

State: District of Columbia **Filing Company:** Assurity Life Insurance Company
TOI/Sub-TOI: H02G Group Health - Accident Only/H02G.000 Health - Accident Only
Product Name: AE HCO
Project Name/Number: AE HCO/AE HCO

Filing at a Glance

Company: Assurity Life Insurance Company
Product Name: AE HCO
State: District of Columbia
TOI: H02G Group Health - Accident Only
Sub-TOI: H02G.000 Health - Accident Only
Filing Type: Rate
Date Submitted: 04/28/2014
SERFF Tr Num: SEFL-129512529
SERFF Status: Pending State Action
State Tr Num:
State Status:
Co Tr Num: AE HCO

Implementation
Date Requested:
Author(s): Kristi Hendrickson
Reviewer(s): Darniece Shirley (primary), Alula Selassie, John Morgan
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

State: District of Columbia **Filing Company:** Assurity Life Insurance Company
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General Information

Project Name: AE HCO Status of Filing in Domicile: Pending
 Project Number: AE HCO Date Approved in Domicile:
 Requested Filing Mode: Informational Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Large
 Group Market Type: Employer Overall Rate Impact:
 Filing Status Changed: 05/14/2014
 State Status Changed: Deemer Date:
 Created By: Kristi Hendrickson Submitted By: Kristi Hendrickson
 Corresponding Filing Tracking Number:

Filing Description:

Assurity submits the rates and actuarial memoranda for the forms G H1105 (DC)/G H1105C (DC); G H1106 (DC)/G H1106C (DC); G H1105CT (DC) and G H1106CT (DC). These forms were approved on June 12, 2012 and July 8, 2013 under filing numbers SEFL-127892472 and FRCS-129038523 respectively.

The current market is demanding increased compensation levels for certain worksite distribution channels. The Actuarial Memoranda have been revised to include this option as well as Appendix 2 which shows the premiums for this additional option. The option will be chosen at the group level and will not vary within a group.

Marketing: These forms will be marketed only to individual employees at the worksite using payroll deduction for premiums.

Company and Contact

Filing Contact Information

Kristi Hendrickson, Policy Filing Specialist policyfiling@assurity.com
 P.O. Box 82533 402-437-3452 [Phone]
 Lincoln, NE 68501-2533 402-437-3802 [FAX]

Filing Company Information

Assurity Life Insurance Company CoCode: 71439 State of Domicile: Nebraska
 P.O. Box 82533 Group Code: Company Type: Life/Health
 Lincoln, NE 68501-2533 Group Name: State ID Number:
 (800) 276-7619 ext. [Phone] FEIN Number: 38-1843471

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

SEFL-129512529

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AE HCO

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Rate Information

Rate data applies to filing.

Filing Method: file

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: 0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing: 0

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):
Assurity Life Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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

AE HCO

State: District of Columbia**Filing Company:**

Assurity 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		Appendix 2	G H1105 (DC)/G H1105C (DC); G H1106 (DC)/G H1106C (DC)	New		Apendix 2 - Group Accident Plan - High Comm - Generic.pdf,
2		Appendix 2	G H1105CT (DC) and G H1106CT (DC)	New		Apendix 2 - Group Accident TRUST - High Comm - Generic.pdf,

Appendix 2

Sample Premiums – option 2 commissions Assurity Life Insurance Company Base Forms G H1105 / G H1105C 24 Hour Policy Base Forms G H1106 / G H1106C Off-the-Job Policy

On and Off-the-Job Accidents	
Two Units	Annual Premium
Family	559.14
Single Parent	357.12
Employee and Spouse	402.12
Single	223.63
One Unit	Annual Premium
Family	432.81
Single Parent	277.80
Employee and Spouse	314.79
Single	176.71

Off-the-Job Accidents Only	
Two Units	Annual Premium
Family	490.47
Single Parent	309.68
Employee and Spouse	334.69
Single	175.39
One Unit	Annual Premium
Family	382.35
Single Parent	242.52
Employee and Spouse	265.03
Single	141.07

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	19.02
12-Month BP	25.07

Accident-Only Disability Income Rider Off-the-Job Accidents Only Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	12.36
12-Month BP	16.30

Appendix 2

**Sample Premiums – option 2 commissions
Assurity Life Insurance Company
Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

Wellness Benefit Rider	
	Annual Premium
Family	106.70
Single Parent	65.74
Employee and Spouse	76.64
Single	41.00

Appendix 2

Sample Premiums – option 2 commissions Assurity Life Insurance Company Base Forms G H1105T / G H1105CT 24 Hour Policy Base Forms G H1106T / G H1106CT Off-the-Job Policy

On and Off-the-Job Accidents	
Two Units	Annual Premium
Family	559.14
Single Parent	357.12
Employee and Spouse	402.12
Single	223.63
One Unit	Annual Premium
Family	432.81
Single Parent	277.80
Employee and Spouse	314.79
Single	176.71

Off-the-Job Accidents Only	
Two Units	Annual Premium
Family	490.47
Single Parent	309.68
Employee and Spouse	334.69
Single	175.39
One Unit	Annual Premium
Family	382.35
Single Parent	242.52
Employee and Spouse	265.03
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Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	19.02
12-Month BP	25.07

