

<i>SERFF Tracking Number:</i>	<i>ZURC-128359023</i>	<i>State:</i>	<i>District of Columbia</i>
<i>Filing Company:</i>	<i>Zurich American Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>CW AH 34534</i>		
<i>TOI:</i>	<i>H02G Group Health - Accident Only</i>	<i>Sub-TOI:</i>	<i>H02G.000 Health - Accident Only</i>
<i>Product Name:</i>	<i>Passenger Accident Insurance - Revised Rate Manual</i>		
<i>Project Name/Number:</i>	<i>/CW AH 34534</i>		

Filing at a Glance

Company: Zurich American Insurance Company

Product Name: Passenger Accident Insurance - SERFF Tr Num: ZURC-128359023 State: District of Columbia
Revised Rate Manual

TOI: H02G Group Health - Accident Only

SERFF Status: Assigned

State Tr Num:

Sub-TOI: H02G.000 Health - Accident Only

Co Tr Num: CW AH 34534

State Status:

Filing Type: Rate

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Author: Karen Falbo

Disposition Date:

Date Submitted: 05/15/2012

Disposition Status:

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number: CW AH 34534

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Group

Submission Type: New Submission

Group Market Size: Small and Large

Group Market Type: Employer, Other

Explanation for Other Group Market Type: This policy is being filed to provide coverage to the passengers of truck drivers who are either operating their own trucks or who are operating the trucks of a trucking company.

Overall Rate Impact:

Filing Status Changed: 05/18/2012

Deemer Date:

State Status Changed:

Submitted By: Karen Falbo

Created By: Karen Falbo

Filing Description:

Corresponding Filing Tracking Number:

The purpose of this filing is to revise the current manual rates for Zurich American Insurance Company's Passenger Accident Insurance under policy form U-PA-100, approved in SERFF Tracking # USPH-6GPQ4N994/00 effective 07/14/20054.

The Passenger Accident Insurance Policy is an accidental death and dismemberment and/or accident medical expense

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 Product Name: Passenger Accident Insurance - Revised Rate Manual
 Project Name/Number: /CW AH 34534
 policy.

The Policy provides accidental death and dismemberment benefits and accidental medical expense benefits for an authorized passenger who is traveling with and enrolled by an authorized commercial driver of the policyholder.

State Narrative:

Company and Contact

Filing Contact Information

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Filing Company Information

Zurich American Insurance Company CoCode: 16535 State of Domicile: New York
 1400 American Lane Group Code: 212 Company Type:
 Schaumburg, IL 60102 Group Name: State ID Number:
 (847) 605-6000 ext. [Phone] FEIN Number: 36-4233459

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Zurich American Insurance Company	\$0.00		

SERFF Tracking Number: ZURC-128359023 State: District of Columbia

Filing Company: Zurich American Insurance Company State Tracking Number:

Company Tracking Number: CW AH 34534

TOI: H02G Group Health - Accident Only Sub-TOI: H02G.000 Health - Accident Only

Product Name: Passenger Accident Insurance - Revised Rate Manual

Project Name/Number: /CW AH 34534

Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:*	Rate Action Information:	Attachments
	Passenger Accident Rate Manual	U-PA-100	Revised	Previous State Filing Number: Percent Rate Change Request:	USPH- 6BMJQV 8443/00 Passenger Accident Rate Manual-052012 edition.pdf

Zurich American Insurance Company

Zurich American Insurance Company

Passenger Accident Insurance Policy
Form U-PA-100 (Countrywide)

Rate Manual

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I. Limit of Liability

The Per-**Insured Person** Limit of Liability (**Combined Single Limit**) stated in the **Schedule** will be the total limit of the **Company's** liability for all benefits payable under this **Policy** with respect to any one **Insured Person** arising out of **Injury** sustained by such individual as the result of any one **Accident**.

Aggregate Limit of Liability means the most the **Company** will pay as a result of **Injuries** which are the direct result of one **Accident**. The **Aggregate Limit** is set forth in the **Schedule**. If this is not enough to pay full benefits to each **Insured Person**, the **Company** will pay each one a reduced benefit based upon the proportion that the **Aggregate Limit** bears to the total benefits or the expected total benefits that would otherwise be paid. If the total benefits are unknown at the time the **Company** will determine the total expected benefits for each **Insured Person**.

