

SERFF Tracking Number:	PERR-128017381	State:	District of Columbia
Filing Company:	Beazley Insurance Company, Inc.	State Tracking Number:	
Company Tracking Number:	BICI-GH-GM-DC-11-02-R		
TOI:	H21 Health - Other	Sub-TOI:	H21.000 Health - Other
Product Name:	Group Supplemental Out-of-Pocket Medical Insurance		
Project Name/Number:	BICI-GH-GM-DC-11-02-R/BICI-GH-GM-DC-11-02-R		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Prior Approval
<b>Rate Change Type:</b>	Neutral
<b>Overall Percentage of Last Rate Revision:</b>	%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	N/A new program

## Company Rate Information

Company Name:	Company Rate Change:	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 required):	Minimum % Change (where required):
Beazley Insurance Company, Inc.	New Product	0.000%	0.000%	\$0	0	\$0	%	%

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## Rate Review Details

### COMPANY:

Company Name:	Beazley Insurance Company, Inc.
HHS Issuer Id:	00000
Product Names:	Group Supplemental Out-of-Pocket Medical Insurance
Trend Factors:	

### FORMS:

New Policy Forms:	0
Affected Forms:	
Other Affected Forms:	

### REQUESTED RATE CHANGE

#### INFORMATION:

Change Period:	Other
Member Months:	0
Benefit Change:	
Percent Change Requested:	Min: Max: Avg:

### PRIOR RATE:

Total Earned Premium:	
Total Incurred Claims:	
Annual \$:	Min: Max: Avg:

### REQUESTED RATE:

Projected Earned Premium:	0.00
Projected Incurred Claims:	0.00
Annual \$:	Min: 0.00 Max: 0.00 Avg: 0.00

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## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:*	Rate Action Information:	Attachments
	Fee Schedule	Page 1 of 1	New		Beazley Sup OOP Med Fee Schedule.pdf
	Manual Rate	Pages 1-11	New		Beazley Sup OOP Med DC Pricing Manual January 2012.pdf

**Beazley Insurance Company, Inc.**  
**Group Supplemental Out-Of-Pocket Medical Expense Insurance**  
**Fee Schedule**

This document lists fees that can be charged, in addition to premium, under this product.

**1) Reinstatement Fee**

A \$25.00 reinstatement fee will be charged if premium payment is received after a certificate has been terminated for non-payment of premium, and underwriting approves reinstating the policy.

**2) Non-Sufficient Funds Fee**

A \$15.00 fee will be charged for each incidence of a returned check, including stop pay or non-sufficient funds, and for each incidence of non-sufficient funds for bank drafts.

**Beazley Insurance Company, Inc.**  
**(“Beazley”)**

**Supplemental Out-Of Pocket Medical  
Expense Insurance**

**Manual Rate**

**Documentation**

**District of Columbia**

**January 2012**

## **Section I - Introduction**

Beazley's Group Supplemental Out-of-Pocket Medical Expense Insurance premium rates are developed based upon a combination of group demographics and plan design. The underlying claim costs were developed based upon the cost and utilization data from a large block of group major medical claims. The premium rates are developed on an attained age basis.

This manual will allow an underwriter to quote a three or four tier per employee per month premium rate.

## **Section II - Benefits**

The Supplemental Out-of-Pocket Medical Expense Insurance plan pays for out-of-pocket expenses incurred under the insured's major medical policy relating to Inpatient Hospital, Outpatient Hospital, and Ambulance Services. The plan also pays a fixed dollar indemnity benefit based upon the occurrence of Physician Office Visits or dispensed Prescription Drugs. Below is a summary of benefits.

**Table 1. Covered Medical Events and Dollar Benefits**

<b><u>Benefit Description</u></b>	<b><u>\$ Benefit Range</u></b>	<b><u>Yearly Maximum Benefit</u></b>
Inpatient Hospital Services	xxx	\$500 to \$10,000
Outpatient Hospital Services	10% to 70% of Inpatient Hospital Benefit	\$50 to \$7,000
Ambulance Services	xxx	\$50 to \$350
Physician Office Visits	\$15 to \$125	3 to 6 visits
Prescription Drugs	\$5 to \$25	5 to 12 dispensed Prescription Drugs

All plans will cover Inpatient Hospital Services. Other covered medical events may be added. For Inpatient Hospital, Outpatient Hospital, and Ambulance Services, if coverage is provided to dependents of the primary insured, the benefit year maximum per immediate family can be 2 or 3 times the benefit year maximum per primary insured. For Physician Office Visit and Prescription Drug benefits, the benefit amounts are the same for all insureds under the policy.