Accident-Only Disability Income Rider Off-the-Job Accidents Only Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	12.36
12-Month BP	16.30

Appendix 2

Sample Premiums – option 2 commissions
Assurity Life Insurance Company
Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy

Wellness Benefit Rider	
	Annual Premium
Family	106.70
Single Parent	65.74
Employee and Spouse	76.64
Single	41.00

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Supporting Document Schedules

Bypassed - Item:	Cover Letter All Filings
Bypass Reason:	n/a
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):	Act Memo - Group Accident Plan - High Comm - Generic.pdf Act Memo - Group Accident TRUST - High Comm - Generic.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	yes
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	n/a
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
Attachment(s):	
Item Status:	

SERFF Tracking #:

SEFL-129512529

State Tracking #:

Company Tracking #:

AE HCO

State: District of Columbia

Filing Company: Assurity Life Insurance Company

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Product Name: AE HCO

Project Name/Number: AE HCO/AE HCO

Status Date:	
Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Comparisons of Commission options and Expenses
Comments:	
Attachment(s):	For commission option 1.pdf
Item Status:	
Status Date:	

April 15, 2014

ASSURITY LIFE INSURANCE COMPANY **Actuarial Memorandum – Group Accident Expense Plans**

Policy and Certificate Forms:

24 Hour Accident Expense:	G H1105 and G H1105C
Off-the-Job Accident Expense:	G H1106 and G H1106C
24 Hour Accident-Only Disability Income Rider:	R G1103 and R G1103C
Off-the-Job Accident-Only Disability Income Rider:	R G1104 and R G1104C
Wellness Benefit Rider:	R G1115 and R G1115C

PURPOSE AND SCOPE

The purpose of this filing is to demonstrate that the anticipated loss ratio for these new plans and riders meets applicable statutory requirements and to provide documentation of actuarial methods and assumptions used in pricing these accidental injury plans and riders. This filing may not be appropriate for other purposes.

Appendices 1 and 2 present sample premiums for these plans and Appendix 3 provides brief benefit descriptions.

DESCRIPTION OF BENEFITS

Forms G H1105 and G H1105C provide 24 hour accidental injury coverage (both on and off the job). Forms G H1106 and G H1106C provide off-the-job accidental injury coverage. Rider forms R G1103 and R G1103C provide 24 hour accident-only disability income coverage (on and off the job) with monthly benefit options of \$600 or \$1,200, an elimination period of seven days and benefit periods of either 6 or 12 months for the employee only. Rider forms R G1104 and R G1104C provide off-the-job accident-only disability income coverage with monthly benefit options of \$600 or \$1,200, an elimination period of seven days and benefit periods of either 6 or 12 months for the employee only. Rider forms R G1115 and R G1115C provide a \$150 maximum benefit per calendar year.

A choice of benefits is generally available for one or two units, but not all benefits have this option. The description of benefits contained in Appendix 3 is a summary only and is not intended to describe all benefits. It does not detail policy exclusions, limitations or other related provisions. See the policy form for a full description. This policy will pay the benefits for losses resulting from covered accidents as described in Appendix 3.

APPLICABILITY

The sample premiums in this filing are for the forms and riders captioned above. These are new forms.

MORBIDITY BASIS

Claim costs were developed by attained age based on the prescribed benefits and accident frequencies developed from several sources including Injury Facts 2000 Edition, state hospital inpatient and ambulatory bases which identified injury codes, and the Milliman 2005 *Health Cost Guidelines*.

Milliman's MG-ALFA pricing and actuarial projection model was used to develop and test gross premiums based on the present values of premiums, expenses, and commissions using a 5.5% annual discount rate. Key assumptions are listed below.

MORTALITY AND PERSISTENCY

Mortality is based on '75 - '80 ultimate mortality tables and lapses are assumed to be 25%, 20%, 16.5%, 13%, 11%, and 10% for policy years 1, 2, 3, 4, 5, and 6+, respectively. At age 65, a 50% decrement is assumed because people may reconsider the need for their coverage due to the presence of Medicare.

EXPENSES

- a. Commissions (option 1): 45% first year and 10% thereafter or 17% level for all years
- b. Commissions (option 2): 65% first year and 15% thereafter or 25% level for all years
- c. Expenses as a Percent of Premium: 4%
- d. Expenses as a Percent of Claims: 4%
- e. Expenses Per Policy: \$30 first year, \$15 thereafter increasing at 3% per year

MARKETING

These plans and riders will be sold through agents to employers and employees at an employer's worksite.

UNDERWRITING

There is minimal underwriting because the plans cover injury / death and disability due to accidents only.

PREMIUM CLASSES

Sample premiums for Forms G H1105 / G H1105C (24 hour) and G H1106 / G H1106C (off the job only) vary by benefit level (one or two units) and contract tier (family, single parent, employee / spouse, single). Sample premiums for the Accident-Only Disability Income Rider Forms R G1103 / R G1103C (24 hour) and R G1104 / R G1104C (off the job) vary by benefit period and monthly benefit. Sample premiums for the Wellness Benefit Rider Forms R G1115 / R G1115C vary by contract tier. Actual group premiums by employer may vary from sample premiums based on experience of the employer group.

ISSUE AGE RANGE

These plans can be issued for life to qualified applicants.

