calculations.

21. Experience - Past and Future

Please see Exhibit I for claims experience to date.

22. Lifetime Loss Ratio

The new rates are calculated on a lifetime loss ratio standard. The lifetime loss ratio is expected to be 55%.

23. History of Rate Adjustments

These forms were introduced in 2010. There have been no rate adjustments. Further, with this filing, rates will not be adjusted for policies currently in force.

24. Number of Policyholders

These changes will apply for new business going forward.

25. Proposed Effective Date

The rates are to become effective July 1, 2013, or upon approval by your Department of Insurance, whichever is later. No policies will be sold under the new rates until they have been submitted and/or approved as required by your regulations.

26. Actuarial Certification

I, Heather Sligh, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws and rules of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In my opinion, the rates included in the actuarial memorandum are not excessive, inadequate or unfairly discriminatory. The premium rates are not unreasonable in relation to the benefits provided, and the actuarial data and experience shall be maintained by the company and available for review by the Commissioner of Insurance upon request. The premium rates were developed using reasonable assumptions and in accordance with generally accepted actuarial principles. These rates are appropriate for the class of risks for which they are intended. This filing is in compliance with state law and regulation. The actuarial memorandum has been prepared for the sole purpose of demonstrating that the proposed rate schedule is reasonable and the memorandum may be not appropriate for other purposes.

Emerging experience should be carefully monitored relative to the assumptions and appropriate adjustments made to the premiums in a timely manner.



---

Heather Sligh, FSA, MAAA  
Worksite Pricing Actuary  
Group Protection  
The Lincoln National Life Insurance Company

## Claims Experience on Inforce Business Using Current Rates

	Paid prem	Paid claims	Incurred claims	Paid loss ratio	Incurred LR	Paid-to-expected	Incurred-to-expected
2010	18,422	-	-	0%	0%	0%	0%
2011	1,628,837	99,620	181,420	6%	11%	11%	20%
2012	6,895,901	962,830	1,221,479	14%	18%	25%	32%
Total	8,543,160	1,062,450	1,402,900	12%	16%	23%	30%

### Notes

The first policies were issued in September 2010

## Credibility of Inforce Claims Experience

We do not have enough data to establish credibility on a benefit-by-benefit basis.

We make the assumption that one - and not both - of the emergency care and initial physician office visit benefits will make up part of any claim we receive.

We calculate credibility as  $\sqrt{\text{claims} / 1000}$  and use our calculated incurred loss ratio of 16.4%, weighted against the pricing assumption loss ratio of 55%.

	Claims	Credibility	Credibility-weighted LR	With contingency margin
EMERGENCY CARE TREATMENT	312	0.56		
INITIAL PHYSICIAN OFFICE VISIT	189	0.43		
Emergency care + Initial physician OV	501	0.71	28%	30%

The calculation seems reasonable in conjunction with what we know about industry movements over the past few years.

# The Lincoln National Life Insurance Company

April 23, 2013

To Whom It May Concern:

The purpose of this correspondence is to address the District of Columbia's objections 3 through 5 to our Group Accident filing.

3. *Please provide a detailed make-up of expenses as a percentage of premiums. Each expense item should be accounted for separately and total 100%. Expenses such as profit, claims, commission, e.g. should be included.*

The following table lists the pricing components by category:

<u>Component</u>	<u>% of Premium over Policy Life</u>
Premium	100%
Investment Income	0%
<hr/> Total income	<hr/> 100%
Benefits	55%
Commissions	19%
Expenses	17%
Premium Tax	2%
Book Profit before FIT	7%
<hr/> Total	<hr/> 100%

Expenses are broken down as follows.

<b>Expenses</b>	<b><u>% of Premium over Policy Life</u></b>
Sales and Marketing	7%
<i>Fixed</i>	4%
<i>Variable</i>	3%
Claims and Administration	4%
<i>Fixed</i>	1%
<i>Variable</i>	3%
IT (fixed)	1%
Overhead (fixed)	5%

## The Lincoln National Life Insurance Company

4. *Per the District of Columbia's Health Rate Filing Instructions, please provide:*
3. *Actuarial Memorandum... J. For each change, comparison to status quo (with details). This is not limited to rates only... for any change from the status quo (trend, rate, expenses, adjustment factors, etc.), please show.*

We made changes to benefit amounts and to premium rates.