II. General Exclusions & Limitations

This **Policy** does not cover any losses caused in whole or in part by, or resulting in whole or in part from, the following:

1. suicide or any attempt at suicide; intentionally self-inflicted **Injury** or any attempt at intentionally self-inflicted **Injury** or any **Injury** resulting from a provoked attack;
2. sickness, disease or infections of any kind, except bacterial infections due to an accidental cut or wound, botulism or ptomaine poisoning;
3. any **Pre-existing Condition**, until the **Insured Person** has been continuously covered under this **Policy** for [twelve (12)] consecutive months;
4. Occupational **Cumulative Trauma** or **Repetitive Conditions**;
5. Occupational Disease;
6. Hernia of any kind;
7. Hemorrhoids of any kind;
8. performing, learning to perform or instructing others to perform as a crew member of any vessel while covered under the Jones Act or the United States Longshoremen and Harbor Workers' Act, or similar coverage;
9. declared or undeclared war, or any act of declared or undeclared war;
10. full-time active duty in the armed forces of any country or international authority,
11. any **Injury** for which the **Insured Person** is entitled to benefits pursuant to any Workers' Compensation Law or other similar legislation;
12. any loss insured by employers' liability insurance;
13. the **Insured Person's** being intoxicated. The **Insured Person** is conclusively deemed to be intoxicated if the level of alcohol in his or her blood exceeds the amount at which a person is presumed, under the law of the locale in which the **Accident** occurred, to be under the influence of alcohol or intoxicating liquor if operating a motor vehicle, regardless of whether he or she is in fact operating a motor vehicle when the **Injury** occurs;
14. the **Insured Person's** being under the influence of any narcotic, unless such narcotic was prescribed by a **Physician** and taken in accordance with the prescribed dosage;
15. the **Insured Person's** commission of or attempt to commit a crime;
16. the **Insured Person's** violation or non-compliance with the conditions of traveling with the **Authorized Commercial Driver**.

Variable Language

For benefits that contain variable language, only those options for which rates are shown in the rate manual are currently available.

PASSENGER ACCIDENTAL DEATH & DISMEMBERMENT BENEFIT

If **Injury** to the **Insured Person** results in death within the **Incurral Period** shown in the **Schedule**, the **Company** will pay the **Principal Sum** shown in the **Schedule**. The **Incurral Period** starts on the date of the **Accident** that caused such **Injury**. If the **Insured Person** suffers an Accidental death such that an Accidental Death Benefit is payable under this **Policy**, the **Company** will pay the beneficiary in accordance with the Payment of Claims provision.

Exposure and Disappearance

If, by reason of an **Accident**, an **Insured Person** is unavoidably exposed to the elements and as a result of such exposure suffers a loss which is otherwise covered under this **Policy**, the loss will be considered a **Covered Loss** under the terms of this **Policy**.

If the body of an **Insured Person** has not been found within one year after the disappearance, stranding, sinking or wrecking of a [power unit] in which that person was an occupant, then it will be presumed, subject to all other terms and provisions of this **Policy**, that the **Insured Person** has suffered Accidental Death within the meaning of this **Policy**. If the **Insured Person** is found and identified, the **Company** has the right to recover any benefits paid from the **Insured Person**.

If **Injury** to the **Insured Person** results in any one of the **Losses** specified below, within the **Incurral Period** shown in the **Schedule** (as measured from the date of the **Accident** that caused such **Injury**), the **Company** will pay the Percentage of the **Principal Sum** shown below:

For Loss of:	Percentage of the Principal Sum:
Both Hands or Both Feet	100%
Sight of Both Eyes	100%
One Hand and One Foot	100%
One Hand and the Sight of One Eye	100%
One Foot and the Sight of One Eye	100%
One Hand or One Foot	50%
Sight of One Eye	50%
Thumb and Index Finger of Same Hand	25%

For purposes of the Accidental Dismemberment benefit, **Loss** shall mean:

"**Loss**" of a hand or foot means complete severance through or above the wrist or ankle joint. "**Loss**" of sight of an eye means total and irrecoverable loss of the entire sight in that eye. "**Loss**" of thumb and index finger means complete severance through or above the metacarpophalangeal joint of both digits. If more than one **Loss** is sustained by an **Insured Person** as a result of the same **Accident**, only one amount, the largest, will be paid.