AREA FACTORS

Premium rates for these plans and riders do not vary by area.

AVERAGE ANNUAL PREMIUM

The average annual sample premium per policy is estimated to be \$330 for commission option 1 and \$370 for commission option 2.

PREMIUM MODALIZATION RULES

Appendix 1 and Appendix 2 show the applicable sample annual premiums. Other modes of premium are available including, but not limited to, quarterly, semi-annual, monthly, bi-weekly, and weekly. There is no surcharge for premium modes other than annual.

CLAIM LIABILITY AND RESERVES

Since these are new plans and riders, there are no claim liabilities and reserves to consider.

ACTIVE LIFE RESERVES

For premium development, policy reserves are based on ultimate claim costs used in pricing, 1980 CSO mortality 50/50 male/female, 4% interest, and a two year preliminary term basis. For valuation purposes, reserves at least as great as the statutory minimum basis will be used.

NET INVESTMENT EARNINGS RATE

The annual net investment earnings rate is assumed to be 5.5% in all years. This rate is used to earn interest on unearned premium, active life and claim reserves, and as a discount rate to determine present values.

TREND ASSUMPTION

Since the benefits are fixed, no trend assumption was used in claim costs for premium development.

ANTICIPATED LOSS RATIO

Based on a projection of financial results for the forms covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio will equal or exceed 50%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

DISTRIBUTION OF BUSINESS

Issue Age Distribution	Pivotal Age	Distribution
00 - 24	22	9%
25 - 29	27	12%
30 - 34	32	11%
35 - 39	37	10%
40 - 44	42	13%
45 - 49	47	14%
50 - 54	52	13%
55 - 59	57	10%
60 - 64	62	5%
65 - 69	67	1%
70 - 74	72	1%
75 - 79	77	1%
Composite	42	100.0%

Rider Distribution	Distribution
R G1113 & R G1104	25%
R G1115	15%

Other Distributions	
Female	44.6%
Male	55.4%
Base Policy One Unit	25.0%
Base Policy Two Units	75.0%

CONTINGENCY AND RISK MARGIN

A 10% of premium contingency and risk margin is assumed.

SAMPLE ANNUAL CLAIM COSTS

On and Off-the-Job Accidents One Unit				
Age	Single	Employee / Spouse	Single Parent	Family
22	\$57.02	\$106.76	\$103.49	\$162.53
32	\$57.85	\$109.96	\$117.79	\$188.59
42	\$65.63	\$127.62	\$137.69	\$214.79
52	\$77.75	\$155.71	\$139.91	\$225.54
62	\$105.29	\$213.24	\$160.25	\$270.04
72	\$196.08	\$382.97	\$249.79	\$433.84

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit		
	Male	Female
BP	6 months	6 months
EP	7 days	7 days
Age at Disability		
22	\$14.12	\$9.18
32	\$14.43	\$9.73
42	\$12.84	\$9.83
52	\$11.40	\$10.07
62	\$9.67	\$10.65

Wellness Benefit Rider				
Age	Single	Employee / Spouse	Single Parent	Family
22	\$9.78	\$18.42	\$25.17	\$36.02
32	\$15.06	\$28.59	\$35.89	\$53.53
42	\$26.60	\$48.77	\$49.62	\$76.38
52	\$36.44	\$67.45	\$54.19	\$89.53
62	\$45.47	\$85.19	\$58.63	\$102.96
72	\$57.64	\$111.67	\$74.85	\$128.07

ACTUARIAL CERTIFICATION

I, Tara D. Benson, am an actuary at Assurity Life Insurance Company, and am a member of the American Academy of Actuaries and meet its Qualification Standards for Statements of Actuarial Opinion.

In my opinion, the benefits provided are reasonable in relation to the premiums charged. Based on a projection of financial results for the policy forms covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio will equal or exceed 50%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

The actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.



Tara D. Benson, FSA, MAAA

April 15, 2014
Date

Associate Actuary, Product Management
Assurity Life Insurance Company

Appendix 1

Sample Premiums – option 1 commissions Assurity Life Insurance Company Base Forms G H1105 / G H1105C 24 Hour Policy Base Forms G H1106 / G H1106C Off-the-Job Policy

On and Off-the-Job Accidents	
Two Units	Annual Premium
Family	493.86
Single Parent	315.47
Employee and Spouse	354.98
Single	197.44
One Unit	Annual Premium
Family	382.26
Single Parent	245.40
Employee and Spouse	277.87
Single	156.02

Off-the-Job Accidents Only	
Two Units	Annual Premium
Family	433.08
Single Parent	273.50
Employee and Spouse	295.29
Single	154.76
One Unit	Annual Premium
Family	337.60
Single Parent	214.19
Employee and Spouse	233.83
Single	124.48

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	16.82
12-Month BP	22.17

Accident-Only Disability Income Rider Off-the-Job Accidents Only Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	10.93
12-Month BP	14.41

Appendix 1

**Sample Premiums – option 1 commissions
Assurity Life Insurance Company
Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

Wellness Benefit Rider	
	Annual Premium
Family	100.55
Single Parent	61.95
Employee and Spouse	72.23
Single	38.63

Appendix 2

Sample Premiums – option 2 commissions Assurity Life Insurance Company Base Forms G H1105 / G H1105C 24 Hour Policy Base Forms G H1106 / G H1106C Off-the-Job Policy

