

SERFF Tracking #:

MNNP-128360407

State Tracking #:

Company Tracking #:

RL-HI-POL-12

State: District of Columbia

Filing Company: ReliaStar Life Insurance Company

TOI/Sub-TOI: H14G Group Health - Hospital Indemnity/H14G.000 Health - Hospital Indemnity

Product Name: Compass HI

Project Name/Number: Compass HI/

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Exhibits A and B	RL-HI-POL-12-DC	New		Exhibit A & B - Group HIP - DC 6-27-2013.pdf,

ACTUARIAL JUSTIFICATION OF PREMIUM RATES
ReliaStar Life Insurance Company
Group Hospital Indemnity Policy and Riders
Exhibit A - Group Ratemaking Methodology
DISTRICT OF COLUMBIA

The rating methodology will be to 1) start with a table set of rates for each benefit module and rider being offered to the group, 2) apply factors to adjust for any group specific changes to benefit or product features, 3) apply factors to adjust for any group specific risk characteristics, and 4) divide by the commission and expense loads. The following more completely describes the process:

1) Start with a table set of rates for each benefit module and rider being offered to the group

Table rates (Exhibit B) vary by benefit, insured entity, and attained age as follows:

BENEFIT	AGE BAND
<u>Base Certificate</u>	0-19
Hospital Confinement Indemnity Certificate	20-24
<u>Optional Riders</u>	25-29
Spouse Hospital Confinement Indemnity Rider	30-34
Children Hospital Confinement Indemnity Rider	35-39
Initial Confinement Rider	40-44
Wellness Benefit Rider	45-49
Accident Benefit Rider	50-54
Diagnostic Tests Rider	55-59
Critical Illness Rider	60-64
Return of Premium Rider	65-69
	70+
INSURED ENTITY	
Employee/member	
Spouse	
Children	

For groups which will require a single rate for all ages, a census will be applied to produce an aggregate age set of table rates.

2) Apply factors to adjust for any group specific changes to benefit or product features

The following factors will be applied:

Pre-ex Removal

A factor to change or eliminate the pre-ex period from the benefit requirements.

<u>Range</u>	<u>Varies by</u>
0.90-1.15	Insured Entity, Benefit

Waiting Period Adjustment

A factor to change or eliminate the waiting period before benefits are payable.

<u>Range</u>	<u>Varies by</u>
0.90-1.10	Benefit, Waiting Period

Age Specific Benefit Reduction

A factor to adjust for the application of a benefit reduction at a specific, older age.

<u>Range</u>	<u>Varies by</u>
0.80-1.00	Age, Benefit, Reduction Percent

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Group Hospital Indemnity Policy and Riders
Exhibit A - Group Ratemaking Methodology
DISTRICT OF COLUMBIA

Underlying Rate Age Structure

A factor to increase rates if issue age rates are desired rather than attained age rates.

<u>Range</u>	<u>Varies by</u>
1.00-5.00	Age, Benefit

Benefit or Product Change Factor

A factor to adjust for any additional changes in benefits or product features (as allowed by the policy form language).

<u>Range</u>	<u>Varies by</u>
0.70-1.50	Age, Benefit

3) Apply factors to adjust for any group specific risk characteristics

The following factors may be applied:

Industry Adjustment

A factor to adjust for the risk associated with specific industries.

<u>Range</u>	<u>Varies by</u>
0.90-1.10	Benefit, Industry

Employer Paid Adjustment

A factor to account for the level of selection/anti-selection resulting from differing levels of employee/group sponsor participation in premiums.

<u>Range</u>	<u>Varies by</u>
0.80-1.40	Benefit, Employer/Group Sponsor Premium Payment Percentage

Group Size/Participation Adjustment

A factor to account for the level of selection/anti-selection expected due to different group sizes and participation.

