

State: District of Columbia **Filing Company:** National Guardian Life Insurance Company
TOI/Sub-TOI: H04 Health - Blanket Accident /Sickness/H04.001 Student
Product Name: K-12 Student Accident - ISM Trust
Project Name/Number: K-12 Student Accident - ISM/NSA-1006(IS)

Filing at a Glance

Company: National Guardian Life Insurance Company
Product Name: K-12 Student Accident - ISM Trust
State: District of Columbia
TOI: H04 Health - Blanket Accident /Sickness
Sub-TOI: H04.001 Student
Filing Type: Rate
Date Submitted: 04/02/2014
SERFF Tr Num: NGLI-129482038
SERFF Status: Assigned
State Tr Num:
State Status:
Co Tr Num: NSA-1006(IS) RATES
Implementation: On Approval
Date Requested:
Author(s): DeeAnna Schulz, Susan Long, Julie Guess
Reviewer(s): Donghan Xu (primary), Alula Selassie
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

State: District of Columbia
TOI/Sub-TOI: H04 Health - Blanket Accident /Sickness/H04.001 Student
Product Name: K-12 Student Accident - ISM Trust
Filing Company: National Guardian Life Insurance Company
Project Name/Number: K-12 Student Accident - ISM/NSA-1006(IS)

General Information

Project Name: K-12 Student Accident - ISM
 Project Number: NSA-1006(IS)
 Requested Filing Mode: Review & Approval
 Explanation for Combination/Other:
 Submission Type: New Submission
 Group Market Type: Blanket, Trust
 Filing Status Changed: 04/07/2014
 State Status Changed:
 Created By: Susan Long
 Corresponding Filing Tracking Number:

Status of Filing in Domicile: Not Filed
 Date Approved in Domicile:
 Domicile Status Comments:
 Market Type: Group
 Group Market Size: Small and Large
 Overall Rate Impact:
 Deemer Date:
 Submitted By: Susan Long

PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

Please note: See our form filing NGLI-129461098 Company Tracking # NSA-1006(ISIT) Which was filed March 17, 2014 and pending this rate filing.

I have attached the rates and actuarial memorandum for the form filing.

Product Description: This is Accident-Only medical expense product for students in grades K-12. The School purchases a school-time only accident plan which automatically provides coverage for all students, for injury sustained which under the care and direction of the School. Parents then have the option to extend this plan to provide coverage on a 24 hour basis while not under the care and direction of the School and or add the sickness coverage while in or out of school.

Please see attached the Actuarial Memorandum and Rates.

Company and Contact

Filing Contact Information

Susan Long, Manager, Product Compliance
 smlong@nglic.com
 2 E. Gilman Street
 608-443-5060 [Phone]
 Madison, WI 53701

Filing Company Information

| | | |
|--|-------------------------|------------------------------|
| National Guardian Life Insurance Company | CoCode: 66583 | State of Domicile: Wisconsin |
| P.O. Box 1191 | Group Code: 1211 | Company Type: LAH |
| Madison, WI 53701-1191 | Group Name: | State ID Number: |
| (800) 626-7931 ext. 5325[Phone] | FEIN Number: 39-0493780 | LF00066583 |

Filing Fees

Fee Required? No
 Retaliatory? No

State: District of Columbia **Filing Company:** National Guardian Life Insurance Company
TOI/Sub-TOI: H04 Health - Blanket Accident /Sickness/H04.001 Student
Product Name: K-12 Student Accident - ISM Trust
Project Name/Number: K-12 Student Accident - ISM/NSA-1006(IS)

Fee Explanation:

SERFF Tracking #:

NGLI-129482038

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

NSA-1006(IS) RATES

State:

District of Columbia

Filing Company:

National Guardian Life Insurance Company

TOI/Sub-TOI:

H04 Health - Blanket Accident /Sickness/H04.001 Student

Product Name:

K-12 Student Accident - ISM Trust

Project Name/Number:

K-12 Student Accident - ISM/NSA-1006(IS)

Rate/Rule Schedule

| Item No. | Schedule Item Status | Document Name | Affected Form Numbers (Separated with commas) | Rate Action | Rate Action Information | Attachments |
|----------|----------------------|----------------------|--|-------------|-------------------------|---------------------------|
| 1 | | Actuarial Memo/Rates | NSA-1006(ISIT), NSA-1006(ISIT)(SC), NSA-ISIT-APP(2012), NSA-ISIT-APP-SC(2012), NSA-1006(ISIT) (SICK) | New | | Actuarial Memo_Rates.pdf, |

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

A. Summary of the Reasons for the Rate Filing

1. Reason for the rate filing: This product filing reflects our understanding of State rate filing requirements. The program will be administered by Commercial Travelers Mutual Insurance Company (CTMIC). National Guardian Life Insurance Company (NGLIC) will be the carrier as a result of NGLIC's affiliation with CTMIC in April-2012 that gave NGLIC control of CTMIC's Board of Directors, prompting the carrier named here.
2. Requested Rate Action: No proposed rate change from current rates being marketed.
3. Marketing Method: This Form is intended to be distributed by independent agents and brokers to Independent School Management (ISM, an association of private-independent schools throughout the country).
4. Premium Classification: Premium rates vary by plan design and covered population.
5. Product Description: Accident-only medical expense product for students in grades K-12. The School purchases a "school-time only" accident plan which automatically provides coverage for all students, for injury sustained while under the care and direction of the School. Parents then have the option to [i] extend this plan to provide coverage on a 24-hour basis, i.e., while not under the care and direction of the School; and/or [ii] add the sickness coverage while in or out of school.
6. Policy/Rider Form: Policy Form NSA-1006(IS).
7. Age Basis: Same premium charged to all members of the group, regardless of age.
8. Renewability: The policy is optionally renewable, on an annual basis.

B. Assumption or Acquisition

N/A.

C. Rating Period

The rating formula supplied will be used for the 2013-14 school years and later. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14.**

D. Effect of Underwriting on the Rates

There will be no individual underwriting. The product will be sold on a group basis with participation voluntary.