On and Off-the-Job Accidents	
Two Units	Annual Premium
Family	559.14
Single Parent	357.12
Employee and Spouse	402.12
Single	223.63
One Unit	Annual Premium
Family	432.81
Single Parent	277.80
Employee and Spouse	314.79
Single	176.71

Off-the-Job Accidents Only	
Two Units	Annual Premium
Family	490.47
Single Parent	309.68
Employee and Spouse	334.69
Single	175.39
One Unit	Annual Premium
Family	382.35
Single Parent	242.52
Employee and Spouse	265.03
Single	141.07

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
	Annual Premium
6-Month BP	19.02
12-Month BP	25.07

Accident-Only Disability Income Rider Off-the-Job Accidents Only Per \$100 of Monthly Benefit	
	Annual Premium
6-Month BP	12.36
12-Month BP	16.30

Appendix 2

**Sample Premiums – option 2 commissions
Assurity Life Insurance Company
Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

Wellness Benefit Rider	
	Annual Premium
Family	106.70
Single Parent	65.74
Employee and Spouse	76.64
Single	41.00

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

Initial Care	“One Unit”		“Two Units”	
Ambulance within 90 days	\$100		\$100	
Air Ambulance within 48 hours	\$500		\$500	
Accident emergency treatment in doctor’s office, urgent care facility or ER within 72 hours	\$125		\$150	
Follow-up doctor’s office visit including chiropractic care (max of 3 visits)	\$25		\$35	
Physical therapy treatment (max of 6 treatments)	\$25		\$35	
Transportation for insured if over 100 miles round trip	\$300		\$300	
Lodging for companion for up to 30 days	\$100		\$100	
Accidental Death				
Death within 90 days	Common Carrier		Other	
Employee	\$50,000		\$25,000	
Spouse	\$20,000		\$10,000	
Children	\$10,000		\$5,000	
	Common Carrier		Other	
	\$100,000		\$50,000	
	\$40,000		\$20,000	
	\$20,000		\$10,000	
Hospital Benefit				
Paid once per accident				
On Admission (within 180 days)	\$500		\$1,000	
Per day	\$100		\$200	
Blood / Plasma / Platelets (within 90 days)	\$300		\$300	
for named insured	\$300		\$300	
for spouse/child	\$200		\$200	

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

ICU Benefit	“One Unit”		“Two Units”	
Within 30 days; 15 day maximum	\$200		\$400	
Burn Benefits				
- Must get treatment by physician within 72 hours				
- Only one benefit amount per accident				
	Employee	Spouse/ Child	Employee	Spouse/ Child
2nd degree burns over 36+% of body	\$375	\$150	\$750	\$300
3rd degree burns on 1-19% of body	\$750	\$300	\$1,500	\$600
3rd degree burns on 20+% of body	\$5,000	\$2,000	\$10,000	\$4,000
Dismemberments				
Within 90 days				
	Employee	Spouse/ Child	Employee	Spouse/ Child
Loss of both hand, both feet, sight in both eyes, or any combination of two or more hands, feet, eyes	\$15,000	\$10,000	\$30,000	\$20,000
Loss of one hand, one foot, or sight of one eye	\$7,500	\$5,000	\$15,000	\$10,000
Loss of two or more fingers or toes	\$1,500	\$1,000	\$3,000	\$2,000
Loss of one finger or toe	\$750	\$500	\$1,500	\$1,000

Appendix 3
Benefit Description
Assurity Life Insurance Company

Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy

Dislocations	“One Unit”		“Two Units”	
	Closed Reduction	Open Reduction	Closed Reduction	Open Reduction
Within 90 days				
Hip	\$1,000	\$2,000	\$2,000	\$4,000
Knee (except patella)	\$500	\$1,000	\$1,000	\$2,000
Ankle or bones of the foot (other than toes)	\$400	\$800	\$800	\$1,600
Collarbone (Sternoclavicular)	\$250	\$500	\$500	\$1,000
Collarbone (Acromioclavicular)	\$50	\$100	\$100	\$200
Lower jaw	\$150	\$300	\$300	\$600
Shoulder	\$150	\$300	\$300	\$600
Elbow	\$150	\$300	\$300	\$600
Wrist	\$150	\$300	\$300	\$600
Bones of hand (other than fingers)	\$150	\$300	\$300	\$600
One toe or finger	\$50	\$100	\$100	\$200
<p>- Reduction without anesthesia is paid at 25%</p> <p>- Incomplete dislocations paid at 25%</p>				
Diagnostic				
Max per year for angiogram, CT, MRI, EEG	\$100		\$200	

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

Emergency Dental Work	“One Unit”	“Two Units”
Broken teeth repaired with crown within 90 days	\$150	\$300
Broken teeth resulting in extractions within 90 days	\$50	\$100
Eye Injury		
Surgery or removal of a foreign object within 90 days	\$200	\$200
Knee - Torn Cartilage		
Must be treated within 60 days		
Arthroscopic surgery w/o repair or with debridement	\$100	\$200
Surgical repair within 180 days	\$500	\$1,000
Lacerations		
Repaired within 72 hours with stitches, staples or glue		
Total of all lacerations < 3 inches (<7.6 centimeters)	\$50	\$100
Total of all lacerations 3-5 inches (7.6 to 12.5 cm)	\$200	\$400
Total of all lacerations 5+ inches	\$400	\$800
Prosthetics		
One prosthetic device or artificial limb (does not include joint replacement)	\$500	\$500
More than one prosthetic device or artificial limb	\$1,000	\$1,000
Medical appliances (within 90 days)	\$100	\$100