### Section III - Premium Development

The premium rate can be quoted on a three or four tier per employee per month basis. Premium rates are developed for two age bands (based on primary insured's age): ages 18 to 49 and ages 50 and older.

#### Premium Rate Quote =

$$\begin{aligned}
 &\{\sum \text{Covered 'Out-of-Pocket' benefit Claim Cost (1)} \\
 &\times \text{Adjustment for Immediate Family Maximum Benefit (2)} \\
 &+ \sum [\text{Covered Fixed Dollar Benefit Utilization Rate (3) x Benefit Amount}]\} \\
 &\times \text{Group Size Factor (4)} \\
 &\times \text{Employer Subsidy Factor (5)} \\
 &\times \text{Multiple Product Discount Factor (6)} \\
 &\times \text{Rate Guarantee Factor (7)} \\
 &\times \text{Underwriting Adjustment (8)} \\
 &\div \text{Target Loss Ratio (9)} \\
 &\times \text{Tier Factor (10)}
 \end{aligned}$$

#### **(1) Starting Employee-Only Monthly Claim Costs for 'Out-of-Pocket' Benefits**

Claim costs vary by Issue Age, Yearly Benefit Maximum and underlying deductible of the insured's major medical plan. The appropriate claim cost from Table 2 or Table 3 is always included in the calculation. An appropriate claim cost from Table 4 or 5 is included if the Outpatient Benefit is included in the plan design. An appropriate claim cost from Table 6 or 7 is included if the Ambulance Benefit is included in the plan design.

Table 2. Inpatient Hospital Claim Costs – Ages 18 to 49

	Inpatient Hospital Benefit Year Maximum														
Ded.	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
\$250	\$2.25	\$3.22	\$3.90	\$4.86	\$5.59	\$6.41	\$7.30	\$8.10	\$9.03	\$10.18	\$11.65	\$13.36	\$15.07	\$16.78	\$18.49
\$500	\$2.49	\$3.50	\$4.19	\$5.18	\$5.87	\$7.06	\$8.03	\$8.91	\$9.94	\$11.20	\$12.81	\$14.71	\$16.61	\$18.51	\$20.41
\$1,000	\$3.02	\$4.26	\$5.11	\$6.31	\$7.03	\$7.62	\$8.77	\$9.71	\$10.83	\$12.20	\$13.78	\$15.71	\$17.65	\$19.58	\$21.52
\$1,500	\$3.36	\$4.75	\$5.70	\$7.03	\$7.84	\$8.49	\$9.58	\$10.67	\$11.75	\$12.82	\$14.79	\$16.82	\$18.84	\$20.87	\$22.90
\$2,000	\$3.52	\$4.98	\$5.97	\$7.38	\$8.21	\$8.90	\$9.97	\$11.04	\$12.10	\$13.20	\$15.25	\$17.32	\$19.39	\$21.46	\$23.52

	Inpatient Hospital Benefit Year Maximum														
Ded.	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
\$2,500	\$3.66	\$5.18	\$6.21	\$7.67	\$8.54	\$9.24	\$10.32	\$11.39	\$12.46	\$13.56	\$15.70	\$17.81	\$19.93	\$22.05	\$24.16
\$3,000	\$3.80	\$5.38	\$6.44	\$7.95	\$8.85	\$9.58	\$10.65	\$11.73	\$12.80	\$13.90	\$16.13	\$18.28	\$20.44	\$22.60	\$24.76
\$3,500	\$3.90	\$5.53	\$6.62	\$8.18	\$9.10	\$9.85	\$10.92	\$12.00	\$13.06	\$14.15	\$16.45	\$18.65	\$20.84	\$23.03	\$25.22
\$4,000	\$4.00	\$5.66	\$6.78	\$8.37	\$9.32	\$10.09	\$11.13	\$12.18	\$13.21	\$14.28	\$16.65	\$18.85	\$21.05	\$23.25	\$25.44
\$4,500	\$4.07	\$5.77	\$6.91	\$8.54	\$9.51	\$10.28	\$11.31	\$12.34	\$13.36	\$14.41	\$16.84	\$19.05	\$21.26	\$23.47	\$25.68
\$5,000	\$4.11	\$5.83	\$6.98	\$8.62	\$9.60	\$10.38	\$11.42	\$12.45	\$13.47	\$14.52	\$16.97	\$19.20	\$21.42	\$23.65	\$25.87
\$5,500	\$4.15	\$5.88	\$7.03	\$8.67	\$9.67	\$10.45	\$11.49	\$12.52	\$13.53	\$14.58	\$17.05	\$19.29	\$21.52	\$23.75	\$25.99
\$6,000	\$4.17	\$5.91	\$7.07	\$8.71	\$9.71	\$10.50	\$11.53	\$12.57	\$13.58	\$14.63	\$17.11	\$19.34	\$21.58	\$23.82	\$26.05
\$6,500	\$4.19	\$5.94	\$7.10	\$8.74	\$9.73	\$10.52	\$11.56	\$12.59	\$13.60	\$14.65	\$17.13	\$19.37	\$21.60	\$23.84	\$26.08
\$7,000	\$4.20	\$5.96	\$7.11	\$8.75	\$9.75	\$10.54	\$11.58	\$12.61	\$13.62	\$14.67	\$17.15	\$19.39	\$21.63	\$23.87	\$26.11