E. Effect of Law Changes on the Rates

N/A.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

F. Rate History

Below is the recent rate history along with the annual rate schedule proposed for the 2013-14 school year for the plans shown. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14. Support for this proposal is included in Section K.**

RATE HISTORY (School Time)

| Plan | Plan Percent | Ded | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Proposed | % Inc |
|------------------------------|-----------------|----------|----------|----------|----------|----------|----------|-------|
| | | | | | | | 2013-14 | |
| Day K-12 | 100% | \$0 | \$18.60 | \$18.60 | \$18.60 | \$20.45 | \$20.45 | 0.0% |
| Day K-12 | 100% | \$100 | \$14.10 | \$14.10 | \$14.10 | \$15.50 | \$15.50 | 0.0% |
| Day K-12 | 80% | \$0 | \$14.85 | \$14.85 | \$14.85 | \$16.35 | \$16.35 | 0.0% |
| Day K-12 | 80% | \$100 | \$11.30 | \$11.30 | \$11.30 | \$12.45 | \$12.45 | 0.0% |
| Day K-8 | 100% | \$0 | \$9.40 | \$9.40 | \$9.40 | \$10.35 | \$10.35 | 0.0% |
| Day K-8 | 100% | \$100 | \$7.45 | \$7.45 | \$7.45 | \$8.20 | \$8.20 | 0.0% |
| Day K-8 | 80% | \$0 | \$7.50 | \$7.50 | \$7.50 | \$8.25 | \$8.25 | 0.0% |
| Day K-8 | 80% | \$100 | \$6.00 | \$6.00 | \$6.00 | \$6.60 | \$6.60 | 0.0% |
| Day Pre-K | 100% | \$0 | \$4.90 | \$4.90 | \$4.90 | \$5.40 | \$5.40 | 0.0% |
| Day Pre-K | 100% | \$100 | \$3.90 | \$3.90 | \$3.90 | \$4.30 | \$4.30 | 0.0% |
| Day Pre-K | 80% | \$0 | \$3.90 | \$3.90 | \$3.90 | \$4.30 | \$4.30 | 0.0% |
| Day Pre-K | 80% | \$100 | \$3.10 | \$3.10 | \$3.10 | \$3.40 | \$3.40 | 0.0% |
| Boarding K-12 | 100% | \$0 | \$99.75 | \$99.75 | \$99.75 | \$109.75 | \$109.75 | 0.0% |
| Boarding K-12 | 100% | \$100 | \$76.55 | \$76.55 | \$76.55 | \$84.20 | \$84.20 | 0.0% |
| Boarding K-12 | 80% | \$0 | \$77.85 | \$77.85 | \$77.85 | \$85.65 | \$85.65 | 0.0% |
| Boarding K-12 | 80% | \$100 | \$56.75 | \$56.75 | \$56.75 | \$62.45 | \$62.45 | 0.0% |
| Boarding K-8 | 100% | \$0 | \$52.85 | \$52.85 | \$52.85 | \$58.15 | \$58.15 | 0.0% |
| Boarding K-8 | 100% | \$100 | \$40.65 | \$40.65 | \$40.65 | \$44.70 | \$44.70 | 0.0% |
| Boarding K-8 | 80% | \$0 | \$42.30 | \$42.30 | \$42.30 | \$46.55 | \$46.55 | 0.0% |
| Boarding K-8 | 80% | \$100 | \$32.50 | \$32.50 | \$32.50 | \$35.75 | \$35.75 | 0.0% |
| Voluntary Day | 100% | \$100 | \$163.80 | \$163.80 | \$163.80 | \$180.20 | \$180.20 | 0.0% |
| Voluntary Boarding | 100% | \$100 | \$98.70 | \$98.70 | \$98.70 | \$108.55 | \$108.55 | 0.0% |
| Voluntary Day | 80% | \$100 | \$131.25 | \$131.25 | \$131.25 | \$144.40 | \$144.40 | 0.0% |
| Voluntary Boarding | 80% | \$100 | \$78.75 | \$78.75 | \$78.75 | \$86.65 | \$86.65 | 0.0% |
| Voluntary Sickness Day* | 100% | \$100 | \$621.00 | \$621.00 | \$621.00 | \$683.10 | \$683.10 | 0.0% |
| Voluntary Sickness Boarding* | 100% | \$100 | \$555.00 | \$555.00 | \$555.00 | \$610.50 | \$610.50 | 0.0% |
| Voluntary Sickness Day* | 80% | \$100 | \$497.00 | \$497.00 | \$497.00 | \$546.70 | \$546.70 | 0.0% |
| Voluntary Sickness Boarding* | 80% | \$100 | \$444.00 | \$444.00 | \$444.00 | \$488.40 | \$488.40 | 0.0% |
| CAT \$1Million | 100% | \$30,000 | \$2.40 | \$2.40 | \$2.40 | \$2.65 | \$2.65 | 0.0% |
| CAT \$2Million | 100% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| CAT \$5Million | 100% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| CAT \$1Million | 80% | \$30,000 | \$1.95 | \$1.95 | \$1.95 | \$2.15 | \$2.15 | 0.0% |
| CAT \$2Million | 80% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| CAT \$5Million | 80% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |

* Sickness coverage not available in all states.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

G. Coordination of Benefits

The plan can act as secondary to other insurance. The plan rates are based on the ISM block (see below) and the plans act in the same capacity, so no adjustment will be made for coordination of benefits.

H. Relation of Benefits to Premium

The retention percentage of 40% breaks down as follows:

| Retention Description | Retention |
|------------------------------|------------------|
| Commission | 15% |
| Marketing | 2% |
| Premium Tax | 2% |
| Administration | 16% |
| Profit & Contingencies | 5% |
| Total Expense | 40% |

I. Lifetime Loss Ratio

60%.