Please see the attached "Side-by-Side Comparison of Proposed Accident Plans.xlsx". Changes to benefits are highlighted in yellow. The side-by-side premium comparison is shown at the bottom of the worksheet.

5. *The State understands this rate change will affect new business only, however we are interested in the current make-up of the existing DC book of business. Please provide claims experience for the DC book, including the number of policyholders covered.*

There are 18 in force certificate holders in the District of Columbia. Of these, six have been in force for longer than a year, and five have been in force for six months.

There have been no claims to date in the District.

Please do not hesitate to contact me if you need further information or elaboration.

Sincerely,



Heather Sligh, FSA, MAAA  
Worksite Pricing Actuary  
Lincoln Financial Group  
336-691-3279  
[heather.sligh@lfg.com](mailto:heather.sligh@lfg.com)

Benefits	LFG	LFG	LFG	LFG	LFG	LFG
	Select Current	Select Proposed	Choice Current	Choice Proposed	Preferred Current	Preferred Proposed
<b>A. Emergency Care Benefits</b>						
Amulance Transportation	150	150	150	150	250	250
Air ambulance Transportation	600	600	600	600	1,200	1,200
Initial physican OV	50	50	50	75	80	100
Emergency Care Treatment	150	150	150	150	170	170
major diagnostic exam	0	50	100	100	200	200
<b>B. Treatment Care Benefits</b>						
hosp admission	1,000	1,000	1,000	1,000	1,300	1,300
hosp confinement	200/day up to 365	200/day up to 365	200/day up to 365	200/day up to 365	250/day up to 365	250/day up to 365
ICU admit (1st day)	400	400	400	400	600	600
icu conf (after day 1)	400/day up to 15	400/day up to 15	400/day up to 15	400/day up to 15	600/day up to 15	600/day up to 15
alt care/rehab confinement	100/day up to 90	100/day up to 90	100/day up to 90	100/day up to 90	130/day up to 90	130/day up to 90
f/u care (PT, home health or phys tx)	50/up to 6	50/up to 6	50/up to 6	50/up to 6	80/up to 6	80/up to 6
transport	0/up to 3 and more than 100 miles	150/up to 3 and more than 100 miles	175/up to 3 and more than 100 miles	300/up to 3 and more than 100 miles	250/up to 3 and more than 100 miles	600/up to 3 and more than 100 miles
lodging	0/up to 30 days and more than 100 miles	100/up to 30 days and more than 100 miles	100/up to 30 days and more than 100 miles	100/up to 30 days and more than 100 miles	130/up to 30 days and more than 100 miles	130/up to 30 days and more than 100 miles
family care	20/up to 30 days	20/up to 30 days	20/up to 30 days	20/up to 30 days	25/up to 30 days	25/up to 30 days
<b>C. FRACTURE: Non-surg/Surg</b>						
ankle	150/300	350/700	300/600	600/1200	500/1000	1000/2000
Arm (shoulder to elbow)	150/300	350/700	300/600	600/1200	500/1000	1000/2000
Arm (elbow to wrist)	150/300	350/700	300/600	600/1200	500/1000	1000/2000
Bones of face (except nose)	100/200	300/600	150/300	450/900	200/400	600/1200
coccyx	100/200	300/600	150/300	450/900	200/400	600/1200
collarbone	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
elbow	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
finger	25/50	50/100	50/100	100/200	125/250	250/500
foot (except toes)	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
hand (except fingers)	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
hip	150/300	1500/3000	1,400/2,800	2800/5600	1,700/3,400	3400/6800
kneecap	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
leg (hip to knee)	150/300	800/1600	500/1,000	1500/3000	600-1,200	1800/3600
Leg (knee to ankle)	150/300	800/1600	500/1,000	1500/3000	600-,1200	1800/3600
lower jaw	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
nose	100/200	300/600	150/300	450/900	200/400	600/1200
pelvis	150/300	800/1600	500/1,000	1500/3000	600/1,200	1800/3600
rib	100/200	300/600	150/300	450/900	200/400	600/1200
shoulder blade	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
skull (depressed)	150/300	1500/3000	2,500/5,000	2,500/5,000	3,000/6,000	3,000/6,000
skull (non-depressed)	150/300	800/1600	500/1,000	1500/3000	600/1,200	1800/3600
sternum	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
toe	25/50	50/100	50/100	100/200	125/250	250/500
upper jaw	150/300	350/700	300/600	600/1200	500/1,000	1000/2000
vertebrae	100/200	300/600	150/300	450/900	200/400	600/1200
vertebral column	150/300	800/1600	500/1,000	1500/3000	600/1,200	1800/3600
wrist	150/300	350/700	300/600	600/1200	500/1,000	1000/2000