**Table 3. Inpatient Hospital Claim Costs – Ages 50+**

	Inpatient Hospital Benefit Year Maximum														
Ded.	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000
\$250	\$3.84	\$5.50	\$6.65	\$8.29	\$9.53	\$10.94	\$12.46	\$13.81	\$15.41	\$17.36	\$19.87	\$22.79	\$25.71	\$28.63	\$31.54
\$500	\$4.24	\$5.97	\$7.15	\$8.83	\$10.02	\$12.04	\$13.71	\$15.20	\$16.95	\$19.10	\$21.86	\$25.10	\$28.34	\$31.58	\$34.83
\$1,000	\$5.15	\$7.26	\$8.71	\$10.76	\$12.00	\$13.00	\$14.96	\$16.57	\$18.47	\$20.82	\$23.50	\$26.80	\$30.11	\$33.41	\$36.71
\$1,500	\$5.74	\$8.11	\$9.72	\$12.00	\$13.37	\$14.48	\$16.34	\$18.21	\$20.04	\$21.87	\$25.23	\$28.69	\$32.14	\$35.60	\$39.06
\$2,000	\$6.01	\$8.50	\$10.19	\$12.59	\$14.01	\$15.17	\$17.00	\$18.83	\$20.64	\$22.51	\$26.02	\$29.54	\$33.07	\$36.60	\$40.13
\$2,500	\$6.25	\$8.84	\$10.59	\$13.08	\$14.57	\$15.77	\$17.60	\$19.43	\$21.26	\$23.13	\$26.78	\$30.39	\$34.00	\$37.61	\$41.22
\$3,000	\$6.48	\$9.17	\$10.99	\$13.56	\$15.09	\$16.34	\$18.17	\$20.01	\$21.83	\$23.71	\$27.51	\$31.19	\$34.88	\$38.56	\$42.24
\$3,500	\$6.66	\$9.43	\$11.30	\$13.95	\$15.53	\$16.81	\$18.63	\$20.47	\$22.28	\$24.14	\$28.07	\$31.81	\$35.54	\$39.28	\$43.02
\$4,000	\$6.82	\$9.66	\$11.57	\$14.28	\$15.91	\$17.21	\$18.99	\$20.77	\$22.54	\$24.36	\$28.40	\$32.15	\$35.90	\$39.65	\$43.40
\$4,500	\$6.95	\$9.85	\$11.79	\$14.56	\$16.22	\$17.54	\$19.30	\$21.05	\$22.79	\$24.58	\$28.72	\$32.49	\$36.26	\$40.03	\$43.81
\$5,000	\$7.02	\$9.95	\$11.91	\$14.70	\$16.37	\$17.71	\$19.48	\$21.24	\$22.97	\$24.76	\$28.95	\$32.74	\$36.54	\$40.34	\$44.13
\$5,500	\$7.07	\$10.02	\$12.00	\$14.79	\$16.49	\$17.83	\$19.59	\$21.36	\$23.09	\$24.88	\$29.09	\$32.90	\$36.71	\$40.52	\$44.33
\$6,000	\$7.12	\$10.09	\$12.06	\$14.86	\$16.57	\$17.91	\$19.67	\$21.44	\$23.17	\$24.96	\$29.18	\$33.00	\$36.81	\$40.63	\$44.44
\$6,500	\$7.15	\$10.13	\$12.10	\$14.90	\$16.61	\$17.95	\$19.71	\$21.47	\$23.21	\$25.00	\$29.22	\$33.04	\$36.85	\$40.67	\$44.48
\$7,000	\$7.17	\$10.16	\$12.13	\$14.93	\$16.64	\$17.98	\$19.75	\$21.51	\$23.24	\$25.03	\$29.26	\$33.08	\$36.90	\$40.72	\$44.54