J. Profit Provision

5%.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

K. Explanation of Rates

Rates are based on experience administered by CTMIC for the ISM block. Below is a summary of the most recent 4 full school years for the ISM block, along with the still-incomplete experience available for the 2012-13 school year that is adjusted for completion. Schools that have not been renewed have been excluded. **The following summary supports the proposed rate decision to hold rates at current levels.**

| Claims as of: | 10/31/2013 | 10/31/2013 | 10/31/2013 | 10/31/2013 |
|-----------------------------------|----------------------|--------------|--------------|--------------|
| | SCHOOL YEAR STARTING | | | |
| | 2009 | 2010 | 2011 | 2012 |
| A Premium..... | \$ 1,191,079 | \$ 1,081,149 | \$ 1,154,746 | \$ 1,223,284 |
| B Claims Paid to Date..... | \$ 455,023 | \$ 598,008 | \$ 749,949 | \$ 624,687 |
| C Projection Factor..... | 1.00 | 1.00 | 1.01 | 1.19 |
| D Ultimate Claims..... | \$ 455,023 | \$ 598,008 | \$ 757,448 | \$ 743,378 |
| E Loss Ratio..... | 38.2% | 55.3% | 65.6% | 60.8% |
| F Gross Rate..... | \$ 10.11 | \$ 9.96 | \$ 10.64 | \$ 11.74 |
| Gest lives..... | 117,845 | 108,503 | 108,487 | 104,160 |
| H Pure Rate..... | \$ 3.86 | \$ 5.51 | \$ 6.98 | \$ 7.14 |
| I Product Change Factor..... | 1.00 | 1.00 | 1.00 | 1.00 |
| J As is Product Pure Rate..... | \$ 3.86 | \$ 5.51 | \$ 6.98 | \$ 7.14 |
| Annual Increase..... | | 42.7% | 26.7% | 2.2% |
| K Inflation/Cost Shift..... | 6.0% | 6.0% | 6.0% | 6.0% |
| L Percent Applicable..... | 100.0% | 100.0% | 100.0% | 100.0% |
| M Trend Factor Applied..... | 1.338 | 1.262 | 1.191 | 1.124 |
| Trend to School Year starting in: | | | | 2014 |
| For as is Product: | | | | |
| N Pure Rate..... | \$ 5.17 | \$ 6.96 | \$ 8.32 | \$ 8.02 |
| O Permissible Loss Ratio..... | 60.0% | 60.0% | 60.0% | 60.0% |
| P Gross Rate..... | \$ 8.61 | \$ 11.60 | \$ 13.86 | \$ 13.36 |
| Q Weight..... | 25.0% | 25.0% | 25.0% | 25.0% |
| R Gross Rate Needed..... | | | | \$ 11.86 |
| S Rate Increase..... | | | | 1.0% |
| T Premium Needed..... | | | | \$ 1,235,156 |
| U Comm: | | | | 15.0% |
| V CT: | | | | 25.0% |
| | | | | inputs |

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

Below is an explanation of the formulas and methods used above.

| | |
|----|---|
| A) | Premium – Annual premium collected |
| B) | Claims Paid to Date – Annual Claims paid for the school year to the “Claims as of” date. |
| C) | Projection Factor – Factor to bring paid claims to incurred claims for the school year. Based on internal paid claims data and updated monthly. |
| D) | Ultimate Claims – B*C |
| E) | Loss ratio – D/A |
| F) | Gross rate – Annual premium rate per student. |
| G) | Estimated lives – A/F |
| H) | Pure Rate – D/G, annual claims per student |
| I) | Product Change Factor – Factor to account for actuarial value of a change in benefits. |
| J) | H*I |
| K) | Inflation/Cost Shift – Medical cost inflation factor based on industry expectations. |
| L) | Percent Applicable – Some plans have limits or caps on benefits and therefore a full inflation factor is not appropriate. This percentage accounts for how much of the trend factor to use. |
| M) | Trend Factor Applied – $1+(K*L)^t * 1+(K*L)^{t-1} \dots$ |
| N) | For as is Product Pure Rate - J*M |
| O) | Permissible Loss Ratio – 1-U-V. |
| P) | Gross Rate – N/O |
| Q) | Weight – The weight given to each experience period. The total weights must add to one. |
| R) | Gross Rate Needed - $\sum_{t=1}^n P_t * Q_t$ |
| S) | Rate Increase – R divided by current rate (F) – 1 |
| T) | Premium Needed – R times the current estimated lives |
| U) | Commission % - Commissions as a percent of premium |
| V) | CT Administrative charge – The percent of premium allocated to Commercial Travelers for Administration , Profit and Contingencies |

Row Q reflects the weights that were used to rate the plan, with the current experience receiving the heaviest weight to better reflect recent changes in the economy that have affected the percentage paid by primary plans. With higher unemployment, plans that pay secondary have seen larger than expected increases due to the loss of primary insurance of some parents of children enrolled in these plans (making the ISM plans primary). The rate experience indicates that rates remain flat for the 2013-2014 school year. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14.**

L. Trend

The 6% trend assumption reflects historical national experience.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

M. Credibility

The ISM block described above covers over 100,000 students and is considered a credible basis for rating purposes.

N. Data Description

See above (Sections K, L, and M).

O. Side-by-Side Comparison

N/A.

P. Benefits Ratio Projections

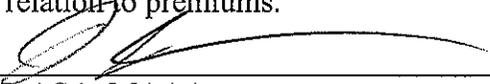
60%.

Q. Description of Other Rating Facts

N/A.

R. Actuarial Certification

I, Alan Shulman, am an Associate of the Society of Actuaries (ASA) and a Member of the American Academy of Actuaries (MAAA). I certify that, to the best of my knowledge & judgment, this filing complies with applicable State laws and with Department of Insurance rules, and with Actuarial Standards of Practice No. 8, "Regulatory Filings for Health Plan Entities", as adopted by the Actuarial Standards Board. The premiums are neither excessive, nor inadequate, nor are the premiums unfairly discriminatory; and the benefits provided are reasonable in relation to premiums.