	25% of associated fracture					
Chip Fracture	pd per fracture	pd per fracture	pd per fracture	pd per fracture	pd per fracture	pd per fracture
Multiple Fractures	pd per fracture					
<b>D. DISLOCATIONS: Non-surg/Surg</b>						
ankle	150/300	500/1000	400/800	800/1600	500/1,000	1000/2000
collarbone (sternoclavicular)	150/300	500/1000	400/800	800/1600	500/1,000	1000/2000
collarbone (acromio/separation)	150/300	300/600	250/500	500/1000	400/800	800/1600
elbow	150/300	300/600	250/500	500/1000	400/800	800/1600
finger	25/50	100/200	50/100	150/300	100/200	300/600
foot (except toes)	150/300	500/1000	400/800	800/1600	500/1,000	1000/2000
hand (except fingers)	150/300	300/600	250/500	500/1000	400/800	800/1600
hip	150/300	1500/3000	1,200/2,400	2400/4800	1,500/3,000	3000/6000
knee (not knee cap)	150/300	450/900	500/1000	1500/3000	600/1,200	1800/3600
lower jaw	150/300	300/600	250/500	500/1000	400/800	800/1600
shoulder	150/300	300/600	250/500	500/1000	400/800	800/1600
toe	25/50	100/200	50/100	150/300	100/200	300/600
wrist	150/300	300/600	250/500	500/1000	400/800	800/1600
Multiple Dislocations	pd per injury					
Combination of dislocations/fractures	pd per injury					
<b>E. Specific Injuries or Treatments</b>						
transfusions	0	150	150	300	200	400
	<9%-100	<9%-100	<9%-100	<9%-100	<9%-250	<9%-250
	10-18%-200	10-18%-200	10-18%-200	10-18%-200	10-18%-500	10-18%-500
	19-36%-400	19-36%-400	19-36%-400	19-36%-400	19-36%-1,000	19-36%-1,000
burns/2nd Degree	37%+800	37%+800	37%+800	37%+800	37%+2,000	37%+2,000
	<9%-800	<9%-800	<9%-800	<9%-800	<9%-2,000	<9%-2,000
	10-18%-1,600	10-18%-1,600	10-18%-1,600	10-18%-3200	10-18%-4,000	10-18%-4,000
	19-36%-3,200	19-36%-3,200	19-36%-3,200	19-36%-6400	19-36%-8,000	19-36%-8,000
burns/3rd Degree	37%+6,400	37%+6,400	37%+6,400	37%+12800	37%+16,000	37%+16,000
skin grafts	up to 1,600/25% of burn benefit	up to 4,000/25% of burn benefit	up to 4,000/25% of burn benefit			
	2,000/after 15 days/1 time payment	5,000 after 15 days/1 time payment	2,000/after 15 days/1 time payment	7,500/after 15 days/1 time payment	5,000/after 15 days/1 time payment	10,000/after 15 days/1 time payment
Coma	100	100	100	100	200	200
concussion	Included in Loss of Use benefit					
paralysis	up to 50,000	up to 50,000	up to 50,000	up to 50,000	up to 80,000	up to 80,000
pain management	0	0	0	0	0	0
dental crown	0/1 per accident	150/1 per accident	150/1 per accident	150/1 per accident	200/1 per accident	200/1 per accident
dental extraction	0/1 per accident	50/1 per accident	50/1 per accident	50/1 per accident	75/1 per accident	75/1 per accident
eye injuries:foreign body	0/1 per eye per accident	100/1 per eye per accident	100/1 per eye per accident	100/1 per eye per accident	200/1 per eye per accident	200/1 per eye per accident
eye injuries:surgical repair	0/1 per eye per accident	200/1 per eye per accident	300/1 per eye per accident	300/1 per eye per accident	400/1 per eye per accident	400/1 per eye per accident
joint replacement - Hip	0	500	2,000	2,000	3,000	3,000
joint replacement - Knee	0	500	1,500	1,500	2,500	2,500
joint replacement - Shoulder	0	500	1,500	1,500	2,500	2,500
	No sutures-50	No sutures-50	No sutures-50	No sutures-50	No sutures-100	No sutures-100
	up to 5cm-100	up to 5cm-100	up to 5cm-100	up to 5cm-100	up to 5cm-200	up to 5cm-200
	up to 1.5cm-200	up to 1.5cm-200	up to 1.5cm-200	up to 1.5cm-200	up to 1.5cm-400	up to 1.5cm-400
lacerations	15.6cm+-400	15.6cm+-400	15.6cm+-400	15.6cm+-400	15.6cm+-800	15.6cm+-800