<u>Range</u>	<u>Varies by</u>
0.60-1.50	Benefit, Group Size, Participation Percent

Tobacco Usage Factor

A factor to account for the increased risk of some benefits incurred by tobacco users.

<u>Range</u>	<u>Varies by</u>
0.85-2.00	Benefit, Tobacco Usage

Spousal Adjustment Factor

A factor to adjust for the increased health-related risk exhibited by non-screened spouses.

<u>Range</u>	<u>Varies by</u>
1.00-1.20	Insured Entity, Benefit

Experience Factor

A factor to adjust for the previous experience of the group.

<u>Range</u>	<u>Varies by</u>
0.70-1.30	Group Size, Benefit, Experience

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Exhibit A - Group Ratemaking Methodology
DISTRICT OF COLUMBIA

Underwriting Effect Factor

A factor to account for the proportion of GI vs UW insureds.

<u>Range</u>	<u>Varies by</u>
0.80-1.20	GI/UW proportion, Benefit, Benefit Level

Gender Adjustment Factor

A factor to provide for deviations from the assumed gender mix.

<u>Range</u>	<u>Varies by</u>
1.00-1.50	Benefit, Age

Takeover Factor

A factor to provide for the potential additional risk associated with taking over an already existing group.

<u>Range</u>	<u>Varies by</u>
1.00-1.50	Group Size, Participation Percent

Portability Factor

A factor to allow for portability of benefits.

<u>Range</u>	<u>Varies by</u>
1.00-1.35	Benefit

Rate Guarantee Factor

A factor to provide for guarantee of rate levels

<u>Range</u>	<u>Varies by</u>
0.90-1.20	Number of years guaranteed

Case Underwriting Factor

A discretionary factor to be used by the underwriter to account for risk characteristics not otherwise accounted for.

<u>Range</u>	<u>Varies by</u>
0.85-1.15	Benefit

4) Divide by the commission and expense loads

The last step is to divide the result of the above by one minus the commission load and the expense load.

$$\text{Gross Premium} = \frac{\text{Adjusted Table Rate (result of above)}}{(1 - \text{commission load}\% - \text{expense load}\%)}$$

ACTUARIAL JUSTIFICATION OF PREMIUM RATES
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Group Hospital Indemnity Policy and Riders
Exhibit B - Table Rates
DISTRICT OF COLUMBIA

Hospital Confinement Indemnity Certificate/Riders	
Attained Age	Annual Rates per \$10 of Daily Benefit Amount
Children	2.55
Employee and Spouse	
19-	1.85
20-24	2.95
25-29	3.37
30-34	3.61
35-39	3.38
40-44	3.48
45-49	4.32
50-54	5.25
55-59	6.94
60-64	9.26
65-69	12.06
70+	23.27

Initial Confinement Rider	
Attained Age	Annual Rates per \$100 of Initial Confinement Benefit Amount
Children	6.87
Employee and Spouse	
19-	5.18
20-24	8.68
25-29	9.76
30-34	10.23
35-39	8.73
40-44	7.88
45-49	9.30
50-54	11.18
55-59	13.27
60-64	16.57
65-69	23.16
70+	40.33

Critical Illness Rider	
Attained Age	Annual Rates per \$1,000 of Maximum Benefit Amt
Children	1.10
Employee and Spouse	
19-	2.20
20-24	2.35
25-29	2.40
30-34	2.50
35-39	2.90
40-44	3.60
45-49	5.00
50-54	7.20
55-59	9.50
60-64	13.60
65-69	22.20
70+	34.90

Wellness Benefit Rider	
Attained Age	Annual Rates per \$5 of Wellness Benefit
Children	1.50
Employee and Spouse	
19-	0.75
20-24	0.75
25-29	0.75
30-34	0.75
35-39	0.75
40-44	0.75
45-49	0.75
50-54	0.75
55-59	0.75
60-64	0.75
65-69	0.75
70+	0.75