Alan Shulman, ASA, MAAA
Commercial Travelers Mutual Insurance Company (CTMIC)
Vice President & Actuary
November 19, 2013

State: District of Columbia
TOI/Sub-TOI: H04 Health - Blanket Accident /Sickness/H04.001 Student
Product Name: K-12 Student Accident - ISM Trust
Project Name/Number: K-12 Student Accident - ISM/NSA-1006(IS)

Filing Company: National Guardian Life Insurance Company

Supporting Document Schedules

| | |
|--------------------------|--------------------------|
| Satisfied - Item: | Cover Letter All Filings |
| Comments: | |
| Attachment(s): | Cover Letter.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|----------------------------------|
| Bypassed - Item: | Certificate of Authority to File |
| Bypass Reason: | Not a third party filer. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--------------------------|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | Actuarial Memo_Rates.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--------------------------|
| Satisfied - Item: | Actuarial Justification |
| Comments: | |
| Attachment(s): | Actuarial Memo_Rates.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | District of Columbia and Countrywide Loss Ratio Analysis (P&C) |
| Bypass Reason: | This is not a PC filing. Not applicable. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | District of Columbia and Countrywide Experience for the Last 5 Years (P&C) |
| Bypass Reason: | This is not a PC filing. Not applicable. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

SERFF Tracking #:

NGLI-129482038

State Tracking #:

Company Tracking #:

NSA-1006(IS) RATES

State: District of Columbia
TOI/Sub-TOI: H04 Health - Blanket Accident /Sickness/H04.001 Student
Product Name: K-12 Student Accident - ISM Trust
Project Name/Number: K-12 Student Accident - ISM/NSA-1006(IS)

Filing Company: National Guardian Life Insurance Company

| | |
|-------------------------|--------------------------------|
| Bypassed - Item: | Consumer Disclosure Form |
| Bypass Reason: | This is an initial submission. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Actuarial Memorandum and Certifications |
| Bypass Reason: | This is a student Accident K-12 product only. We do not believe this is applicable to this filing. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|--|
| Bypassed - Item: | Unified Rate Review Template |
| Bypass Reason: | This is a student Accident K-12 product only. We do not believe this is applicable to this filing. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |



April 2, 2014

National Guardian Life Insurance Company
NAIC: 66583
Re: Rates for Blanket Student Accident – Grades K-12
Company Tracking Number: NSA-1006(IS) RATES

Forms: NSA-1006(ISIT) – Group Policy
NSA-ISIT-APP(2012) – Application for Blanket Student Accident
NSA-1006(ISIT) (SICK) Sickness Rider
NSA-1006(ISIT)(SC) – Group Policy Summer Session
NSA-ISIT-APP-SC(2012) – Application for Blanket Student Accident Summer Session

To Whom It May Concern:

As stated in the attached Actuarial Memorandum this product filing reflects our understanding of State rate filing requirements.

No proposed rate change from current rates being marketed. The forms are intended to be distributed by independent agents and brokers to Independent School Management (ISM, an association of private-independent schools throughout the country).

Please note this is a new rate filing. Upon approval we would like to begin marketing this product.

To further explain: The policy forms are filed under Serff Tr #NGLI-129461098 and Company Tr # NSA-1006(ISIT)

Policy form NSA-1006(ISIT) provides a choice of five plans from which the school may choose in offering coverage to their students. Four of these Plans are considered “Mandatory” with all premiums paid by a participating school. Under these plans students are automatically covered from the time they enroll at a participating school. Benefits are provided for accidents occurring on school premises, while the student is in the care of a school, or while the student is on his/her way to or from school.

The fifth plan is a “voluntary” 24-hour plan providing around-the-clock protection for a student. The premiums for this coverage are paid by the parents of an enrolled student.

Rider NSA-1006(ISIT)(SICK) will add an optional sickness benefit to Policy NSA-1006(ISIT). Coverage under this Rider will be offered only where a Participating School has elected to make the 24-Hour Voluntary Extension Plan available to it to its students. Under this Plan, when the optional rider is a part of the policy, a student is covered 24-hours a day for both accident and sickness.

Policy form NSA-1006(ISIT)(SC) provides basically the same benefits except that the policy covers only students who are enrolled in summer sessions for a Participating School. Insurance under the policy is considered “Mandatory” with all premiums being paid by the school.

Also enclosed for informational purposes are sample School Superintendent’s Enrollment Forms for policies, forms N-ISIT-EF and N-ISIT-EF-SC. Upon completion of the Superintendent’s application, a school becomes a Participating School under the Trust.

These forms were filed first in the State of Delaware, since Delaware is the situs of the Trust. The Blanket Master Policy will be issued to the Independent School Group Insurance Trust, located at 1316 N. Union Street, Wilmington, Delaware. This policy is being issued to the trust for ease of administration. The Administrator of the Trust, Independent School Management (ISM), provides coverage available to a school for the benefit of their students. Each school who wishes to participate in the trust signs a participation agreement at the time they apply for coverage under the Policy. By participating in the Trust, the school avails themselves of ISM's expertise in administering the insurance coverage. A copy of the Trust Agreement is enclosed to facilitate your review, as well as a copy of Delaware's approval.

Should you have any questions please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Sue M Long". The signature is written in black ink and is positioned below the word "Sincerely,".

Sue M. Long
Manager, Product Compliance
National Guardian Life Insurance Company
Email address: smlong@nglic.com

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

A. Summary of the Reasons for the Rate Filing

1. Reason for the rate filing: This product filing reflects our understanding of State rate filing requirements. The program will be administered by Commercial Travelers Mutual Insurance Company (CTMIC). National Guardian Life Insurance Company (NGLIC) will be the carrier as a result of NGLIC's affiliation with CTMIC in April-2012 that gave NGLIC control of CTMIC's Board of Directors, prompting the carrier named here.
2. Requested Rate Action: No proposed rate change from current rates being marketed.
3. Marketing Method: This Form is intended to be distributed by independent agents and brokers to Independent School Management (ISM, an association of private-independent schools throughout the country).
4. Premium Classification: Premium rates vary by plan design and covered population.
5. Product Description: Accident-only medical expense product for students in grades K-12. The School purchases a "school-time only" accident plan which automatically provides coverage for all students, for injury sustained while under the care and direction of the School. Parents then have the option to [i] extend this plan to provide coverage on a 24-hour basis, i.e., while not under the care and direction of the School; and/or [ii] add the sickness coverage while in or out of school.
6. Policy/Rider Form: Policy Form NSA-1006(IS).
7. Age Basis: Same premium charged to all members of the group, regardless of age.
8. Renewability: The policy is optionally renewable, on an annual basis.

B. Assumption or Acquisition

N/A.

