

State: District of Columbia **Filing Company:** Principal Life Insurance Company
TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision
Product Name: Group Vision Expense Insurance (PPO)
Project Name/Number: /

Filing at a Glance

Company: Principal Life Insurance Company
Product Name: Group Vision Expense Insurance (PPO)
State: District of Columbia
TOI: H20G Group Health - Vision
Sub-TOI: H20G.000 Health - Vision
Filing Type: Rate
Date Submitted: 02/12/2014
SERFF Tr Num: PRLF-129413461
SERFF Status: Closed-APPROVED
State Tr Num:
State Status:
Co Tr Num:

Implementation: 05/01/2014
Date Requested:
Author(s): Bonnie Blue, Mark Curtis, Brenda Mcleran, Ann McCoy, Lynne Koranda
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date: 03/05/2014
Disposition Status: APPROVED
Implementation Date: 03/05/2014

State Filing Description:

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General Information

Project Name: Status of Filing in Domicile: Authorized
 Project Number: Date Approved in Domicile: 10/03/2013
 Requested Filing Mode: Review & Approval Domicile Status Comments: Forms authorized on 10/3/13.
 Rates are not required to be filed in IA.
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Small and Large
 Group Market Type: Employer Overall Rate Impact:
 Filing Status Changed: 03/05/2014
 State Status Changed: Deemer Date:
 Created By: Lynne Koranda Submitted By: Lynne Koranda
 Corresponding Filing Tracking Number: PRLF-129413462

Filing Description:
 Re Principal Life Insurance Company
 NAIC No. 61271-332
 FEIN No. 42-0127290
 Group Vision Care Expense Insurance (PPO) - Rates

The above referenced rates are enclosed for your review and approval. These rates are new and will not replace any previously approved rates with your Department. These rates are being submitted on a general use basis to be used with the Group Vision Care Expense Insurance (PPO) Policy Forms series GC 9000 DC, et al and Certificate of Coverage series GH 9010 DC, et al, submitted under PRLF-129413462.

This Group Vision Care Expense product has been developed to expand our portfolio and to keep in step with the current marketplace.

Thank you for your consideration of this submission

If you have any questions on any of the attached materials, please feel free to contact me by fax, e-mail or at the toll-free number shown below.

Sincerely,

Lynne Koranda
 State/Fed Compliance Analyst
 Toll Free: 1-800-986-3343, Ext. 70616
 Direct: 515-247-0616 Fax: 515-246-4906
 E-mail: Koranda.Lynne@Principal.com

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Company and Contact

Filing Contact Information

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Des Moines, IA 50392-0002

Filing Company Information

Principal Life Insurance Company	CoCode: 61271	State of Domicile: Iowa
711 High Street	Group Code: 332	Company Type: Life & Health
Des Moines, IA 50392-0002	Group Name:	State ID Number:
(800) 986-3343 ext. [Phone]	FEIN Number: 42-0127290	

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:

PRLF-129413461

State Tracking #:

Company Tracking #:

State: District of Columbia

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Principal Life Insurance Company

TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision

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Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: %

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Principal Life Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

SERFF Tracking #:

PRLF-129413461

State Tracking #:

Company Tracking #:

State: District of Columbia

Filing Company:

Principal Life Insurance Company

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Vision PPO Rate Manual	GC 9000 et al	New		DC Vision PPO Rate Manual.pdf,

Principal Life Insurance Company Des Moines IA 50392 Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Page No: 1-1 Prepared Date: 02/01/2014
Subject: Benefit & Plan Provisions	Section 1

The information provided in this manual is intended only as a general description. This is not an insurance contract or a complete statement of its provisions. It does not include all coverage provisions required by law or contain all of the qualifications and limitations that apply to the vision benefits. However, if anything presented here is found to be in conflict with federal or state law, our procedure is to comply with the applicable law. For more specific coverage details, please refer to the policy forms filed with this rate manual.

A. Payment Conditions

If the Member or Dependent undergoes a Visual Examination or purchases any of the covered vision aids, Principal Life will pay the provider's charges in excess of the Copayment Amount and to the Maximum Payment Limits. See Section 2 for standard plan designs.