Diagnostic Test Benefit Rider	
Attained Age	Annual Rates per \$100/\$200 of Type A/B Benefits
Children	3.74
Employee and Spouse	
19-	2.49
20-24	2.91
25-29	3.31
30-34	3.74
35-39	4.15
40-44	4.97
45-49	6.02
50-54	6.80
55-59	8.32
60-64	10.19
65-69	12.06
70+	20.95

Accident Rider	
Attained Age	Annual Rates per \$100/\$200 of Type A/B Benefits
Children	11.45
Employee and Spouse	
19-	5.14
20-24	5.04
25-29	4.34
30-34	3.88
35-39	3.33
40-44	3.04
45-49	2.79
50-54	2.57
55-59	2.49
60-64	2.62
65-69	2.79
70+	3.03

ROP Rider Rate (per dollar of premium)
A factor applied to applicable premium

Range Varies by
1.0-4.5 Age

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Supporting Document Schedules

Satisfied - Item:	Actuarial Justification
Comments:	
Attachment(s):	Actuarial Memo - Group HIP - DC 6-27-2013.pdf
Item Status:	
Status Date:	

ACTUARIAL JUSTIFICATION OF PREMIUM RATES
ReliaStar Life Insurance Company
Group Hospital Confinement Indemnity Policy and Riders
DISTRICT OF COLUMBIA

1. SCOPE AND PURPOSE OF FILING

The purpose of this filing is to demonstrate that the anticipated loss ratio for this form meets the minimum requirements of this state and to certify that benefits are reasonable in relationship to the premiums charged. This filing is not intended to be used for any other purposes.

2. DESCRIPTION OF BENEFITS

The following is intended to be a general description of the benefits provided by this policy. For a detailed description of the benefits, limitations, and exclusions please refer to the policy form.

Base Certificate

Hospital Confinement Indemnity Certificate

Optional Riders

Spouse Hospital Confinement Indemnity Rider
Children Hospital Confinement Indemnity Rider
Initial Confinement Rider
Wellness Benefit Rider
Accident Benefit Rider
Diagnostic Tests Rider
Critical Illness Rider
Return of Premium Rider

Hospital Confinement Indemnity Certificate

The base Hospital Confinement Certificate provides the following benefits for the employee/member:

Hospital Confinement Benefit

Pays a Daily Benefit Amount of [\$50 to \$5,000 in increments of \$10] for hospital confinement as an inpatient due to a covered accident or sickness up to a maximum of [10-90] days per confinement.

Critical Care Unit Confinement Benefit

Pays a daily benefit of 200% of the Daily Benefit Amount for confinement in a Critical Care Unit due to a covered accident or sickness up to a maximum of [10-30] days per confinement.

Rehabilitation Facility Confinement Benefit

Pays a daily benefit of 50% of the Daily Benefit Amount for treatment in a Rehabilitation Facility due to a covered accident or sickness up to a maximum of [10-30] days per confinement.

[Benefits reduce [0% to 50%] at age 70.]

Optional Spouse Hospital Confinement Indemnity Rider

Hospital Confinement Benefit

Pays a Daily Benefit Amount of [\$50 to \$5,000 in increments of \$10] for hospital confinement as an inpatient due to a covered accident or sickness up to a maximum of [10-90] days per confinement.

Critical Care Unit Confinement Benefit

Pays a daily benefit of 200% of the Daily Benefit Amount for confinement in a Critical Care Unit due to a covered accident or sickness up to a maximum of [10-30] days per confinement.

Rehabilitation Facility Confinement Benefit

Pays a daily benefit of 50% of the Daily Benefit Amount for treatment in a Rehabilitation Facility due to a covered accident or sickness up to a maximum of [10-30] days per confinement.

[Benefits reduce [0% to 50%] at age 70.]

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Optional Children Hospital Confinement Indemnity Rider

Hospital Confinement Benefit

Pays a Daily Benefit Amount of [\$50 to \$5,000 in increments of \$10] for hospital confinement as an inpatient due to a covered accident or sickness up to a maximum of [10-90] days per confinement.