Appendix 3
Benefit Description
Assurity Life Insurance Company

Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy

Fractures	"One Unit"		"Two Units"	
	Closed Reduction	Open Reduction	Closed Reduction	Open Reduction
Chip fractures are paid at 25%				
Depressed skull fracture	\$1,250	\$2,500	\$2,500	\$5,000
Non-depressed skull fracture	\$500	\$1,000	\$1,000	\$2,000
Hip, Thigh	\$750	\$1,500	\$1,500	\$3,000
Vertebrae (excluding vertebral process)	\$400	\$800	\$800	\$1,600
Vertebral process	\$150	\$300	\$300	\$600
Pelvis	\$400	\$800	\$800	\$1,600
Leg (Tibia and / or Fibula)	\$400	\$800	\$800	\$1,600
Bones of face or nose	\$175	\$350	\$350	\$700
Upper jaw (maxilla)	\$175	\$350	\$350	\$700
Upper arm (humerus)	\$175	\$350	\$350	\$700
Lower jaw (mandible)	\$150	\$300	\$300	\$600
Shoulder blade (scapula)	\$150	\$300	\$300	\$600
Collarbone (clavicle, Sternum)	\$150	\$300	\$300	\$600
Forearm (radius and / or ulna)	\$150	\$300	\$300	\$600
Hand, wrist (except fingers)	\$150	\$300	\$300	\$600
Kneecap (patella)	\$150	\$300	\$300	\$600
Foot (except toes)	\$150	\$300	\$300	\$600
Ankle	\$150	\$300	\$300	\$600
Rib	\$125	\$250	\$250	\$500
Coccyx	\$100	\$200	\$200	\$400
Finger, toe	\$25	\$50	\$50	\$100

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105 / G H1105C 24 Hour Policy
Base Forms G H1106 / G H1106C Off-the-Job Policy**

Ruptured disc	“One Unit”	“Two Units”
Treatment within 60 days and surgery within 1 year	\$400	\$400
Surgery		
Open abdominal / thoracic surgery to repair injuries	\$1,000	\$1,000
Open abdominal / thoracic exploratory surgery w/o repair	\$100	\$100
Tendon / Ligament / Rotator Cuff		
Repair of tendon, ligament or rotator cuff (within 90 days)	\$500	\$500
Exploratory surgery w/o repair	\$100	\$100

Accident-Only Disability Income Riders

Elimination Period: 7 days

Benefit Period: 6 months or 12 months

Monthly Benefit: Increments of \$100 up to \$1,200

Wellness Benefit Rider

\$150 maximum benefit per calendar year

April 15, 2014

ASSURITY LIFE INSURANCE COMPANY **Actuarial Memorandum – Group Accident Expense Plans**

Policy and Certificate Forms:

24 Hour Accident Expense:	G H1105T and G H1105CT
Off-the-Job Accident Expense:	G H1106T and G H1106CT
24 Hour Accident-Only Disability Income Rider:	R G1103CT
Off-the-Job Accident-Only Disability Income Rider:	R G1104CT
Wellness Benefit Rider:	R G1115CT

PURPOSE AND SCOPE

The purpose of this filing is to demonstrate that the anticipated loss ratio for these new plans and riders meets applicable statutory requirements and to provide documentation of actuarial methods and assumptions used in pricing these accidental injury plans and riders. This filing may not be appropriate for other purposes.

Appendices 1 and 2 present sample premiums for these plans and Appendix 3 provides brief benefit descriptions.

DESCRIPTION OF BENEFITS

Forms G H1105T and G H1105CT provide 24 hour accidental injury coverage (both on and off the job). Forms G H1106T and G H1106CT provide off-the-job accidental injury coverage. Rider form R G1103CT provides 24 hour accident-only disability income coverage (on and off the job) with monthly benefit options of \$600 or \$1,200, an elimination period of seven days and benefit periods of either 6 or 12 months for the employee only. Rider form R G1104CT provides off-the-job accident-only disability income coverage with monthly benefit options of \$600 or \$1,200, an elimination period of seven days and benefit periods of either 6 or 12 months for the employee only. Rider form R G1115CT provides a \$150 maximum benefit per calendar year.

These forms will be available to former employees or dependents of former employees who have exercised the portability provision of the group contract.

The benefits are available for one or two units, but not all benefits have this option. The benefits will match the original group certificate that was in force prior to exercising the portability provision. The description of benefits contained in Appendix 3 is a summary only and is not intended to describe all benefits. It does not detail policy exclusions, limitations or other related provisions. See the policy form for a full description. This policy will pay the benefits for losses resulting from covered accidents as described in Appendix 3.

APPLICABILITY

The sample premiums in this filing are for the forms and riders captioned above. These are new forms.