B. Definitions

Copayment

A specified dollar amount that must be paid by a Member or Dependent each time certain or specified covered services are rendered.

Vision Examinations

Comprehensive examination of visual function and prescription of corrective eyewear.

Necessary Contact Lenses

Necessary contact lenses are prescribed by a provider when a specific criterion is met, including but not limited to the following:

- to correct extreme visual acuity problems that cannot be corrected with regular lenses;
- for certain conditions of anisometropia; or
- for keratoconus.

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Subject: Benefit & Plan Provisions	Section 1

C. Standard Limitations and Exclusions

No benefits will be paid for:

1. Services and/or materials not specifically included in the benefit schedule; or
2. Plano lenses (lenses with refractive correction of less than + .50 diopter); or
3. Two pair of glasses instead of bifocals; or
4. Replacement of lenses, frames, and/or contact lenses furnished under this plan which are lost or damaged, except at the normal intervals when Group Policy benefits are otherwise available; or
5. Orthoptics or vision training and any associated supplement testing; or
6. Medical or surgical treatment of the eyes; or
7. Contact lens insurance policies or service agreements; or
8. Refitting of contact lenses after the initial (90 day) fitting period; or
9. Contact lens modification, polishing, or cleaning; or
10. Local, state and/or federal taxes, except where Principal Life is required by law to pay.
11. Pediatric Essential Health Benefits (as defined by the state) including but not limited to vision examinations, lenses, frames and contact lenses; or
12. Which proof is submitted by a person who is part of the Member's or Dependent's Immediate Family; or
13. Visual Examination or vision aids provided outside the United States, unless the Member or Dependent is outside the United States for one of the following reasons:
 - a. travel, provided the travel is for a reason other than securing vision care diagnosis or
 - b. treatment; or
 - c. a business assignment, provided the Member or Dependent is temporarily

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Subject: Benefit & Plan Provisions	Section 1

- outside the United States; or
- d. full-time student status, provided the student is either:
 - i. enrolled and attending an accredited school in a foreign country; or
 - ii. is participating in an academic program in a foreign country, for which the institution of higher learning at which the student is enrolled in the U.S. grants academic credit.

D. Other Provisions

Other provisions provided under the Group Policy are as follows. For more detailed information, please refer to the Group policy.

1. Replacement of Prior Plan
2. Coordination of Benefits

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Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Prepared Date: 02/01/2014
Subject: Plan Designs	Section 2

VISION CARE (PPO) PLAN DESIGNS AVAILABLE

PREFERRED PROVIDER BENEFITS	COPAYMENT OPTIONS	MAXIMUM ALLOWANCES³	FREQUENCY OPTIONS
EXAMS	\$10.00	COVERED IN FULL	12-24 MONTHS
LENSES (SINGLED, LINED BIFOCAL, LINED TRIFOCAL, AND LENTICULAR)	\$10.00 or \$25.00 (MATERIAL COPAY)	COVERED IN FULL	12-24 MONTHS
FRAMES	\$10.00 or \$25.00 (MATERIAL COPAY)	\$150.00	12-24 MONTHS
ELECTIVE CONTACT LENSES	\$60.00	\$150.00	12-24 MONTHS
NECESSARY CONTACT LENSES	\$10.00 or \$25.00 (MATERIAL COPAY)	COVERED IN FULL	12-24 MONTHS
NON PREFERRED PROVIDER BENEFITS	COPAYMENT OPTIONS	MAXIMUM ALLOWANCES¹	FREQUENCY OPTIONS
EXAMS	NA	\$45.00	12-24 MONTHS
SINGLE LENSES	NA	\$30.00	12-24 MONTHS
LINED BIFOCAL LENSES	NA	\$50.00	12-24 MONTHS
LINED TRIFOCAL LENSES	NA	\$65.00	12-24 MONTHS
LENTICULAR LENSES	NA	\$100.00	12-24 MONTHS
FRAMES	NA	\$70.00	12-24 MONTHS
ELECTIVE CONTACT LENSES	NA	\$105.00	12-24 MONTHS
NECESSARY CONTACT LENSES	NA	\$210.00	12-24 MONTHS

¹ The reimbursement for Non-Preferred Provider benefits is the lesser of the maximum payment limit or billed amount minus the applicable Preferred Provider copay.