ligaments/tendons/knee cartilage	300/per repair	450/per repair	300/per repair	450/per repair	500/per repair	750/per repair
rotator cuff	300/per repair	450/per repair	300/per repair	450/per repair	500/per repair	750/per repair
ruptured disk	400/per repair	600/per repair	400/per repair	600/per repair	550/per repair	825/per repair
Surgery - arthroscopic	250	250	250	250	350	
Surgery - abdominal or Thoracic	1,000	1,000	1,000	1,000	1,300	2,600
<b>F. Transitional Care Benefits</b>						
medical appliance - permanent	525/up to 2	525/up to 2	525/up to 2	525/up to 2	700/up to 2	700/up to 2
medical appliance - temporary	50/up to 2	50/up to 2				
prosthesis	500/per limb or device	1,000/per limb or device	1,000/per limb or device			
reasonable modifications	2,500	2,500	2,500	2,500	5,000	5,000
accidental death ie	10,000	25,000	30,000	75,000	50,000	100,000
accidental death sp	5,000	12,500	10,000	25,000	15,000	50,000
accidental death ch	5,000	7,500	5,000	12,500	10,000	25,000
Common Carrier ie	20,000	50,000	60,000	150,000	100,000	200,000
common carrier sp	10,000	25,000	20,000	50,000	30,000	100,000
common carrier ch	10,000	15,000	10,000	25,000	10,000	50,000
remains	5,000/over 150 miles	5,000/over 150 miles	5,000/over 150 miles	5,000/over 150 miles	8,000/over 150 miles	8,000/over 150 miles
Seat Belt/Helmet -ie	1,000/10% AD&D loss	1,000/10% AD&D loss	3,000/10% AD&D loss	3,000/10% AD&D loss	5,000/10% AD&D loss	5,000/10% AD&D loss
Seat Belt/Helmet -sp	500/10% AD&D loss	500/10% AD&D loss	1,000/10% AD&D loss	1,000/10% AD&D loss	1,500/10% AD&D loss	1,500/10% AD&D loss
Seat Belt/Helmet -ch	500/10% AD&D loss	500/10% AD&D loss	500/10% AD&D loss	500/10% AD&D loss	1,000/10% AD&D loss	1,000/10% AD&D loss
Common Disaster	20,000/2x AD&D	20,000/2x AD&D	60,000/2x AD&D	60,000/2x AD&D	100,000/2x AD&D	100,000/2x AD&D
loss of 1 (hand, foot, arm, leg, eye)	7,000	7,000	7,000	7,000	14,000	14,000
loss of any (finger, thumb, toe)	300	300	300	300	600	600
catastrophic loss (dismemb/loss of both /two/one arm and leg/life)	50,000	50,000	50,000	50,000	80,000	80,000
<b>G. Additional Benefits</b>						
EAP services	2 visits included	2 visits included				
Travel Assistance	included	included	included	included	included	included

### Monthly Rates (Optional Riders not included)

Individual (On & Off-Job)	\$ 12.81	\$ 11.71	\$ 16.94	\$ 16.04	\$ 25.01	\$ 22.46
Individual + SP (On & Off-Job)	\$ 18.10	\$ 17.55	\$ 23.71	\$ 23.35	\$ 34.89	\$ 34.15
Individual + CH (On & Off-Job)	\$ 22.27	\$ 21.42	\$ 28.69	\$ 27.56	\$ 42.24	\$ 39.67
Family (On & Off-Job)	\$ 29.59	\$ 29.35	\$ 37.98	\$ 37.34	\$ 55.82	\$ 55.05
<b>OFF JOB ONLY</b>						
Individual	\$ 10.89	\$ 9.95	\$ 14.40	\$ 13.63	\$ 21.26	\$ 19.09
Individual + SP	\$ 15.39	\$ 14.92	\$ 20.15	\$ 19.85	\$ 29.66	\$ 29.03
Individual + CH	\$ 18.93	\$ 18.21	\$ 24.39	\$ 23.43	\$ 35.90	\$ 33.72
Family	\$ 25.15	\$ 24.95	\$ 32.28	\$ 31.74	\$ 47.45	\$ 46.79