Table 4. Outpatient Hospital Claim Costs – Ages 18-49

	Outpatient Hospital Benefit Year Maximum													
Ded.	\$50	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$6,000	\$7,000
\$250	\$0.64	\$2.67	\$3.82	\$5.77	\$7.61	\$9.61	\$12.07	\$13.82	\$15.85	\$17.88	\$19.91	\$21.94	\$26.01	\$30.07
\$500	\$0.71	\$2.95	\$4.15	\$6.14	\$8.37	\$10.57	\$13.28	\$15.20	\$17.45	\$19.74	\$22.01	\$24.28	\$28.81	\$33.34
\$1,000	\$0.86	\$3.58	\$5.05	\$7.49	\$9.04	\$11.52	\$14.48	\$16.34	\$18.64	\$20.90	\$23.19	\$25.48	\$30.05	\$34.62
\$1,500	\$0.96	\$3.99	\$5.64	\$8.34	\$10.07	\$12.66	\$15.21	\$17.54	\$19.95	\$22.28	\$24.66	\$27.04	\$31.80	\$36.56
\$2,000	\$1.00	\$4.18	\$5.91	\$8.75	\$10.55	\$13.10	\$15.65	\$18.09	\$20.54	\$22.90	\$25.33	\$27.75	\$32.59	\$37.44
\$2,500	\$1.04	\$4.35	\$6.15	\$9.09	\$10.97	\$13.51	\$16.08	\$18.62	\$21.13	\$23.53	\$26.01	\$28.48	\$33.43	\$38.37
\$3,000	\$1.08	\$4.51	\$6.38	\$9.43	\$11.36	\$13.91	\$16.49	\$19.13	\$21.69	\$24.13	\$26.65	\$29.17	\$34.21	\$39.25
\$3,500	\$1.11	\$4.63	\$6.56	\$9.70	\$11.69	\$14.23	\$16.79	\$19.52	\$22.12	\$24.58	\$27.14	\$29.69	\$34.80	\$39.91
\$4,000	\$1.14	\$4.74	\$6.72	\$9.93	\$11.97	\$14.44	\$16.94	\$19.75	\$22.36	\$24.81	\$27.37	\$29.93	\$35.04	\$40.16
\$4,500	\$1.16	\$4.83	\$6.85	\$10.13	\$12.20	\$14.64	\$17.09	\$19.97	\$22.59	\$25.05	\$27.62	\$30.19	\$35.32	\$40.46
\$5,000	\$1.17	\$4.88	\$6.92	\$10.22	\$12.32	\$14.77	\$17.22	\$20.13	\$22.77	\$25.24	\$27.83	\$30.41	\$35.58	\$40.74
\$5,500	\$1.18	\$4.92	\$6.97	\$10.29	\$12.40	\$14.85	\$17.30	\$20.23	\$22.88	\$25.36	\$27.95	\$30.54	\$35.72	\$40.91
\$6,000	\$1.19	\$4.95	\$7.01	\$10.34	\$12.45	\$14.91	\$17.36	\$20.29	\$22.95	\$25.43	\$28.02	\$30.62	\$35.81	\$41.00
\$6,500	\$1.19	\$4.97	\$7.05	\$10.36	\$12.48	\$14.93	\$17.38	\$20.32	\$22.97	\$25.45	\$28.05	\$30.64	\$35.83	\$41.02
\$7,000	\$1.20	\$4.99	\$7.07	\$10.38	\$12.50	\$14.96	\$17.41	\$20.35	\$23.00	\$25.48	\$28.08	\$30.68	\$35.87	\$41.06