² Exam and Materials are separate copayments.

³ Maximum allowances are after any applicable copayment.

Note: Material only plans are available with no exam option.

Principal Life Insurance Company Des Moines IA 50392 Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Page No: 3-1-1 Prepared Date: 02/01/2014
Subject: Rating Methodology	Section 3-1

The following pages make up the rate section of this Manual. Included in this section is a rating methodology description that describes the calculation used to arrive at the billed premium rate. Factors and rates used in the calculation of the billed premium rate are shown on the following pages.

Section 3-1	=	Rating Methodology
Section 3-2	=	Monthly Base Claim Costs
Section 3-3	=	Age and Gender Factors
Section 3-4	=	Area Factors
Section 3-5	=	Industry Factors

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Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Prepared Date: 02/01/2014
Subject: Rating Methodology	Section 3-1

Below is the formula used to derive Vision premiums. Following is a written description of the factors used in the calculation.

- Monthly Base Claim Costs
- x Age Factor
- x Gender Factor
- x Area Factor
- x Industry Factor
- x Case Size Factor
- x Voluntary Participation Factor
- x Employer Contribution Factor
- x Start-Up Factor
- x Choice Factor
- x Adjusted Trend Factor
- x Rate Guarantee Factor
- x Case/Experience Adjustment Factor
- + Expenses
- = Final Base Premium

Monthly Base Claim Costs

The monthly base claim costs are the portion of the rate calculation that reflects the cost difference of varying benefit levels. Current claim costs were provided by our vision care administrator and can be found in Section 3-2.

Age Factor

The age factor reflects that costs vary by the age of the insured members. Age factors are based on the actual claims experience by age for our Dental block of business (after smoothing). To develop the employee, spouse and child age factors for a group, a weighted average of the appropriate factors is calculated based on the composition of insured employees in the group. Current age factors are shown in Section 3-3.

Gender Factor

The gender factor reflects that costs vary by the gender of the insured members. Gender factors are based on the actual claims experience by age for our Dental block of business (after smoothing). To develop the employee and spouse gender factors for a group, a weighted average of the appropriate factors are calculated based on the composition of insured employees in the group. No gender factor is calculated for children. Current gender factors are shown in Section 3-3.

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Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Prepared Date: 02/01/2014
Subject: Rating Methodology	Section 3-1

Area Factor

The area factor reflects that vision costs vary geographically. Area factors are determined by comparing local experience to national experience provided by our vision care administrator. Current area factors are shown in Section 3-4.

Industry Factor

The industry factor reflects that claims vary by the type of industry in which the group is engaged. We determine industry factors based on published data or the actual difference in claims that our Dental block of business experiences for the various industry groupings. Current industry factors are shown in Section 3-5.

Case Size Factor

The case size factor reflects that claims vary by the size of the insured group, and is based on the actual claims experience from our Dental block of business.

EE Lives	Factor
3-4	1.120
5-9	1.010
10-14	1.010
15-24	1.000
25-49	1.000
50-99	0.990
100-149	0.990
150+	0.990

Rate Guarantee Factor

The rate guarantee factor applies a load if a group has a rate guarantee period of 2 or 3 years.

Rate Guarantee	Factor
2 Years	1.03
3 Years	1.06

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Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Prepared Date: 02/01/2014
Subject: Rating Methodology	Section 3-1

Voluntary Participation Factor

The voluntary participation factor reflects that claims experience is dependent on the participation level of the group. For groups that are electing voluntary Vision coverage for the first time, the factor assumes a participation rate of 50%. For a group that has had voluntary Vision coverage, the factor varies by participation percentage.

Participation %	Factor
90-100	1.000
75-89	1.020
65-74	1.030
55-64	1.040
45-54	1.050
35-44	1.080
25-34	1.080
20-24	1.120

Employer Contribution Factor

The employer contribution factor reflects that claims experience varies by the portion that an employer contributes to the premium.