LFG Elite Current	LFG Elite Proposed
350	350
1,500	1,500
120	150
200	200
300	300
1,500	1,500
350/day up to 365	350/day up to 365
850	850
850/day up to 15	850/day up to 15
150/day up to 90	150/day up to 90
100/up to 6	100/up to 6
400/up to 3 and more than 100 miles	600/up to 3 and more than 100 miles
150/up to 30 days and more than 100 miles	150/up to 30 days and more than 100 miles
30/up to 30 days	30/up to 30 days
1,000/2,000	1500/3000
1,000/2,000	1500/3000
1,000/2,000	1500/3000
400/800	800/1600
400/800	800/1600
1,000/2,000	1500/3000
1,000/2,000	1500/3000
200/400	400/800
1,000/2,000	1500/3000
1,000/2,000	1500/3000
2,250/4,500	4500/9000
1,000/2,000	1500/3000
1,250/2,500	2500/5000
1,250/2,500	2500/5000
1,000/2,000	1500/3000
400/800	800/1600
1,250/2,500	2500/5000
400/800	800/1600
1,000/2,000	1500/3000
3,750/7,500	3,750/7,500
1,250/2,500	2500/5000
1,000/2,000	1500/3000
200/400	400/800
1,000/2,000	1500/3000
400/800	800/1600
1,250/2,500	2500/5000
1,000/2,000	1500/3000

25% of associated fracture pd per fracture	25% of associated fracture pd per fracture
1,000/2,000	1500/3000
1,000/2,000	1500/3000
650/1,300	1300/2600
650/1,300	1300/2600
200/400	450/900
1,000/2,000	1500/3000
650/1,300	1300/2600
2,500/5,000	5000/10000
1,250/2,500	2500/5000
650/1,300	1300/2600
650/1,300	1300/2600
200/400	450/900
650/1,300	1300/2600
pd per injury	pd per injury
pd per injury	pd per injury
300	600
<9%-625	<9%-625
10-18%-12,50	10-18%-12,50
19-36%-2,500	19-36%-2,500
37%+-5,000	37%+-5,000
<9%-5,000	<9%-5,000
10-18%-10,000	10-18%-10,000
19-36%-20,000	19-36%-20,000
37%+-40,000	37%+-40,000
up to 10,000/25% of burn benefit	up to 10,000/25% of burn benefit
8,000/after 15 days/1 time payment	15,000/afer 15 days/1 time payment
300	300
Included in Loss of Use benefit	Included in Loss of Use benefit
up to 100,000	up to 100,000
0	0
300/1 per accident	300/1 per accident
100/1 per accident	100/1 per accident
300/1 per eye per accident	300/1 per eye per accident
600/1 per eye per accident	600/1 per eye per accident
5,000	5,000
4,000	4,000
4,000	4,000
No sutures-200	No sutures-200
up to 5cm-400	up to 5cm-400
up to 1.5cm-800	up to 1.5cm-800
15.6cm+-1,600	15.6cm+-1,600

800/per repair	1000/per repair
800/per repair	1000/per repair
900/per repair	1200/per repair
450	
1,700	3000
700/up to 2	700/up to 2
50/up to 2	50/up to 2
3,000/per limb or device	3,000/per limb or device
5,000	5,000
75,000	150,000
20,000	75,000
15,000	37,500
150,000	300,000
40,000	150,000
30,000	75,000
1,2000/over 150 miles	1,2000/over 150 miles
7,500/10% AD&D loss	7,500/10% AD&D loss
2,000/10% AD&D loss	2,000/10% AD&D loss
1,500/10% AD&D loss	1,500/10% AD&D loss
150,000/2x AD&D	150,000/2x AD&D
21,000	21,000
900	900
100,000	100,000
2 visits included	2 visits included
included	included

\$	35.61	\$	30.52
\$	49.54	\$	46.59
\$	60.02	\$	53.50
\$	79.19	\$	74.50
\$	30.27	\$	25.94
\$	42.11	\$	39.60
\$	51.02	\$	45.47
\$	67.31	\$	63.33