Critical Care Unit Confinement Benefit

Pays a daily benefit of 200% of the Daily Benefit Amount for confinement in a Critical Care Unit due to a covered accident or sickness up to a maximum of [10-30] days per confinement.

Rehabilitation Facility Confinement Benefit

Pays a daily benefit of 50% of the Daily Benefit Amount for treatment in a Rehabilitation Facility due to a covered accident or sickness up to a maximum of [10-30] days per confinement.

[Benefits reduce [0% to 50%] at age 70.]

Optional Initial Confinement Benefit Rider

Pays a lump sum benefit of (1-10) times the Daily Benefit that was payable under the Certificate (or Rider for Sp or Child) for the same confinement. This benefit is payable once for each confinement.

[Benefits reduce [0% to 50%] at age 70.]

Optional Wellness Benefit Rider

This rider pays a Wellness Benefit of [\$5 to \$100, available in increments of \$5], for health screening tests. Health screening tests include, but are not limited to:

- | | |
|---------------------------------|---|
| 1. Blood test for triglycerides | 10. Pap Smear |
| 2. Flexible sigmoidoscopy | 11. CEA (blood test for colon cancer) |
| 3. Bone marrow testing | 12. Serum cholesterol test for HDL and LDL levels |
| 4. Hemocult stool analysis | 13. Serum Protein Electrophoresis (myeloma) |
| 5. Breast ultrasound | 14. Chest x-ray |
| 6. Mammography | 15. Colonoscopy |
| 7. CA 15-3 (breast cancer) | 16. Stress test on bicycle or tread mill |
| 8. Fasting blood glucose test | 17. Thermography |
| 9. PSA (prostate cancer) | |

[Benefits reduce [0% to 50%] at age 70.]

Optional Accident Benefit Rider

This rider pays a benefit of [\$100 to \$200, available in increments of \$100] for any of the Type A services or conditions described below due to injury sustained in a covered accident.

TYPE A

Lodging

Transportation

Fracture (of bones other than the femur, tibia, radius, pelvis excluding coccyx, including chip fractures)

Concussion

Dislocation of Finger(s) or Toe(s)

Burns (2nd degree covering at least 36% of the body)

Emergency Dental Work

Laceration with Sutures

Tendon/Ligament/Rotator Cuff (1) with Surgical repair

Torn Knee Cartilage with Surgical repair

This rider also pays a benefit of [\$200 to \$400, available in increments of \$200] for any of the Type B services or conditions described below due to injury sustained in a covered accident.

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TYPE B

Acute Fractures of the femur, humerus, tibia, radius, pelvis (excluding coccyx), and bones of the spine
 Dislocations of hip, knee, ankle or foot (other than toes), shoulder, elbow, wrist, or lower jaw
 Burns (3rd degree covering at least 9% of the body)
 Ruptured Disk with Surgical repair
 Tendon/Ligament/Rotator Cuff (2) with Surgical repair
 Prosthetic Device

[Benefits reduce [0% to 50%] at age 70.]

Optional Diagnostic Test Benefit Rider

Pays the appropriate amount shown below for the following diagnostic tests . Only one benefit will be paid per year per Covered Person.

	<u>Amount</u>		<u>Amount</u>
Arthroscopy	[100 - 300]	Angiogram	[200 - 600]
Bronchoscopy	[100 - 300]	Arteriogram	[200 - 600]
Colonoscopy	[100 - 300]	CT Scan	[200 - 600]
Cystoscopy	[100 - 300]	EEG	[200 - 600]
EGD	[100 - 300]	MRI	[200 - 600]
Laryngoscopy	[100 - 300]	Myleogram	[200 - 600]
		PET Scan	[200 - 600]
		Stress Test	[200 - 600]

[Benefits reduce [0% to 50%] at age 70.]