C. Rating Period

The rating formula supplied will be used for the 2013-14 school years and later. Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14.

D. Effect of Underwriting on the Rates

There will be no individual underwriting. The product will be sold on a group basis with participation voluntary.

E. Effect of Law Changes on the Rates

N/A.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

F. Rate History

Below is the recent rate history along with the annual rate schedule proposed for the 2013-14 school year for the plans shown. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14. Support for this proposal is included in Section K.**

RATE HISTORY (School Time)

| Plan | Plan Percent | Ded | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Proposed | | % Inc |
|------------------------------|-----------------|----------|----------|----------|----------|----------|----------|------|-------|
| | | | | | | | 2013-14 | | |
| Day K-12 | 100% | \$0 | \$18.60 | \$18.60 | \$18.60 | \$20.45 | \$20.45 | 0.0% | |
| Day K-12 | 100% | \$100 | \$14.10 | \$14.10 | \$14.10 | \$15.50 | \$15.50 | 0.0% | |
| Day K-12 | 80% | \$0 | \$14.85 | \$14.85 | \$14.85 | \$16.35 | \$16.35 | 0.0% | |
| Day K-12 | 80% | \$100 | \$11.30 | \$11.30 | \$11.30 | \$12.45 | \$12.45 | 0.0% | |
| Day K-8 | 100% | \$0 | \$9.40 | \$9.40 | \$9.40 | \$10.35 | \$10.35 | 0.0% | |
| Day K-8 | 100% | \$100 | \$7.45 | \$7.45 | \$7.45 | \$8.20 | \$8.20 | 0.0% | |
| Day K-8 | 80% | \$0 | \$7.50 | \$7.50 | \$7.50 | \$8.25 | \$8.25 | 0.0% | |
| Day K-8 | 80% | \$100 | \$6.00 | \$6.00 | \$6.00 | \$6.60 | \$6.60 | 0.0% | |
| Day Pre-K | 100% | \$0 | \$4.90 | \$4.90 | \$4.90 | \$5.40 | \$5.40 | 0.0% | |
| Day Pre-K | 100% | \$100 | \$3.90 | \$3.90 | \$3.90 | \$4.30 | \$4.30 | 0.0% | |
| Day Pre-K | 80% | \$0 | \$3.90 | \$3.90 | \$3.90 | \$4.30 | \$4.30 | 0.0% | |
| Day Pre-K | 80% | \$100 | \$3.10 | \$3.10 | \$3.10 | \$3.40 | \$3.40 | 0.0% | |
| Boarding K-12 | 100% | \$0 | \$99.75 | \$99.75 | \$99.75 | \$109.75 | \$109.75 | 0.0% | |
| Boarding K-12 | 100% | \$100 | \$76.55 | \$76.55 | \$76.55 | \$84.20 | \$84.20 | 0.0% | |
| Boarding K-12 | 80% | \$0 | \$77.85 | \$77.85 | \$77.85 | \$85.65 | \$85.65 | 0.0% | |
| Boarding K-12 | 80% | \$100 | \$56.75 | \$56.75 | \$56.75 | \$62.45 | \$62.45 | 0.0% | |
| Boarding K-8 | 100% | \$0 | \$52.85 | \$52.85 | \$52.85 | \$58.15 | \$58.15 | 0.0% | |
| Boarding K-8 | 100% | \$100 | \$40.65 | \$40.65 | \$40.65 | \$44.70 | \$44.70 | 0.0% | |
| Boarding K-8 | 80% | \$0 | \$42.30 | \$42.30 | \$42.30 | \$46.55 | \$46.55 | 0.0% | |
| Boarding K-8 | 80% | \$100 | \$32.50 | \$32.50 | \$32.50 | \$35.75 | \$35.75 | 0.0% | |
| Voluntary Day | 100% | \$100 | \$163.80 | \$163.80 | \$163.80 | \$180.20 | \$180.20 | 0.0% | |
| Voluntary Boarding | 100% | \$100 | \$98.70 | \$98.70 | \$98.70 | \$108.55 | \$108.55 | 0.0% | |
| Voluntary Day | 80% | \$100 | \$131.25 | \$131.25 | \$131.25 | \$144.40 | \$144.40 | 0.0% | |
| Voluntary Boarding | 80% | \$100 | \$78.75 | \$78.75 | \$78.75 | \$86.65 | \$86.65 | 0.0% | |
| Voluntary Sickness Day* | 100% | \$100 | \$621.00 | \$621.00 | \$621.00 | \$683.10 | \$683.10 | 0.0% | |
| Voluntary Sickness Boarding* | 100% | \$100 | \$555.00 | \$555.00 | \$555.00 | \$610.50 | \$610.50 | 0.0% | |
| Voluntary Sickness Day* | 80% | \$100 | \$497.00 | \$497.00 | \$497.00 | \$546.70 | \$546.70 | 0.0% | |
| Voluntary Sickness Boarding* | 80% | \$100 | \$444.00 | \$444.00 | \$444.00 | \$488.40 | \$488.40 | 0.0% | |
| CAT \$1Million | 100% | \$30,000 | \$2.40 | \$2.40 | \$2.40 | \$2.65 | \$2.65 | 0.0% | |
| CAT \$2Million | 100% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% | |
| CAT \$5Million | 100% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% | |
| CAT \$1Million | 80% | \$30,000 | \$1.95 | \$1.95 | \$1.95 | \$2.15 | \$2.15 | 0.0% | |
| CAT \$2Million | 80% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% | |
| CAT \$5Million | 80% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% | |

* Sickness coverage not available in all states.

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National Guardian Life Insurance Company
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G. Coordination of Benefits

The plan can act as secondary to other insurance. The plan rates are based on the ISM block (see below) and the plans act in the same capacity, so no adjustment will be made for coordination of benefits.

H. Relation of Benefits to Premium

The retention percentage of 40% breaks down as follows:

| Retention Description | Retention |
|------------------------------|------------------|
| Commission | 15% |
| Marketing | 2% |
| Premium Tax | 2% |
| Administration | 16% |
| Profit & Contingencies | 5% |
| Total Expense | 40% |

I. Lifetime Loss Ratio

60%.