MORBIDITY BASIS

Claim costs were developed by attained age based on the prescribed benefits and accident frequencies developed from several sources including Injury Facts 2000 Edition, state hospital inpatient and ambulatory bases which identified injury codes, and the Milliman 2005 *Health Cost Guidelines*.

Milliman's MG-ALFA pricing and actuarial projection model was used to develop and test gross premiums based on the present values of premiums, expenses, and commissions using a 5.5% annual discount rate. Key assumptions are listed below.

MORTALITY AND PERSISTENCY

Mortality is based on '75 - '80 ultimate mortality tables and lapses are assumed to be 25%, 20%, 16.5%, 13%, 11%, and 10% for policy years 1, 2, 3, 4, 5, and 6+, respectively. At age 65, a 50% decrement is assumed because people may reconsider the need for their coverage due to the presence of Medicare.

EXPENSES

- a. Commissions (option 1): 10% or 17% level for all years (will match the level of the original contract)
- b. Commissions (option 2): 15% or 25% level for all years (will match the level of the original contract)
- c. Expenses as a Percent of Premium: 4%
- d. Expenses as a Percent of Claims: 4%
- e. Expenses Per Policy: \$30 first year, \$15 thereafter increasing at 3% per year

MARKETING

These plans and riders are available to former employees or dependents of former employees who have exercised the portability provision of the group contract.

UNDERWRITING

There is no underwriting because these are continuation plans of a prior group contract.

PREMIUM CLASSES

Sample premiums for Forms G H1105T / G H1105CT (24 hour) and G H1106T / G H1106CT (off the job only) vary by benefit level (one or two units) and contract tier (family, single parent, employee / spouse, single). Sample premiums for the Accident-Only Disability Income Rider Forms R G1103CT (24 hour) and R G1104CT (off the job) vary by benefit period and monthly benefit. Sample premiums for the Wellness Benefit Rider Form R G1115CT vary by contract tier. Actual group premiums may vary from sample premiums based on experience of the group.

ISSUE AGE RANGE

These plans can be issued for life to qualified applicants.

AREA FACTORS

Premium rates for these plans and riders do not vary by area.

AVERAGE ANNUAL PREMIUM

The average annual sample premium per policy is estimated to be \$330 for commission option 1 and \$370 for commission option 2.

PREMIUM MODALIZATION RULES

Appendix 1 and Appendix 2 show the applicable sample annual premiums. Other modes of premium are available including, but not limited to, quarterly, semi-annual, monthly, bi-weekly, and weekly. There is no surcharge for premium modes other than annual.

CLAIM LIABILITY AND RESERVES

Since these are new plans and riders, there are no claim liabilities and reserves to consider.

ACTIVE LIFE RESERVES

For premium development, policy reserves are based on ultimate claim costs used in pricing, 1980 CSO mortality 50/50 male/female, 4% interest, and a two year preliminary term basis. For valuation purposes, reserves at least as great as the statutory minimum basis will be used.

NET INVESTMENT EARNINGS RATE

The annual net investment earnings rate is assumed to be 5.5% in all years. This rate is used to earn interest on unearned premium, active life and claim reserves, and as a discount rate to determine present values.

TREND ASSUMPTION

Since the benefits are fixed, no trend assumption was used in claim costs for premium development.

ANTICIPATED LOSS RATIO

Based on a projection of financial results for the forms covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio will equal or exceed 50%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

DISTRIBUTION OF BUSINESS

Issue Age Distribution	Pivotal Age	Distribution
00 - 24	22	9%
25 - 29	27	12%
30 - 34	32	11%
35 - 39	37	10%
40 - 44	42	13%
45 - 49	47	14%
50 - 54	52	13%
55 - 59	57	10%
60 - 64	62	5%
65 - 69	67	1%
70 - 74	72	1%
75 - 79	77	1%
Composite	42	100.0%

Rider Distribution	Distribution
R G1113CT & R G1104CT	25%
R G1115CT	15%

Other Distributions	
Female	44.6%
Male	55.4%
Base Policy One Unit	25.0%
Base Policy Two Units	75.0%

CONTINGENCY AND RISK MARGIN

A 10% of premium contingency and risk margin is assumed.

SAMPLE ANNUAL CLAIM COSTS

On and Off-the-Job Accidents One Unit				
Age	Single	Employee / Spouse	Single Parent	Family
22	\$57.02	\$106.76	\$103.49	\$162.53
32	\$57.85	\$109.96	\$117.79	\$188.59
42	\$65.63	\$127.62	\$137.69	\$214.79
52	\$77.75	\$155.71	\$139.91	\$225.54
62	\$105.29	\$213.24	\$160.25	\$270.04
72	\$196.08	\$382.97	\$249.79	\$433.84

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit		
	Male	Female
BP	6 months	6 months
EP	7 days	7 days
Age at Disability		
22	\$14.12	\$9.18
32	\$14.43	\$9.73
42	\$12.84	\$9.83
52	\$11.40	\$10.07
62	\$9.67	\$10.65

Wellness Benefit Rider				
Age	Single	Employee / Spouse	Single Parent	Family
22	\$9.78	\$18.42	\$25.17	\$36.02
32	\$15.06	\$28.59	\$35.89	\$53.53
42	\$26.60	\$48.77	\$49.62	\$76.38
52	\$36.44	\$67.45	\$54.19	\$89.53
62	\$45.47	\$85.19	\$58.63	\$102.96
72	\$57.64	\$111.67	\$74.85	\$128.07

ACTUARIAL CERTIFICATION

I, Tara D. Benson, am an actuary at Assurity Life Insurance Company, and am a member of the American Academy of Actuaries and meet its Qualification Standards for Statements of Actuarial Opinion.