ER Contribution %	Employer Paid Factor	Voluntary Factor
100	1.000	NA
86-99	1.000	NA
75-85	1.000	NA
50-74	1.030	NA
36-49	NA	1.030
16-35	NA	1.050
1-15	NA	1.070
0	NA	1.100

Start-Up Factor

The start-up factor reflects that claims experience is higher for cases that are adding coverage not previously offered to employees.

	Factor
Employee	1.050
Spouse	1.050
Child	1.020

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Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Prepared Date: 02/01/2014
Subject: Rating Methodology	Section 3-1

Choice Factor

The choice factor is applied to groups allowing employees to choose between two plans. It reflects the anti-selection inherent in such a plan design. The load varies by the Base Claim Cost differential between the two plans. The load is applied to the high plan only.

Plan Pairings	Factor
Plans 1 & 2	1.030
Plans 1 & 3	1.040
Plans 1 & 4	1.030
Plans 1 & 5	1.030
Plans 1 & 6	1.040
Plans 2 & 3	1.050
Plans 2 & 4	1.040
Plans 2 & 5	1.020
Plans 2 & 6	1.030
Plans 3 & 4	1.030
Plans 3 & 5	1.050
Plans 3 & 6	1.050
Plans 4 & 5	1.040
Plans 4 & 6	1.050
Plans 5 & 6	1.030

Adjusted Trend Factor

Claims experience is monitored on a monthly basis. The change in monthly experience is reflected in the rate by applying an adjusted trend to the rates. The adjusted trend will also reflect projected future trend at 3.0% annually. Adjusted trends are determined three months prior to the effective date of the Group. Each group's rates are determined based on their annual policy anniversary (or effective date for new groups). The adjusted trend in effect on the group's anniversary is used for the next 12 months.

Case/Experience Adjustment Factor

The case adjustment component represents the case specific rating/underwriting applied to each group. This adjustment includes the expected experience for each group compared to the average expected experience of our block of business. Underwriting guidelines or historical claims experience may be used to determine the experience factor.

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Subject: Rating Methodology	Section 3-1

Expenses

The expense component represents the expenses that are expected to be included and reflect the expected number of covered employees and the services that are provided. Expenses include general administrative costs, commissions and fees, state charges (taxes), profit, contingency, managed care fees and customer elective services. Expenses will be charged on a case-by-case basis, depending on what services the case is selecting and will be reviewed on a quarterly basis to reflect current expense levels.

<u>Case Size (EE Lives)</u>	<u>Expense %</u>	<u>Case Size (EE Lives)</u>	<u>Expense %</u>
3-4	44.1	201-300	35.5
5-9	43.3	301-400	33.6
10-25	41.9	401-500	33.6
26-50	41.0	501-1000	31.6
51-100	39.7	1001+	29.5
101-200	37.5		

Factor Updates

The above-described factors may be updated periodically (not more than once a year) when new studies are done. In general, the factors will not move upward or downward more than 10%. If any of the above factors change more than 10%, we will re-file these factors. If all factors combined change more than 25%, then all rates and factors will be re-filed.

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Subject: Monthly Base Claim Costs	Section 3-2

Monthly Base Claim Costs

Plan Number	Copay Exam / Materials	Frequency Exam / Lens / Frames (months)	Frames Max Allowance	Employee Base Rate	Spouse Base Rate	Child Base Rate
1	\$10 / \$10	12 / 12 / 24	\$150	5.10	5.10	5.82
2	\$10 / \$25	12 / 12 / 24	\$150	4.58	4.58	5.21
3	\$10 / \$10	12 / 12 / 12	\$150	6.29	6.29	7.17
4	\$10 / \$25	12 / 12 / 12	\$150	5.66	5.66	6.44
5	NA / \$10	NA / 12 / 12	\$150	4.53	4.53	5.16
6	NA / \$25	NA / 12 / 12	\$150	3.96	3.96	4.50

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Subject: Age and Gender Factors	Section 3-3

Age Factors

<u>Employee Age</u>	<u>Employee</u>	<u>Spouse</u>	<u>Child</u>
0-29	0.830	0.780	0.600
30-39	0.900	0.870	0.880
40-44	0.940	0.940	1.140
45-49	1.000	0.980	1.190
50-54	1.100	1.060	1.070
55-59	1.210	1.130	0.910
60-64	1.280	1.220	0.790
65+	1.380	1.340	0.790