J. Profit Provision

5%.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

K. Explanation of Rates

Rates are based on experience administered by CTMIC for the ISM block. Below is a summary of the most recent 4 full school years for the ISM block, along with the still-incomplete experience available for the 2012-13 school year that is adjusted for completion. Schools that have not been renewed have been excluded. **The following summary supports the proposed rate decision to hold rates at current levels.**

| Claims as of: | 10/31/2013 | 10/31/2013 | 10/31/2013 | 10/31/2013 |
|-----------------------------------|----------------------|--------------|--------------|--------------|
| | SCHOOL YEAR STARTING | | | |
| | 2009 | 2010 | 2011 | 2012 |
| A Premium..... | \$ 1,191,079 | \$ 1,081,149 | \$ 1,154,746 | \$ 1,223,284 |
| B Claims Paid to Date..... | \$ 455,023 | \$ 598,008 | \$ 749,949 | \$ 624,687 |
| C Projection Factor..... | 1.00 | 1.00 | 1.01 | 1.19 |
| D Ultimate Claims..... | \$ 455,023 | \$ 598,008 | \$ 757,448 | \$ 743,378 |
| E Loss Ratio..... | 38.2% | 55.3% | 65.6% | 60.8% |
| F Gross Rate..... | \$ 10.11 | \$ 9.96 | \$ 10.64 | \$ 11.74 |
| Gest lives..... | 117,845 | 108,503 | 108,487 | 104,160 |
| H Pure Rate..... | \$ 3.86 | \$ 5.51 | \$ 6.98 | \$ 7.14 |
| I Product Change Factor..... | 1.00 | 1.00 | 1.00 | 1.00 |
| J As is Product Pure Rate..... | \$ 3.86 | \$ 5.51 | \$ 6.98 | \$ 7.14 |
| Annual Increase..... | | 42.7% | 26.7% | 2.2% |
| K Inflation/Cost Shift..... | 6.0% | 6.0% | 6.0% | 6.0% |
| L Percent Applicable..... | 100.0% | 100.0% | 100.0% | 100.0% |
| M Trend Factor Applied..... | 1.338 | 1.262 | 1.191 | 1.124 |
| Trend to School Year starting in: | | | | 2014 |
| For as is Product: | | | | |
| N Pure Rate..... | \$ 5.17 | \$ 6.96 | \$ 8.32 | \$ 8.02 |
| O Permissible Loss Ratio..... | 60.0% | 60.0% | 60.0% | 60.0% |
| P Gross Rate..... | \$ 8.61 | \$ 11.60 | \$ 13.86 | \$ 13.36 |
| Q Weight..... | 25.0% | 25.0% | 25.0% | 25.0% |
| R Gross Rate Needed..... | | | | \$ 11.86 |
| S Rate Increase..... | | | | 1.0% |
| T Premium Needed..... | | | | \$ 1,235,156 |
| U Comm: | | | | 15.0% |
| V CT: | | | | 25.0% |
| | | | | inputs |

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
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Below is an explanation of the formulas and methods used above.

| | |
|----|---|
| A) | Premium – Annual premium collected |
| B) | Claims Paid to Date – Annual Claims paid for the school year to the “Claims as of” date. |
| C) | Projection Factor – Factor to bring paid claims to incurred claims for the school year. Based on internal paid claims data and updated monthly. |
| D) | Ultimate Claims – B*C |
| E) | Loss ratio – D/A |
| F) | Gross rate – Annual premium rate per student. |
| G) | Estimated lives – A/F |
| H) | Pure Rate – D/G, annual claims per student |
| I) | Product Change Factor – Factor to account for actuarial value of a change in benefits. |
| J) | H*I |
| K) | Inflation/Cost Shift – Medical cost inflation factor based on industry expectations. |
| L) | Percent Applicable – Some plans have limits or caps on benefits and therefore a full inflation factor is not appropriate. This percentage accounts for how much of the trend factor to use. |
| M) | Trend Factor Applied – $1+(K*L)^t * 1+(K*L)^{t-1} \dots$ |
| N) | For as is Product Pure Rate - J*M |
| O) | Permissible Loss Ratio – 1-U-V. |
| P) | Gross Rate – N/O |
| Q) | Weight – The weight given to each experience period. The total weights must add to one. |
| R) | Gross Rate Needed - $\sum_{t=1}^n P_t * Q_t$ |
| S) | Rate Increase – R divided by current rate (F) – 1 |
| T) | Premium Needed – R times the current estimated lives |
| U) | Commission % - Commissions as a percent of premium |
| V) | CT Administrative charge – The percent of premium allocated to Commercial Travelers for Administration , Profit and Contingencies |

Row Q reflects the weights that were used to rate the plan, with the current experience receiving the heaviest weight to better reflect recent changes in the economy that have affected the percentage paid by primary plans. With higher unemployment, plans that pay secondary have seen larger than expected increases due to the loss of primary insurance of some parents of children enrolled in these plans (making the ISM plans primary). The rate experience indicates that rates remain flat for the 2013-2014 school year. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14.**

L. Trend

The 6% trend assumption reflects historical national experience.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

M. Credibility

The ISM block described above covers over 100,000 students and is considered a credible basis for rating purposes.

N. Data Description

See above (Sections K, L, and M).

O. Side-by-Side Comparison

N/A.

P. Benefits Ratio Projections

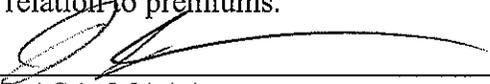
60%.

Q. Description of Other Rating Facts

N/A.

R. Actuarial Certification

I, Alan Shulman, am an Associate of the Society of Actuaries (ASA) and a Member of the American Academy of Actuaries (MAAA). I certify that, to the best of my knowledge & judgment, this filing complies with applicable State laws and with Department of Insurance rules, and with Actuarial Standards of Practice No. 8, "Regulatory Filings for Health Plan Entities", as adopted by the Actuarial Standards Board. The premiums are neither excessive, nor inadequate, nor are the premiums unfairly discriminatory; and the benefits provided are reasonable in relation to premiums.