Optional Critical Illness Rider

Pays a maximum benefit amount of [\$1,000 to \$500,000, available in increments of [\$1,000-10,000]] for diagnosis of one of the following conditions. No benefits will be paid beyond the maximum benefit amount for any Covered Person.

<u>Covered Critical Illness</u>	<u>Pct of Maximum Benefit Amount</u>
Heart Attack	100%
Stroke	100%
End Stage Renal Failure	100%
Permanent Paralysis	100%
Coma	100%
Major Organ Failure	100%
Coronary Artery Disease Requiring Coronary Artery Bypass	25%

[Benefits reduce [0% to 50%] at age 70.]

Optional Return Of Premium Rider

This Rider provides a return of premium benefit upon death of the employee/member, providing no claims [other than Wellness Benefit Rider claims] have been paid. The actual amount of premium that will be returned, if any, will be equal to a percentage of all premiums paid.

The percentage of premiums returned is determined according to the schedule below:

<u>Attained age on the date of death</u>	<u>ROP Factor</u>
60 or less	100%
61	90%
62 and over	80%

3. RENEWABILITY CLAUSE

This policy is conditionally renewable. Premiums may be changed on the policy anniversary date and any premium due date thereafter, subject to the required prior notification. The policy may be canceled at the discretion of the Company or the Policyholder, subject to prior notification.

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4. MARKETING METHOD

This policy will be marketed to employer and other groups by general agents and brokers.

5. UNDERWRITING

This policy will be underwritten on a simplified issue basis based upon yes/no questions on the application, and also on a guaranteed issue basis subject to minimum participation requirements. Maximum purchase amount will vary by underwriting type.

6. PREMIUM RATES

This product will be available to eligible employees/members, spouses and children on an employer/group sponsor or employee/member paid basis. Premiums may vary either by tobacco usage or uni-tobacco, benefit amount chosen, and age of the employee/member. Rates can be calculated on an issue age or attained age basis. Composite rates will be determined by either a.) a census of employees/members by tobacco or uni-tobacco, age, and gender of the employee/member population, or b.) if a census is not available a composite rate will be available based on conservative distribution assumptions. Additional factors may be applied based on group characteristics and plan design.

Table premium rates are developed using claim costs based on Wakely Actuarial Services, Inc. Claim Cost Guidelines. The table premiums will be adjusted to reflect commissions, premium taxes, administrative expenses, and profit and contingency margins. The table premium load will be limited such that the loss ratio is floored at the minimum requirement.

The rating methodology and manual are attached in Exhibit A. The Company may adjust premiums to account for prior experience of a group or other group characteristics. Renewal rates will be based upon the experience of the group (or pooled groups when experience is not credible).

7. MINIMUM LOSS RATIO

The minimum loss ratio for this policy form is 51.0%

8. ANTICIPATED LOSS RATIO

The lifetime anticipated loss ratio for this policy form will vary by group. This lifetime anticipated loss ratio meets or exceeds the minimum state requirements for this type of coverage.

9. OTHER FACTORS

All components of premium are listed below:

Premium	100.0%
Claims	51.0%
Expenses	19.7%
Commissions	22.4%
Pre Tax Profit	6.9%
After Tax Profit	4.5%

10. ACTUARIAL CERTIFICATION

I hereby certify that, to the best of my knowledge and belief, the rate filing submitted herein is in compliance with all applicable laws of this state and Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans"; that the anticipated loss ratio submitted herein is expected to develop over the period for which rates are computed to provide coverage; and that the benefits are reasonable in relation to the premiums charged. In my opinion, the rates are not excessive, inadequate, or unfairly discriminatory.

Respectfully Submitted,



Garry R. Reed, A.S.A., M.A.A.A.
Consulting Actuary
Wakely Actuarial
June 27, 2013

Attachments:

Exhibit A - Group Ratemaking Methodology
Exhibit B - Table Rates