

SERFF Tracking Number: MGCC-127147171 State: District of Columbia  
 Filing Company: The Chesapeake Life Insurance Company State Tracking Number:  
 Company Tracking Number: [RATES] CH-26123-IP (04/11) DC  
 TOI: H021 Individual Health - Accident Only Sub-TOI: H021.000 Health - Accident Only  
 Product Name: 2011 CRIT SPEC ACC  
 Project Name/Number: 2011 Spring Ancillaries/CH-26123-IP (04/11) DC

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	RATES	CH-26123-IP (04/11) DC	New		CH-26123-IP (0411) DC Rates 20110428.pdf

## The Chesapeake Life Insurance Company

Administrative Office: P.O. Box 982010, North Richland Hills, TX 76182-8010

Critical Accidental Injury Insurance Policy

**CH-26123-IP (04/11) DC**

### Monthly Premium Rate Per \$10,000 Lifetime Benefit Amount \*

	<u>Male</u>	<u>Female</u>
<b>Adult</b>	\$2.50	\$1.50
<b>Child</b>	\$2.00	\$2.00

\* Above rates are for a \$10,000 Lifetime Maximum Benefit Amount. Monthly rates for other amounts are determined by dividing the benefit amount by \$10,000 and multiplying by the above rates

Multiply the monthly rate by 3 for quarterly rates, 6 for semi-annual, and 12 for annual premium rates

A billing fee of up to \$5 may be charged on direct bill modes

A one-time application fee of \$20 will be applicable

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## Supporting Document Schedules

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Actuarial Justification

**Comments:**

**Attachment:**

CH-26123-IP (0411) DC Act Memo 20110428.pdf

**Item Status:**

**Status**

**Date:**

**Satisfied - Item:** Cover Letter

**Comments:**

**Attachment:**

RATE LTR CH-26123-IP \_0411\_ [Indiv].pdf

# THE CHESAPEAKE LIFE INSURANCE COMPANY

9151 Boulevard 26, North Richland Hills, Texas 76180

## Actuarial Memorandum

Individual Critical Accidental Injury Insurance Policy

Policy Form: CH-26123-IP (04/11) DC

### 1 Scope and Purpose

The purpose of this actuarial memorandum is to provide documentation and descriptive material in support of the filing of rates for the individual Critical Accidental Injury Insurance Policy Form CH-26123-IP (04/11) DC.

### 2 Benefit Description

This is an accidental injury only policy that only pays benefits for accidental injuries. A lump sum benefit amount will be paid to the insured for the following Qualifying Injuries: (1) total paralysis of both upper and lower limbs (Quadriplegia), (2) total paralysis of the lower limbs (Paraplegia), (3) total paralysis of upper and lower limbs of one side of body (Hemiplegia), (4) third degree burn to at least 10% of body, (5) second degree burn to at least 20% of body, (6) Coma, (7) loss of sight in both eyes, and (8) loss of hearing in both ears. The benefit amount reduces by 50% upon age 65. Detail description of benefits and limitations is contained in the policy form.

### 3 Renewability Clause

This Policy is guaranteed renewable to age 75, subject to the Company's right to discontinue or terminate the coverage as provided in the Termination of Coverage Provision.

### 4 Claim Cost

Claim Costs were developed based on company's experience with references to published industry health cost data.

### 5 Mortality

Mortality is assumed to be in the lapses.

### 6 Persistency Termination Rates – $q_t$

Policy Year	$q_t$	Policy Year	$q_t$
1	0.30	5	0.22
2	0.25	6	0.21
3	0.24	7+	0.20
4	0.23		

### 7 Expenses

Policy Year	Premium Tax	Administrative Expenses	Total
1	2.25%	10%	12.25%
2	2.25%	10%	12.25%
3+	2.25%	10%	12.25%

### 8 Commissions

Commission is paid as a percentage of the premium and depending on distribution source, it can range from 20% to 30% lifetime with an average of 25%.