Table 5. Outpatient Hospital Claim Costs – Ages 50+

	Outpatient Hospital Benefit Year Maximum													
Ded.	\$50	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$6,000	\$7,000
\$250	\$1.20	\$5.02	\$7.18	\$10.83	\$14.30	\$18.05	\$22.69	\$25.96	\$29.77	\$33.59	\$37.41	\$41.23	\$48.86	\$56.49
\$500	\$1.33	\$5.54	\$7.80	\$11.54	\$15.73	\$19.85	\$24.96	\$28.56	\$32.79	\$37.09	\$41.35	\$45.61	\$54.12	\$62.64
\$1,000	\$1.61	\$6.72	\$9.49	\$14.06	\$16.98	\$21.64	\$27.20	\$30.70	\$35.02	\$39.27	\$43.57	\$47.86	\$56.45	\$65.04
\$1,500	\$1.80	\$7.50	\$10.60	\$15.68	\$18.92	\$23.79	\$28.58	\$32.96	\$37.48	\$41.86	\$46.33	\$50.80	\$59.74	\$68.68
\$2,000	\$1.88	\$7.85	\$11.11	\$16.44	\$19.83	\$24.60	\$29.41	\$33.99	\$38.60	\$43.03	\$47.58	\$52.13	\$61.23	\$70.33
\$2,500	\$1.96	\$8.17	\$11.55	\$17.09	\$20.60	\$25.39	\$30.22	\$34.99	\$39.70	\$44.21	\$48.86	\$53.51	\$62.80	\$72.10
\$3,000	\$2.03	\$8.47	\$11.98	\$17.72	\$21.35	\$26.14	\$30.98	\$35.94	\$40.75	\$45.33	\$50.07	\$54.80	\$64.28	\$73.75
\$3,500	\$2.09	\$8.70	\$12.32	\$18.23	\$21.96	\$26.74	\$31.54	\$36.67	\$41.56	\$46.18	\$50.98	\$55.78	\$65.38	\$74.97
\$4,000	\$2.14	\$8.91	\$12.62	\$18.66	\$22.49	\$27.14	\$31.82	\$37.11	\$42.01	\$46.62	\$51.43	\$56.23	\$65.84	\$75.45
\$4,500	\$2.18	\$9.08	\$12.86	\$19.02	\$22.92	\$27.50	\$32.12	\$37.52	\$42.45	\$47.07	\$51.89	\$56.72	\$66.36	\$76.01

	Outpatient Hospital Benefit Year Maximum													
Ded.	\$50	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$6,000	\$7,000
\$5,000	\$2.20	\$9.17	\$12.99	\$19.21	\$23.14	\$27.75	\$32.35	\$37.82	\$42.78	\$47.42	\$52.28	\$57.13	\$66.84	\$76.55
\$5,500	\$2.22	\$9.24	\$13.10	\$19.33	\$23.29	\$27.90	\$32.51	\$38.01	\$42.99	\$47.64	\$52.51	\$57.38	\$67.12	\$76.86
\$6,000	\$2.23	\$9.30	\$13.18	\$19.42	\$23.39	\$28.01	\$32.61	\$38.13	\$43.11	\$47.77	\$52.65	\$57.52	\$67.28	\$77.03
\$6,500	\$2.24	\$9.34	\$13.24	\$19.47	\$23.45	\$28.06	\$32.66	\$38.18	\$43.16	\$47.82	\$52.69	\$57.57	\$67.32	\$77.07
\$7,000	\$2.25	\$9.37	\$13.28	\$19.50	\$23.49	\$28.11	\$32.71	\$38.23	\$43.22	\$47.88	\$52.76	\$57.64	\$67.39	\$77.15

Table 6. Ambulance Claim Costs – Ages 18-49

	Ambulance Benefit Year Maximum			
Ded.	\$50	\$150	\$250	\$350
\$250	\$0.13	\$0.40	\$0.67	\$0.94
\$500	\$0.14	\$0.42	\$0.71	\$0.99
\$1,000	\$0.17	\$0.51	\$0.85	\$1.18
\$1,500	\$0.19	\$0.57	\$0.94	\$1.32
\$2,000	\$0.20	\$0.59	\$0.99	\$1.38
\$2,500	\$0.21	\$0.62	\$1.03	\$1.44
\$3,000	\$0.21	\$0.64	\$1.06	\$1.49
\$3,500	\$0.22	\$0.66	\$1.09	\$1.53
\$4,000	\$0.22	\$0.67	\$1.12	\$1.57
\$4,500	\$0.23	\$0.69	\$1.14	\$1.60
\$5,000	\$0.23	\$0.69	\$1.15	\$1.62
\$5,500	\$0.23	\$0.70	\$1.16	\$1.63
\$6,000	\$0.23	\$0.70	\$1.17	\$1.63
\$6,500	\$0.23	\$0.70	\$1.17	\$1.64
\$7,000	\$0.23	\$0.70	\$1.17	\$1.64