Alan Shulman, ASA, MAAA
Commercial Travelers Mutual Insurance Company (CTMIC)
Vice President & Actuary
November 19, 2013

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
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A. Summary of the Reasons for the Rate Filing

1. Reason for the rate filing: This product filing reflects our understanding of State rate filing requirements. The program will be administered by Commercial Travelers Mutual Insurance Company (CTMIC). National Guardian Life Insurance Company (NGLIC) will be the carrier as a result of NGLIC's affiliation with CTMIC in April-2012 that gave NGLIC control of CTMIC's Board of Directors, prompting the carrier named here.
2. Requested Rate Action: No proposed rate change from current rates being marketed.
3. Marketing Method: This Form is intended to be distributed by independent agents and brokers to Independent School Management (ISM, an association of private-independent schools throughout the country).
4. Premium Classification: Premium rates vary by plan design and covered population.
5. Product Description: Accident-only medical expense product for students in grades K-12. The School purchases a "school-time only" accident plan which automatically provides coverage for all students, for injury sustained while under the care and direction of the School. Parents then have the option to [i] extend this plan to provide coverage on a 24-hour basis, i.e., while not under the care and direction of the School; and/or [ii] add the sickness coverage while in or out of school.
6. Policy/Rider Form: Policy Form NSA-1006(IS).
7. Age Basis: Same premium charged to all members of the group, regardless of age.
8. Renewability: The policy is optionally renewable, on an annual basis.

B. Assumption or Acquisition

N/A.

C. Rating Period

The rating formula supplied will be used for the 2013-14 school years and later. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14.**

D. Effect of Underwriting on the Rates

There will be no individual underwriting. The product will be sold on a group basis with participation voluntary.

E. Effect of Law Changes on the Rates

N/A.

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F. Rate History

Below is the recent rate history along with the annual rate schedule proposed for the 2013-14 school year for the plans shown. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14. Support for this proposal is included in Section K.**

RATE HISTORY (School Time)

| Plan | Plan Percent | Ded | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Proposed | % Inc |
|------------------------------|-----------------|----------|----------|----------|----------|----------|----------|-------|
| | | | | | | | 2013-14 | |
| Day K-12 | 100% | \$0 | \$18.60 | \$18.60 | \$18.60 | \$20.45 | \$20.45 | 0.0% |
| Day K-12 | 100% | \$100 | \$14.10 | \$14.10 | \$14.10 | \$15.50 | \$15.50 | 0.0% |
| Day K-12 | 80% | \$0 | \$14.85 | \$14.85 | \$14.85 | \$16.35 | \$16.35 | 0.0% |
| Day K-12 | 80% | \$100 | \$11.30 | \$11.30 | \$11.30 | \$12.45 | \$12.45 | 0.0% |
| Day K-8 | 100% | \$0 | \$9.40 | \$9.40 | \$9.40 | \$10.35 | \$10.35 | 0.0% |
| Day K-8 | 100% | \$100 | \$7.45 | \$7.45 | \$7.45 | \$8.20 | \$8.20 | 0.0% |
| Day K-8 | 80% | \$0 | \$7.50 | \$7.50 | \$7.50 | \$8.25 | \$8.25 | 0.0% |
| Day K-8 | 80% | \$100 | \$6.00 | \$6.00 | \$6.00 | \$6.60 | \$6.60 | 0.0% |
| Day Pre-K | 100% | \$0 | \$4.90 | \$4.90 | \$4.90 | \$5.40 | \$5.40 | 0.0% |
| Day Pre-K | 100% | \$100 | \$3.90 | \$3.90 | \$3.90 | \$4.30 | \$4.30 | 0.0% |
| Day Pre-K | 80% | \$0 | \$3.90 | \$3.90 | \$3.90 | \$4.30 | \$4.30 | 0.0% |
| Day Pre-K | 80% | \$100 | \$3.10 | \$3.10 | \$3.10 | \$3.40 | \$3.40 | 0.0% |
| Boarding K-12 | 100% | \$0 | \$99.75 | \$99.75 | \$99.75 | \$109.75 | \$109.75 | 0.0% |
| Boarding K-12 | 100% | \$100 | \$76.55 | \$76.55 | \$76.55 | \$84.20 | \$84.20 | 0.0% |
| Boarding K-12 | 80% | \$0 | \$77.85 | \$77.85 | \$77.85 | \$85.65 | \$85.65 | 0.0% |
| Boarding K-12 | 80% | \$100 | \$56.75 | \$56.75 | \$56.75 | \$62.45 | \$62.45 | 0.0% |
| Boarding K-8 | 100% | \$0 | \$52.85 | \$52.85 | \$52.85 | \$58.15 | \$58.15 | 0.0% |
| Boarding K-8 | 100% | \$100 | \$40.65 | \$40.65 | \$40.65 | \$44.70 | \$44.70 | 0.0% |
| Boarding K-8 | 80% | \$0 | \$42.30 | \$42.30 | \$42.30 | \$46.55 | \$46.55 | 0.0% |
| Boarding K-8 | 80% | \$100 | \$32.50 | \$32.50 | \$32.50 | \$35.75 | \$35.75 | 0.0% |
| Voluntary Day | 100% | \$100 | \$163.80 | \$163.80 | \$163.80 | \$180.20 | \$180.20 | 0.0% |
| Voluntary Boarding | 100% | \$100 | \$98.70 | \$98.70 | \$98.70 | \$108.55 | \$108.55 | 0.0% |
| Voluntary Day | 80% | \$100 | \$131.25 | \$131.25 | \$131.25 | \$144.40 | \$144.40 | 0.0% |
| Voluntary Boarding | 80% | \$100 | \$78.75 | \$78.75 | \$78.75 | \$86.65 | \$86.65 | 0.0% |
| Voluntary Sickness Day* | 100% | \$100 | \$621.00 | \$621.00 | \$621.00 | \$683.10 | \$683.10 | 0.0% |
| Voluntary Sickness Boarding* | 100% | \$100 | \$555.00 | \$555.00 | \$555.00 | \$610.50 | \$610.50 | 0.0% |
| Voluntary Sickness Day* | 80% | \$100 | \$497.00 | \$497.00 | \$497.00 | \$546.70 | \$546.70 | 0.0% |
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| CAT \$1Million | 100% | \$30,000 | \$2.40 | \$2.40 | \$2.40 | \$2.65 | \$2.65 | 0.0% |
| CAT \$2Million | 100% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| CAT \$5Million | 100% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| CAT \$1Million | 80% | \$30,000 | \$1.95 | \$1.95 | \$1.95 | \$2.15 | \$2.15 | 0.0% |
| CAT \$2Million | 80% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |
| CAT \$5Million | 80% | \$30,000 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0.0% |

* Sickness coverage not available in all states.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
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G. Coordination of Benefits

The plan can act as secondary to other insurance. The plan rates are based on the ISM block (see below) and the plans act in the same capacity, so no adjustment will be made for coordination of benefits.