Gender Factors

<u>Employee Age</u>	<u>Employee</u>		<u>Spouse</u>	
	<u>Male</u>	<u>Female</u>	<u>of Male</u>	<u>of Female</u>
0-29	0.720	0.970	0.770	0.790
30-39	0.830	1.000	0.890	0.810
40-44	0.870	1.040	0.980	0.840
45-49	0.940	1.100	1.010	0.910
50-54	1.040	1.190	1.080	1.000
55-59	1.170	1.260	1.140	1.100
60-64	1.260	1.300	1.220	1.210
65+	1.400	1.360	1.340	1.350

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Subject: Area Factors	Section 3-4

<u>County</u>	<u>Factor</u>
All Areas	0.990

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	Prepared Date: 02/01/2014
Subject: Industry Factors	Section 3-5

<u>SIC Code</u>	<u>Industry</u>	<u>Factor</u>
01XX	Agricultural Production Crops	0.89
02XX	Agriculture production livestock and animal specialties	0.89
071X,072X	Soil Preparation & Crop Services	0.89
074X-076X	Veterinary, Animal, and other Labor Services	0.93
078X	Landscape and Horticultural Services	1.01
08XX - 14XX	Forestry, Fishing, Hunting, Trapping, Coal/Metal Mining, Oil/Gas Extraction, and Mining and Quarrying of Nonmetallic Minerals, Except Fuels	0.94
152X,153X	Building Construction Residential General Contractors	0.98
154X	Building Construction Non-Residential General Contractors	0.99
161X	Road Construction	0.86
162X	Other Heavy Construction	0.90
171X	Plumbing, Heating, Air Conditioning Contractors	0.93
172X	Painting & Paper Hanging Contractors	0.99
173X	Electrical Work Contractors	0.93
174X	Masonry, Stonework, Tile Setting, And Plastering Contractors	0.95
175X	Carpentry & Floor Work Contractors	0.96
176X	Roofing, Siding, And Sheet Metal Contractors	0.94
177X	Concrete Work Contractors	0.95
178X	Water Well Drilling Contractors	0.85
179X	Miscellaneous Special Trade Contractors	0.92
20XX	Food And Kindred Products	0.94
21XX	Tobacco Products	0.95
22XX	Textile Mill Products	0.90
23XX	Apparel And Other Finished Products Made From Fabrics And Similar Materials	0.94
241X,242X	Logging, Saw Mills and Planning Mills	0.87
243X-249X	Other Lumber And Wood Products, Except Furniture	0.94
25XX	Furniture And Fixtures	1.01
26XX	Paper And Allied Products	0.96
27XX	Printing, Publishing, And Allied Industries	0.99
28XX	Chemicals And Allied Products	1.03
29XX	Petroleum Refining And Related Industries	0.98
30XX	Rubber And Miscellaneous Plastics Products	0.94
31XX	Leather And Leather Products	1.01
32XX	Stone, Clay, Glass, And Concrete Products	0.97
33XX	Primary Metal Industries	0.97
34XX	Fabricated Metal Products, Except Machinery And Transportation Equipment	0.94
351X-352X	Engines & Turbines, Farm And Garden Machinery	0.96
353X-354X	Construction, Mining, And Materials Handling, and Metalworking Machinery	0.98

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	Prepared Date: 02/01/2014
Subject: Industry Factors	Section 3-5