Table 7. Ambulance Claim Costs – Ages 50+

	Ambulance Benefit Year Maximum			
Ded.	\$50	\$150	\$250	\$350
\$250	\$0.30	\$0.89	\$1.49	\$2.09
\$500	\$0.31	\$0.94	\$1.57	\$2.19
\$1,000	\$0.38	\$1.13	\$1.88	\$2.63

	<b>Ambulance Benefit Year Maximum</b>			
<b>Ded.</b>	<b>\$50</b>	<b>\$150</b>	<b>\$250</b>	<b>\$350</b>
<b>\$1,500</b>	\$0.42	\$1.26	\$2.09	\$2.93
<b>\$2,000</b>	\$0.44	\$1.32	\$2.19	\$3.07
<b>\$2,500</b>	\$0.46	\$1.37	\$2.28	\$3.19
<b>\$3,000</b>	\$0.47	\$1.42	\$2.36	\$3.31
<b>\$3,500</b>	\$0.49	\$1.46	\$2.43	\$3.40
<b>\$4,000</b>	\$0.50	\$1.49	\$2.49	\$3.48
<b>\$4,500</b>	\$0.51	\$1.52	\$2.54	\$3.55
<b>\$5,000</b>	\$0.51	\$1.54	\$2.56	\$3.59
<b>\$5,500</b>	\$0.52	\$1.55	\$2.58	\$3.61
<b>\$6,000</b>	\$0.52	\$1.56	\$2.59	\$3.63
<b>\$6,500</b>	\$0.52	\$1.56	\$2.60	\$3.64
<b>\$7,000</b>	\$0.52	\$1.56	\$2.60	\$3.64

For benefit year maximum options or underlying deductible options not shown in the tables above, interpolate between the claim costs for surrounding benefit year maximums or underlying deductibles to determine the appropriate claim cost.

## **(2) Adjust to 'Out-of-Pocket' Benefits for Immediate Family Yearly Benefit Maximum**

If coverage is provided to dependents of the primary insured, apply the appropriate factor from the table below.

Table 8. Family Yearly Benefit Maximum Adjustment Factors

<b>Family Benefit Max</b>	<b>IP Hospital</b>	<b>OP Hospital</b>	<b>Ambulance</b>
2 X	0.950	0.970	0.975
3 X	1.000	1.000	1.000

## **(3) Utilization Rates for Fixed Dollar Benefits**

If the Physician Office Visit benefit is included in the plan design, multiply the appropriate utilization rate from the table below by the Benefit Amount per visit.

Table 9. Physician Office Visit Monthly Utilization

<b>Benefit Year Max # of Visits</b>	<b>Ages 18 to 49</b>	<b>Ages 50+</b>
3	0.1072281	0.1719734
4	0.1340351	0.2149668
5	0.1608420	0.2579600
6	0.1876490	0.3009534

If the Prescription Drug benefit is included in the plan design, multiply the appropriate utilization rate from the table below by the Benefit Amount per prescription.

Table 10. Prescription Drug Monthly Utilization

<b>Benefit Year Max # of Dispenses</b>	<b>Ages 18 to 49</b>	<b>Ages 50+</b>
5	0.252416	0.3468328
7	0.394595	0.5241209
10	0.636547	0.7871844
12	0.816952	0.9728633

#### **(4) Group Size Factor**

A factor is applied based on the number of estimated enrolled employees within the group.

Table 11. Group Size Factors

<b>Group Size</b>	<b>Factor</b>
10-19	1.050
20-49	1.000
50+	0.950

#### **(5) Employer Subsidy Factor**

A factor is applied based upon the employer's subsidy of the employee premium.

Table 12. Employer Subsidy Factors

<b>Subsidy %</b>	<b>Factor</b>
0 – 24.99%	1.100
25 – 49.99%	1.050
50 – 74.99%	1.000
75 – 99.99%	0.950
100%	0.900

#### **(6) Multiple Product Discount Factor**

If the insured group purchases more than one insurance product from Beazley Insurance Company, they may be eligible for a multiple product discount.

Table 13. Multiple Product Factor

<b>Multiple Products</b>	<b>Factor</b>
No	1.000
Yes	0.970

#### **(7) Rate Guarantee Factor**

A factor is applied if a multiple year rate guarantee is chosen by the employer.