### 9 Marketing Method

This form will be marketed individually through agents.

### 10 Underwriting

This form will be subject to accept/reject questions.

- 11 Premium Structure**  
Premiums vary by benefit level selected, gender, and whether adult or child. The company reserves the right to change the table of premiums, for all like policies, at any time and from time to time provided it gives the policyholder the advance written notice required by your state prior to the effective date of the new rates.
- 12 Issue Age Range**  
This policy form will be issued from ages 0 to 63.
- 13 Area Factors**  
There are no area factors for these forms.
- 14 Premium Modalization Rules**  
For premiums other than monthly, multiply the monthly premium by 3 for quarterly, 6 for semi-annual, and 12 for annual.
- 15 Claim Liability and Reserves**  
Claim reserves are based on the lag factor method. This method analyzes past claim run out history to calculate claim reserves.
- 16 Trend Assumption – Medical and Insurance**  
The benefits on these forms are not affected by medical inflation.
- 17 Minimum Loss Ratio**  
The minimum loss ratio presumed reasonable by the NAIC guidelines for this type of policy is 55%.
- 18 Proposed Effective Date**  
Rates will be effective upon approval by your department.
- 19 Average Annual Premium**  
The average annual premium is \$108 per policy.
- 20 Anticipated Loss Ratio**  
The lifetime anticipated loss ratio on this form is 55%. Anticipated loss ratio is calculated by present value of future benefits divided by present value of future premiums, calculated at an interest of 4%.
- 21 Actuarial Certification**  
I certify, to the best of my knowledge and judgment, that this rate filing is in compliance with the applicable laws and regulations of this state, and that the rates are not excessive, inadequate, or unfairly discriminatory.

4/28/2011  
Date

  
\_\_\_\_\_  
Certified by Peter Daggett, ASA, MAAA



**The Chesapeake  
Life Insurance Company**  
Home Office: Oklahoma City, OK

9151 Boulevard 26  
North Richland Hills, TX 76180

May 25, 2011

Commissioner William P. White  
DC Department of Insurance, Securities and Banking  
Product Insurance Division  
Forms & Policy Analyst Branch  
810 First Street, N. E. Suite 701  
Washington DC 20002

**RE: THE CHESAPEAKE LIFE INSURANCE COMPANY**  
**NAIC#: 264-61832 FEIN#: 52-0676509**

**Form Number**

CH-26123-IP (04/11) DC  
CH-26123-IP OC (04/11) DC

**DESCRIPTION**

Critical Accidental Injury Policy  
Outline of Coverage

Dear Commissioner White:

The above referenced forms are submitted as a "RATE" filing. The corresponding form filing has been submitted under Serff tracking number MGCC-127147111.

Policy Form **CH-26123-IP (04/11) DC** provides lump sum accidental injury only insurance coverage for a Qualifying Event, as defined in the Policy, payable at the Benefit Amount shown in the Policy Schedule. All benefits are subject to the One Time Benefit Amount for a Qualifying Injury shown in the Policy Schedule, the Exclusions and Limitations, and all other provisions of the Policy.

Please note the bracketed items are intended as variable information to allow flexibility within the benefit option selections. At no time will this bracketed information be arranged in such a way to violate the laws of your state.

We intend to use application form CH-26109-APP (04/11) DC, which was submitted to your department under separate cover on May 24, 2011, to solicit this product.

To the best of our knowledge, information and belief, the forms submitted herewith are in compliance in all respects with the provisions of the insurance laws, rules and regulations of your state.

The required transmittal forms and certifications are enclosed herewith. Also enclosed is an Actuarial Memorandum and rates, for this submission.

Should you need anything further in order to expedite this filing, please do not hesitate to contact me at any of the options referenced below.

Your assistance in this matter is greatly appreciated.

Sincerely,

Julie Addy  
Product Compliance Analyst II  
Corporate Compliance

**HealthMarkets®**

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