<u>SIC Code</u>	<u>Industry</u>	<u>Factor</u>
355X-356X	Special Industry Machinery, General Industrial Machinery	1.01
357X	Computer And Office Equipment	1.12
358X-359X	Refrigeration And Service Industry Machinery, Miscellaneous Industrial And Commercial	0.96
36XX	Electronic And Other Electrical Equipment And Components, Except Computer Equipment	1.07
37XX	Transportation Equipment	0.99
38XX	Measuring, Analyzing, And Controlling Instruments; Photographic, Medical And Optical Goods; Watches And Clocks	1.07
39XX	Miscellaneous Manufacturing Industries	0.97
40XX, 41XX	Railroad Transportation, Local And Suburban Passenger Transportation	0.89
421X	Motor Freight Transportation	0.83
422X-423X	Motor Freight Warehousing	0.88
43XX	United States Postal Service	0.99
44XX	Water Transportation	0.99
45XX	Transportation By Air	1.01
46XX	Pipelines, Except Natural Gas	0.91
47XX	Transportation Services	0.97
48XX	Communications	1.03
491X-493X	Electric, Gas, and Other Energy Services	0.96
494X-499X	Water and Sanitary Services	0.92
501X	Motor Vehicles And Motor Vehicle Parts Wholesale Trade	0.99
502X	Furniture And Home Furnishings Wholesale Trade	1.06
503X	Lumber And Other Construction Materials Wholesale Trade	0.97
504X	Professional And Commercial Equipment Wholesale Trade	1.08
505X	Metals And Minerals, Except Petroleum Wholesale Trade	0.97
506X	Electrical Goods Wholesale Trade	1.05
507X	Hardware, And Plumbing And Heating Equipment Wholesale Trade	0.98
508X	Machinery, Equipment, And Supplies Wholesale Trade	0.98
509X	Miscellaneous Durable Goods Wholesale Trade	1.00
511X - 513X	Wholesale Trade-non-durable Goods (Supplies and Clothes)	1.07
514X - 515X	Wholesale Trade-non-durable Goods (Groceries and Livestock)	0.97
516X - 519X	Wholesale Trade-non-durable Goods (Other)	0.97
52XX	Building Materials, Hardware, Garden Supply, And Mobile Home Dealers	0.95
53XX	General Merchandise Stores	0.94

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	Prepared Date: 02/01/2014
Subject: Industry Factors	Section 3-5

<u>SIC Code</u>	<u>Industry</u>	<u>Factor</u>
54XX	Food Stores	0.95
5511	Motor Vehicle Dealers (New and Used)	1.00
552X - 559X	Other Automotive Dealers And Gasoline Service Stations	0.97
56XX	Apparel And Accessory Stores	0.97
57XX	Home Furniture, Furnishings, And Equipment Stores	1.00
58XX	Eating And Drinking Places	0.97
591X-593X	Drug and Used Good Stores	1.01
594X-599X	Miscellaneous Retail	0.99
601X,602X	Central Reserve Depository Institutions and Commercial Banks	1.06
603X,606X	Savings Institutions and Credit Unions	1.01
608X,609X	Foreign Banking And Branches, Functions Related To Depository Banking	1.02
61XX	Non-depository Credit Institutions	1.04
62XX	Security And Commodity Brokers, Dealers, Exchanges, And Services	1.10
63XX	Insurance Carriers	1.02
64XX	Insurance Agents, Brokers, And Service	1.07
651X	Real Estate Operators (except Developers)	0.98
653X-654X	Real Estate Agents And Managers, Title Abstract Offices	1.02
655X	Land Subdividers And Developers	1.00
67XX	Holding And Other Investment Offices	1.08
70XX	Hotels, Rooming Houses, Camps, And Other Lodging Places	0.93
72XX	Personal Services	1.00
731X	Advertising Services	1.06
732X	Consumer Credit Reporting Agencies, Mercantile	0.96
733X	Mailing, Reproduction, Commercial Art Services	1.00
734X	Services To Dwellings And Other Buildings	0.97
735X	Miscellaneous Equipment Rental And Leasing Services	0.95
7361	Employment Agencies	1.04
7363	Help Supply Services	1.01
7371	Computer Programming Services	1.05
7372	Prepackaged Software Services	1.07
7373	Computer Integrated Systems Design	1.05
7374 - 7378	Computer Processing, Data Preparation, and Processing Services, Information Retrieval Services, and Computer Facilities Management, Rental & Leasing, Maintenance & Repair	1.05
7379	Other Computer Related Services	1.02
738X	Miscellaneous Business Services	0.95

Principal Life Insurance Company Des Moines IA 50392 Group Vision Care (PPO) Benefit & Rate Manual (GC 9000 Policy Series)	Page No: 3-5-4
	Prepared Date: 02/01/2014
Subject: Industry Factors	Section 3-5