**Table 14. Rate Guarantee Factor**

<b>Year</b>	<b>Factor</b>
1 Year	1.000
2 Year	1.075
3 Year	1.150

**(8) Underwriting Adjustment**

The starting factor is 1.000. This factor can be adjusted +/- 25% depending upon other group characteristics not addressed by rating factors and prior carrier experience.

**(9) Target Loss Ratio**

The Target Loss Ratio is based upon the number of enrolled employees.

**Table 15. Target Loss Ratio**

<b>Enrolled Employees</b>	<b>Loss Ratio</b>
10 to 14	56.0%
15 to 24	57.0%
25 to 34	58.0%
35 to 44	59.0%
45 to 64	60.0%
65 to 89	61.0%
90 to 119	62.0%
120 to 149	63.0%
150 to 179	64.0%
180+	65.0%

## (10) Tier Factors

These factors are applied to the employee premium rate to develop the premiums rates for the tiers. There are separate factors depending upon the tier structure of the quote. If dependent coverage is not offered, a tier factor of 1.00 is applied.

Table 16. Tier Factors – 3 Tier Quote

<b>Employee Age</b>	<b>Employee Only</b>	<b>Employee + 1 Dependent</b>	<b>Employee + 2 Dependents</b>
18 to 49	1.00	1.90	3.05
50+	1.00	1.95	2.75

Table 17. Tier Factors – 4 Tier Quote

<b>Employee Age</b>	<b>Employee Only</b>	<b>Employee + Spouse</b>	<b>Employee + Child(ren)</b>	<b>Family</b>
18 to 49	1.00	2.15	1.75	3.15
50+	1.00	2.15	1.50	2.75

SERFF Tracking Number: PERR-128017381 State: District of Columbia  
Filing Company: Beazley Insurance Company, Inc. State Tracking Number:  
Company Tracking Number: BICI-GH-GM-DC-11-02-R  
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other  
Product Name: Group Supplemental Out-of-Pocket Medical Insurance  
Project Name/Number: BICI-GH-GM-DC-11-02-R/BICI-GH-GM-DC-11-02-R

## Supporting Document Schedules

		Item Status:	Status Date:
<b>Satisfied - Item:</b>	Actuarial Justification		
<b>Comments:</b>			
<b>Attachment:</b>			
Beazley Sup OOP Med DC Actuarial Memorandum January 2012.pdf			
		Item Status:	Status Date:
<b>Bypassed - Item:</b>	Rate Summary Worksheet		
<b>Bypass Reason:</b>	N/A		
<b>Comments:</b>			
		Item Status:	Status Date:
<b>Bypassed - Item:</b>	Consumer Disclosure Form		
<b>Bypass Reason:</b>	N/A		
<b>Comments:</b>			
		Item Status:	Status Date:
<b>Satisfied - Item:</b>	Authorization letter		
<b>Comments:</b>			
<b>Attachment:</b>			
Beazley Authorization Letter.pdf			



**Beazley Insurance Company, Inc. ("Beazley")**  
**Actuarial Memorandum**  
**Group Supplemental Out-of-Pocket Medical Expense Insurance Policy**  
**Form AHGMM0001-DC (052011 Ed.)**  
**District of Columbia**  
**January 2012**

**1. Purpose of Filing**

This actuarial memorandum has been created for the purpose of demonstrating that the anticipated loss ratio standard of the product, Group Supplemental Out-of-Pocket Medical Expense Insurance, meets the minimum requirements of your state. This memorandum is not intended to be used for other purposes.

**2. Description of Benefits**

This policy has two components. One component is a supplement to the insured's major medical policy which pays for out-of-pocket expenses incurred under the insured's major medical policy relating to Inpatient Hospital, Outpatient Hospital, and Ambulance medical services. The other component pays a fixed dollar indemnity benefit based upon the occurrence of physician office visits or dispensed prescription drugs. The core benefit coverage is Inpatient Hospital out-of-pocket expenses. Other benefit coverages are optional.

Inpatient Hospital:

The Inpatient Hospital benefit reimburses an insured's major medical policy out-of-pocket expenses up to a defined benefit year maximum amount relating to charges incurred while the insured is an Inpatient. The benefit year maximum can vary from \$500 to \$10,000 in \$500 increments per insured. The benefit year maximum per immediate family can be 2 or 3 times the benefit year maximum per insured.