In my opinion, the benefits provided are reasonable in relation to the premiums charged. Based on a projection of financial results for the policy forms covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio will equal or exceed 50%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

The actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.



Tara D. Benson, FSA, MAAA

April 15, 2014
Date

Associate Actuary, Product Management
Assurity Life Insurance Company

Appendix 1

Sample Premiums – option 1 commissions
Assurity Life Insurance Company
Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy

On and Off-the-Job Accidents	
Two Units	Annual Premium
Family	493.86
Single Parent	315.47
Employee and Spouse	354.98
Single	197.44
One Unit	Annual Premium
Family	382.26
Single Parent	245.40
Employee and Spouse	277.87
Single	156.02

Off-the-Job Accidents Only	
Two Units	Annual Premium
Family	433.08
Single Parent	273.50
Employee and Spouse	295.29
Single	154.76
One Unit	Annual Premium
Family	337.60
Single Parent	214.19
Employee and Spouse	233.83
Single	124.48

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
	Annual Premium
6-Month BP	16.82
12-Month BP	22.17

Accident-Only Disability Income Rider Off-the-Job Accidents Only Per \$100 of Monthly Benefit	
	Annual Premium
6-Month BP	10.93
12-Month BP	14.41

Appendix 1

**Sample Premiums – option 1 commissions
Assurity Life Insurance Company
Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy**

Wellness Benefit Rider	
	Annual Premium
Family	100.55
Single Parent	61.95
Employee and Spouse	72.23
Single	38.63

Appendix 2

Sample Premiums – option 2 commissions Assurity Life Insurance Company Base Forms G H1105T / G H1105CT 24 Hour Policy Base Forms G H1106T / G H1106CT Off-the-Job Policy

On and Off-the-Job Accidents	
Two Units	Annual Premium
Family	559.14
Single Parent	357.12
Employee and Spouse	402.12
Single	223.63
One Unit	Annual Premium
Family	432.81
Single Parent	277.80
Employee and Spouse	314.79
Single	176.71

Off-the-Job Accidents Only	
Two Units	Annual Premium
Family	490.47
Single Parent	309.68
Employee and Spouse	334.69
Single	175.39
One Unit	Annual Premium
Family	382.35
Single Parent	242.52
Employee and Spouse	265.03
Single	141.07

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	19.02
12-Month BP	25.07

Accident-Only Disability Income Rider Off-the-Job Accidents Only Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	12.36
12-Month BP	16.30

Appendix 2

Sample Premiums – option 2 commissions
Assurity Life Insurance Company
Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy

Wellness Benefit Rider	
	Annual Premium
Family	106.70
Single Parent	65.74
Employee and Spouse	76.64
Single	41.00

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy**

Initial Care		“One Unit”		“Two Units”	
Ambulance within 90 days		\$100		\$100	
Air Ambulance within 48 hours		\$500		\$500	
Accident emergency treatment in doctor’s office, urgent care facility or ER within 72 hours		\$125		\$150	
Follow-up doctor’s office visit including chiropractic care (max of 3 visits)		\$25		\$35	
Physical therapy treatment (max of 6 treatments)		\$25		\$35	
Transportation for insured if over 100 miles round trip		\$300		\$300	
Lodging for companion for up to 30 days		\$100		\$100	
Accidental Death					
Death within 90 days		Common Carrier		Other	
Employee		\$50,000		\$25,000	
Spouse		\$20,000		\$10,000	
Children		\$10,000		\$5,000	
Hospital Benefit					
Paid once per accident					
On Admission (within 180 days)		\$500		\$1,000	
Per day		\$100		\$200	
Blood / Plasma / Platelets (within 90 days)					
for named insured		\$300		\$300	
for spouse/child		\$200		\$200	

Appendix 3
Benefit Description
Assurity Life Insurance Company

Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy

ICU Benefit	“One Unit”		“Two Units”	
Within 30 days; 15 day maximum	\$200		\$400	
Burn Benefits				
- Must get treatment by physician within 72 hours				
- Only one benefit amount per accident				
	Employee	Spouse/ Child	Employee	Spouse/ Child
2nd degree burns over 36+% of body	\$375	\$150	\$750	\$300
3rd degree burns on 1-19% of body	\$750	\$300	\$1,500	\$600
3rd degree burns on 20+% of body	\$5,000	\$2,000	\$10,000	\$4,000
Dismemberments				
Within 90 days	Employee	Spouse/ Child	Employee	Spouse/ Child
Loss of both hand, both feet, sight in both eyes, or any combination of two or more hands, feet, eyes	\$15,000	\$10,000	\$30,000	\$20,000
Loss of one hand, one foot, or sight of one eye	\$7,500	\$5,000	\$15,000	\$10,000
Loss of two or more fingers or toes	\$1,500	\$1,000	\$3,000	\$2,000
Loss of one finger or toe	\$750	\$500	\$1,500	\$1,000