<u>SIC Code</u>	<u>Industry</u>	<u>Factor</u>
75XX	Automotive Parking, Rental, and Repair Services	0.91
76XX	Miscellaneous Repair Services	0.92
781X	Motion Picture Production And Allied Services	1.02
782X-787X	Motion Picture Distribution And Allied Services	0.97
79XX	Other Amusement And Recreation Services	0.96
8011	Offices And Clinics Of Doctors Of Medicine	1.02
802X	Offices And Clinics Of Dentists	1.03
803X - 804X	Offices And Clinics Of Medical Services	1.03
8042	Offices And Clinics Of Optometrists	1.25
805X	Nurses and Group Care	0.94
806X	Hospitals	1.03
807X - 809X	Laboratories And Other Health Locations	1.03
81XX	Legal Services	1.06
821X	Elementary And Secondary Schools	1.10
822X,823X	Colleges, Universities, Professional Schools, And Libraries	1.03
824X	Vocational Schools	1.01
829X	Other Schools And Educational Services	1.01
8322	Individual and Family Social Services	1.00
833X - 836X	Child and Elderly Services	0.95
839X	Other Social Services	0.95
84XX	Museums, Art Galleries, And Botanical And Zoological Gardens	0.95
86XX	Membership Organizations	1.01*
8711	Engineering Services	1.10
8712 - 8719	Architectural, And Surveying Services	1.05
872X	Accounting, Auditing, And Bookkeeping Services	1.10
873X	Research, Development, And Testing Services	1.06
8741-8742	Management and Management Consulting Services	1.05
8743 - 8744	Other Business Management Services	1.01
8748	Other Business Consulting Services	1.05
88XX	Private Households	Decline
89XX	Unknown Industry (SIC #8999)	1.03
91XX	Executive, Legislative, And General Government, Except Finance	0.96
92XX	Justice, Public Order, And Safety	0.99
93XX -	Public Finance, Taxation, Monetary Policy, Human Resources,	
97XX	Environmental, Economic and National Security And International	
	Affairs	1.02
99XX	Nonclassifiable Establishments	Decline

* Home Off : Requires Home Office Approval

State: District of Columbia

Filing Company:

Principal Life Insurance Company

TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision

Product Name: Group Vision Expense Insurance (PPO)

Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	See Filing Description
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	PLIC_VisionPPO_Actuarial Memo_DC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	Please see the Actuarial Memorandum attached above.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A to this filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A to this filing
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

PRLF-129413461

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

District of Columbia

Filing Company:

Principal Life Insurance Company

TOI/Sub-TOI:

H20G Group Health - Vision/H20G.000 Health - Vision

Product Name:

Group Vision Expense Insurance (PPO)

Project Name/Number:

/

Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	N/A to this filing
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A to this filing
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Response Letter 02-18-14
Comments:	
Attachment(s):	PLIC_VisionPPO_Response_021814.pdf
Item Status:	
Status Date:	

**Principal Life Insurance Company
Group Vision Care (PPO) Expense Benefit, GC9000**

**Actuarial Memorandum
District of Columbia**

February 10, 2014

1. **Scope and Purpose** - This information is being provided to satisfy the requirements for an initial rate filing. The purpose of this filing is to disclose the process used to determine vision premiums and to certify that such premiums are reasonable and appropriate. This filing should not be used for any other purpose.
2. **Benefit Description** - Several plan designs and plan features are available. Standard vision exams and materials provided by preferred providers are covered in full after a member co-payment ranging from \$10 to \$25. Standard vision frames provided by preferred providers are subject to a maximum allowance of \$150 following the co-payment noted above. Vision exams and materials are subject to frequency limitations ranging from 12 to 24 months. Please refer to Section 2 of this Benefit and Rate Manual for additional details.
3. **Renewability Clause** - This is a one-year term policy. Renewal is conditional. Although we will not refuse renewal because of the deterioration of health, we may not renew a contract if the specific group no longer meets our definition of a group (i.e., if the group contains less than three lives) or if the group no longer meets our participation requirements. Of course, renewal can also be denied for fraud, misrepresentation, or failure to pay premium.
4. **Applicability** - This policy applies to new applicants and renewals.
5. **Morbidity** – Monthly claim costs and some rating factors were provided by our vision care administrator based on their large block of business. Since this is a new product and internal experience does not exist, other factors were based on Principal’s Dental product experience, as appropriate.
6. **Mortality** - Not used in the pricing of one-year-term policies.
7. **Persistency** - Not used in the pricing of one-year-term policies.
8. **Expenses** - These current expense levels are expressed as a percentage of premium and represent an average charge for the entire block of prospective vision business:

<u>Expense Component</u>	<u>Proposed</u>
Administrative Expenses	23.9%
Compensation	9.2%
Taxes, Licenses and Fees	3.2%
Federal Income Taxes	1.7%
Risk Retention & Profit	3.2%
<u>Interest Credits</u>	<u>-1.2%</u>
Total Retention Percentage	40.0%

Please see page 3-1-6 of the accompanying Benefit & Rate Manual for details on the exact expense load charged by case size to each group.

9. **Marketing Method** - Our group sales force, including marketing coordinated through Rogers Benefit Group, focuses their efforts on employers with ten or more employees. They work with independent brokers and our own career agents in selling vision coverage to employers.
10. **Underwriting** - When underwriting vision insurance, we check for financial soundness (we would not write a group that is currently in chapter 11) and we review the employer/employee relationship. We also check to

make sure that groups satisfy minimum participation requirements. More attention is given to dependent participation percentages for the smaller groups. There is no use of durational rating.

11. Premium Classes - Premium rates vary based on plan design, age and gender of the insureds, case size, geographical location, and industry. For further information on how these factors affect the final billed rate, please see the enclosed Rate Manual.
12. Issue Age Range - All ages are available. The age factors in our rate formula correspond to the attained ages of the employees.
13. Trend Assumptions - The future annual trend level is 3.0%. This assumption will be used throughout the current year.
14. Anticipated Loss Ratio - The proposed anticipated loss ratio is 60.0%. This is based on long-term assumptions and prior product experience. The ratio assumes a reasonably mature block of business; therefore it may take several years before such a loss ratio is attained for the plan.
15. Rate Change – N/A
16. Experience – N/A
17. Number of Policyholders – N/A
18. Proposed Effective Date - After approval has been received from the state, and providing time to notify our customers and sales force, the changes will be implemented on new sale and renewal business. The effective date will be no earlier than 5/1/2014.
19. Actuarial Certification -

To the best of my knowledge, the rates and premiums charged are reasonable in relation to the benefits provided and are based on sound and commonly accepted actuarial principles. The rating method is based on objective and credible data and is actuarially sound and appropriate. This filing is in accordance with all applicable Actuarial Standards of Practice, including ASOP No. 8, Regulatory Filings for Health Plan Entities.

I, Natalie J. Sell, am an Actuary for Principal Life Insurance Company. I am a member of the American Academy of Actuaries and meet its qualification standards for disclosing rating methodologies.



Natalie J. Sell FSA, MAAA
Actuary - Pricing
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Phone (515) 247-7440



Principal Life
Insurance Company

February 18, 2014

Government of the District of Columbia
Dept. of Insurance, Securities, and Banking
810 First Street, N.E., Suite 701
Washington, D.C. 20002

RE Principal Life Insurance Company
File Log Number PRLF-129413461
Group Vision PPO Expense Insurance
Policy Form Series GC9000

Dear Ms. Shirley,

Thank you for your February 14, 2014 letter. I have addressed your questions below in the order presented in the letter.

1. *Please provide the average annual premium for the proposed product.*

The average anticipated annual premium for a 25 life group with average demographics and located in Washington, D.C. is \$203.45.

2. *Please confirm: This rate review is limited to DC resident policyholders or DC domiciled group certificate holders. All other rate requests will need to be reviewed by that respective state.*

This rate filing is limited to the District of Columbia. Additional rate filings will be submitted to each respective state where we wish to initiate this product.

3. *Please note, this rate filing is subject to conformity with the corresponding forms' filing. This department reserves the right to withdraw the filing if not.*

We acknowledge the department's right to take this action.

Please let me know if you need additional information to approve this filing for our use.

Sincerely,

A handwritten signature in black ink that reads "Natalie Sell".

Natalie J. Sell
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