Outpatient Hospital:

The Outpatient Hospital benefit reimburses an insured's major medical policy out-of-pocket expenses up to a defined benefit year maximum amount relating to charges incurred relating to Outpatient Hospital services. The benefit year maximum can either vary from \$50 to \$7,000 in \$100 increments per insured or can vary from 10% to 70% of the Inpatient Hospital benefit year maximum per insured. The benefit year maximum per immediate family can be 2 or 3 times the benefit year maximum per insured.

#### Ambulance:

The Outpatient Hospital benefit reimburses an insured's major medical policy out-of-pocket expenses up to a defined benefit year maximum amount relating to charges incurred relating to ambulance transportation to a Hospital or emergency center for injury or sickness. The benefit year maximum can either vary from \$50 to \$350 in \$50 increments per insured. The benefit year maximum per immediate family can be 2 or 3 times the benefit year maximum per insured.

#### Physician Office Visit:

The Physician Office Visit benefit pays a fixed dollar amount for an insured that incurs charges for and requires services rendered by a Physician at a Physician's office or Urgent Care Facility due to sickness or injury. Benefit amounts can vary from \$15 to \$125 in \$5 increments per visit. The maximum number of visits covered in a calendar year benefit can vary from 3 to 6 visits per insured.

#### Prescription Drug:

The Prescription Drug benefit pays a fixed dollar amount for an insured that incurs charges for a Prescription Drug dispensed by a Pharmacy. Benefit amounts can vary from \$5 to \$25 in \$5 increments per dispensed Prescription Drug. The maximum number of dispensed Prescription Drugs covered in a calendar year can vary from 5 to 12 dispensed Prescription Drugs per insured.

### **3. Renewability**

This policy is optionally renewable.

### **4. Marketing and Underwriting Method**

This policy will be marketed to employer groups by either salaried sales representatives or selected independent brokers. This product will be underwritten at the group level with consideration given to the number of eligible employees and group census data.

Additionally, this policy will be marketed to Associations that comply with the applicable laws of your state.

## **5. Rate Development**

The manual rate expected claims costs for this policy were based upon the cost and utilization data of a large block of group major medical claims.

Gross premium rates are based upon the manual rate expected claims costs and group experience, if credible, that are adjusted for benefit options and case characteristics and then loaded with provisions for expenses, commissions, and profit.

Large groups that provide prior experience will have their experience considered in the development of their premium rate. Smaller groups will have their premiums based upon the rate manual.

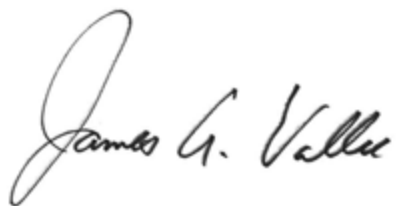
## **6. Anticipated Loss Ratio**

The rates filed in the accompanying rate manual are anticipated to develop a loss ratio of 60.0% based upon our expected distribution of business. Outlined below are the expense components as a percentage of premium, corresponding with the anticipated loss ratio referenced above.

Loss Ratio:	60.0%
Commissions:	15.0%
Expense and Premium Taxes:	17.5%
Profit and Contingency Margin:	<u>7.5%</u>
Total	100.0%

## **7. Actuarial Certification**

In my opinion, rates for the product described in this actuarial memorandum have been developed using reasonable actuarial assumptions and methods. I believe the premiums to be reasonable in relation to the benefits. I certify that, to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the state and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", as adopted by the Actuarial Standards Board, December, 2005.

A handwritten signature in black ink, reading "James G. Vallee". The signature is fluid and cursive, with the first name "James" and last name "Vallee" clearly legible.

1/19/2012

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James A. Vallee, FSA, MAAA

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Date

**Beazley Group**

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March 16, 2011

**To Whom It May Concern:**

Perr&Knight, Inc. is hereby authorized to submit rate, rule, and form filings on behalf of Beazley Insurance Company, Inc. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed in be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight, Inc. at the following address:

State Filings Department  
Perr&Knight, Inc.  
881 Alma Real Drive, Suite 205  
Pacific Palisades, CA 90272  
Tel: (888) 201-5123  
Fax: (310) 230-1061  
[doi@perrknight.com](mailto:doi@perrknight.com)

Please contact me at 952-886-7221 if you have any questions regarding this authorization.

Sincerely,



Paul Gulstrand  
Head of Accident & Health Insurance, USA  
Email: paul.gulstrand@beazley.com

beazley

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