Appendix 3
Benefit Description
Assurity Life Insurance Company

Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy

Dislocations	“One Unit”		“Two Units”	
	Closed Reduction	Open Reduction	Closed Reduction	Open Reduction
Within 90 days				
Hip	\$1,000	\$2,000	\$2,000	\$4,000
Knee (except patella)	\$500	\$1,000	\$1,000	\$2,000
Ankle or bones of the foot (other than toes)	\$400	\$800	\$800	\$1,600
Collarbone (Sternoclavicular)	\$250	\$500	\$500	\$1,000
Collarbone (Acromioclavicular)	\$50	\$100	\$100	\$200
Lower jaw	\$150	\$300	\$300	\$600
Shoulder	\$150	\$300	\$300	\$600
Elbow	\$150	\$300	\$300	\$600
Wrist	\$150	\$300	\$300	\$600
Bones of hand (other than fingers)	\$150	\$300	\$300	\$600
One toe or finger	\$50	\$100	\$100	\$200
<p>- Reduction without anesthesia is paid at 25%</p> <p>- Incomplete dislocations paid at 25%</p>				
Diagnostic				
Max per year for angiogram, CT, MRI, EEG		\$100		\$200

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy**

Emergency Dental Work	“One Unit”	“Two Units”
Broken teeth repaired with crown within 90 days	\$150	\$300
Broken teeth resulting in extractions within 90 days	\$50	\$100
Eye Injury		
Surgery or removal of a foreign object within 90 days	\$200	\$200
Knee - Torn Cartilage		
Must be treated within 60 days		
Arthroscopic surgery w/o repair or with debridement	\$100	\$200
Surgical repair within 180 days	\$500	\$1,000
Lacerations		
Repaired within 72 hours with stitches, staples or glue		
Total of all lacerations < 3 inches (<7.6 centimeters)	\$50	\$100
Total of all lacerations 3-5 inches (7.6 to 12.5 cm)	\$200	\$400
Total of all lacerations 5+ inches	\$400	\$800
Prosthetics		
One prosthetic device or artificial limb (does not include joint replacement)	\$500	\$500
More than one prosthetic device or artificial limb	\$1,000	\$1,000
Medical appliances (within 90 days)	\$100	\$100

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy**

Fractures	"One Unit"		"Two Units"	
	Closed Reduction	Open Reduction	Closed Reduction	Open Reduction
Chip fractures are paid at 25%				
Depressed skull fracture	\$1,250	\$2,500	\$2,500	\$5,000
Non-depressed skull fracture	\$500	\$1,000	\$1,000	\$2,000
Hip, Thigh	\$750	\$1,500	\$1,500	\$3,000
Vertebrae (excluding vertebral process)	\$400	\$800	\$800	\$1,600
Vertebral process	\$150	\$300	\$300	\$600
Pelvis	\$400	\$800	\$800	\$1,600
Leg (Tibia and / or Fibula)	\$400	\$800	\$800	\$1,600
Bones of face or nose	\$175	\$350	\$350	\$700
Upper jaw (maxilla)	\$175	\$350	\$350	\$700
Upper arm (humerus)	\$175	\$350	\$350	\$700
Lower jaw (mandible)	\$150	\$300	\$300	\$600
Shoulder blade (scapula)	\$150	\$300	\$300	\$600
Collarbone (clavicle, Sternum)	\$150	\$300	\$300	\$600
Forearm (radius and / or ulna)	\$150	\$300	\$300	\$600
Hand, wrist (except fingers)	\$150	\$300	\$300	\$600
Kneecap (patella)	\$150	\$300	\$300	\$600
Foot (except toes)	\$150	\$300	\$300	\$600
Ankle	\$150	\$300	\$300	\$600
Rib	\$125	\$250	\$250	\$500
Coccyx	\$100	\$200	\$200	\$400
Finger, toe	\$25	\$50	\$50	\$100

**Appendix 3
Benefit Description
Assurity Life Insurance Company**

**Base Forms G H1105T / G H1105CT 24 Hour Policy
Base Forms G H1106T / G H1106CT Off-the-Job Policy**

Ruptured disc	“One Unit”	“Two Units”
Treatment within 60 days and surgery within 1 year	\$400	\$400
Surgery		
Open abdominal / thoracic surgery to repair injuries	\$1,000	\$1,000
Open abdominal / thoracic exploratory surgery w/o repair	\$100	\$100
Tendon / Ligament / Rotator Cuff		
Repair of tendon, ligament or rotator cuff (within 90 days)	\$500	\$500
Exploratory surgery w/o repair	\$100	\$100

Accident-Only Disability Income Riders

Elimination Period: 7 days

Benefit Period: 6 months or 12 months

Monthly Benefit: Increments of \$100 up to \$1,200

Wellness Benefit Rider

\$150 maximum benefit per calendar year

For commission option 1:

Expense Summary	
Component	% PV of Premium
Claims	59.6%
General Expenses	12.8%
Commissions	16.8%
Taxes	4.4%
Profit and Contingencies	6.4%
Grand Total	100.0%

For commission option 2:

Expense Summary	
Component	% PV of Premium
Claims	52.4%
General Expenses	12.0%
Commissions	24.8%
Taxes	4.4%
Profit and Contingencies	6.4%
Grand Total	100.0%