H. Relation of Benefits to Premium

The retention percentage of 40% breaks down as follows:

| Retention Description | Retention |
|------------------------------|------------------|
| Commission | 15% |
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| Premium Tax | 2% |
| Administration | 16% |
| Profit & Contingencies | 5% |
| Total Expense | 40% |

I. Lifetime Loss Ratio

60%.

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5%.

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Rates are based on experience administered by CTMIC for the ISM block. Below is a summary of the most recent 4 full school years for the ISM block, along with the still-incomplete experience available for the 2012-13 school year that is adjusted for completion. Schools that have not been renewed have been excluded. **The following summary supports the proposed rate decision to hold rates at current levels.**

| Claims as of: | 10/31/2013 | 10/31/2013 | 10/31/2013 | 10/31/2013 |
|-----------------------------------|----------------------|--------------|--------------|--------------|
| | SCHOOL YEAR STARTING | | | |
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| Gest lives..... | 117,845 | 108,503 | 108,487 | 104,160 |
| H Pure Rate..... | \$ 3.86 | \$ 5.51 | \$ 6.98 | \$ 7.14 |
| I Product Change Factor..... | 1.00 | 1.00 | 1.00 | 1.00 |
| J As is Product Pure Rate..... | \$ 3.86 | \$ 5.51 | \$ 6.98 | \$ 7.14 |
| Annual Increase..... | | 42.7% | 26.7% | 2.2% |
| K Inflation/Cost Shift..... | 6.0% | 6.0% | 6.0% | 6.0% |
| L Percent Applicable..... | 100.0% | 100.0% | 100.0% | 100.0% |
| M Trend Factor Applied..... | 1.338 | 1.262 | 1.191 | 1.124 |
| Trend to School Year starting in: | | | | 2014 |
| For as is Product: | | | | |
| N Pure Rate..... | \$ 5.17 | \$ 6.96 | \$ 8.32 | \$ 8.02 |
| O Permissible Loss Ratio..... | 60.0% | 60.0% | 60.0% | 60.0% |
| P Gross Rate..... | \$ 8.61 | \$ 11.60 | \$ 13.86 | \$ 13.36 |
| Q Weight..... | 25.0% | 25.0% | 25.0% | 25.0% |
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| S Rate Increase..... | | | | 1.0% |
| T Premium Needed..... | | | | \$ 1,235,156 |
| U Comm: | | | | 15.0% |
| V CT: | | | | 25.0% |
| | | | | inputs |

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National Guardian Life Insurance Company
Policy Form NSA-1006(IS) et al

Below is an explanation of the formulas and methods used above.

| | |
|----|---|
| A) | Premium – Annual premium collected |
| B) | Claims Paid to Date – Annual Claims paid for the school year to the “Claims as of” date. |
| C) | Projection Factor – Factor to bring paid claims to incurred claims for the school year. Based on internal paid claims data and updated monthly. |
| D) | Ultimate Claims – B*C |
| E) | Loss ratio – D/A |
| F) | Gross rate – Annual premium rate per student. |
| G) | Estimated lives – A/F |
| H) | Pure Rate – D/G, annual claims per student |
| I) | Product Change Factor – Factor to account for actuarial value of a change in benefits. |
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| M) | Trend Factor Applied – $1+(K*L)^t * 1+(K*L)^{t-1} \dots$ |
| N) | For as is Product Pure Rate - J*M |
| O) | Permissible Loss Ratio – 1-U-V. |
| P) | Gross Rate – N/O |
| Q) | Weight – The weight given to each experience period. The total weights must add to one. |
| R) | Gross Rate Needed - $\sum_{t=1}^n P_t * Q_t$ |
| S) | Rate Increase – R divided by current rate (F) – 1 |
| T) | Premium Needed – R times the current estimated lives |
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Row Q reflects the weights that were used to rate the plan, with the current experience receiving the heaviest weight to better reflect recent changes in the economy that have affected the percentage paid by primary plans. With higher unemployment, plans that pay secondary have seen larger than expected increases due to the loss of primary insurance of some parents of children enrolled in these plans (making the ISM plans primary). The rate experience indicates that rates remain flat for the 2013-2014 school year. **Rates for the 2014-15 school year are proposed to remain at levels shown for 2013-14.**

L. Trend

The 6% trend assumption reflects historical national experience.

ACTUARIAL MEMORANDUM
National Guardian Life Insurance Company
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M. Credibility

The ISM block described above covers over 100,000 students and is considered a credible basis for rating purposes.

N. Data Description

See above (Sections K, L, and M).

O. Side-by-Side Comparison

N/A.

P. Benefits Ratio Projections

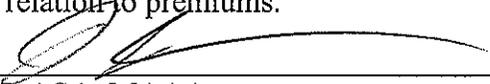
60%.

Q. Description of Other Rating Facts

N/A.

R. Actuarial Certification

I, Alan Shulman, am an Associate of the Society of Actuaries (ASA) and a Member of the American Academy of Actuaries (MAAA). I certify that, to the best of my knowledge & judgment, this filing complies with applicable State laws and with Department of Insurance rules, and with Actuarial Standards of Practice No. 8, "Regulatory Filings for Health Plan Entities", as adopted by the Actuarial Standards Board. The premiums are neither excessive, nor inadequate, nor are the premiums unfairly discriminatory; and the benefits provided are reasonable in relation to premiums.



Alan Shulman, ASA, MAAA
Commercial Travelers Mutual Insurance Company (CTMIC)
Vice President & Actuary
November 19, 2013