Paralysis Benefit

If **Injury** to the **Insured Person** results in any Type of Paralysis specified below, within the **Incurral Period** shown in the **Schedule** (as measured from the date of the **Accident** that caused such **Injury**), the **Company** will pay the Percentage of the **Principal Sum** shown below:

Type of Paralysis:	Percentage of the
Principal Sum:	
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Uniplegia	25%

"**Quadriplegia**" means the complete and irreversible paralysis of both upper and both lower limbs. "**Paraplegia**" means the complete and irreversible paralysis of both lower limbs.

"**Hemiplegia**" means the complete and irreversible paralysis of the upper and lower **Limbs** of the

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same side of the body. "**Uniplegia**" means the complete and irreversible paralysis of one **Limb**. For purposes of this benefit "**Limb**" means entire arm or entire leg.

If the **Insured Person** sustains more than one Type of Paralysis as a result of the same **Accident**, only the largest single amount will be considered a **Covered Loss**.

RATES

The following rates apply per insured person per month based the various death benefit limits shown. The rates are based on a 365-day Incurral Period. The Mandatory rates apply if all authorized commercial drivers are covered while the Voluntary rates apply if coverage is optional.

AD&D	Benefit Limit								
	\$25,000	\$35,000	\$50,000	\$100,000	\$125,000	\$150,000	\$200,000	\$250,000	\$300,000
Mandatory	\$0.07	\$0.10	\$0.15	\$0.25	\$0.35	\$0.40	\$0.55	\$0.70	\$0.80
Voluntary	\$0.14	\$0.20	\$0.30	\$0.50	\$0.70	\$0.80	\$1.10	\$1.40	\$1.60

PASSENGER ACCIDENT MEDICAL EXPENSE BENEFIT

If an **Insured Person** suffers an **Injury** that requires him or her to be treated by a **Physician**, within the **Commencement Period** shown in the **Schedule**, the **Company** will pay the **Usual and Customary Charges** incurred for **Medically Necessary Covered Accident Medical Services** received due to that **Injury**, up to the **Maximum Benefit Amount** and **Maximum Benefit Period** shown in the **Schedule** per **Insured Person** for all **Injuries** caused by a single **Accident**. The **Commencement Period** starts on the date of the **Accident** that caused such **Injury**.

As used in this **Accident Medical Expense Benefit** provision:

Ambulatory Medical Center means a facility that meets all of the following requirements:

1. operates under the laws of the state that it is situated in;
2. has a staff of **Physicians** and permanent facilities that are equipped and operated primarily for the purpose of providing medical services or performing subject procedures; and
3. provides continuous **Physician** and Graduate Registered Nurse (RN) services whenever a patient is in the facility. An **Ambulatory Medical Center** does not include a **Hospital** or a **Physician's** office or a clinic.

Covered Accident Medical Service(s) means any of the following services:

1. **Hospital** semi-private room and board (or room and board in an intensive care unit), **Hospital** ancillary services (including but not limited to, use of the operating room or emergency room), or use of an **Ambulatory Medical Center**;
2. Services of a **Physician** or a qualified nurse, if under the supervision of a Graduate Registered Nurse (R.N.), for **Home Health Care** which follows a five (5) day period of **Hospital** confinement and which is prescribed by a **Physician**;
3. services by a qualified **Physician** for the treatment of a covered **Mental** or **Nervous** condition due to an **Injury**. However, such charges will be considered a **Covered Accident Medical Expense** only to the extent that the charges do not exceed \$25.00 per visit and are further limited to one visit per day with a maximum of twenty (20) visits. **Hospital** charges for in-patient treatment of a **Mental** or **Nervous** condition, whether in a psychiatric **Hospital** or a general **Hospital**, will be considered a **Covered Accident Medical Expense** and will be limited to up to a twenty (20) day inpatient maximum;
4. Ambulance service to or from a **Hospital** for one round trip;
5. Laboratory tests;
6. Radiological procedures;
7. Anesthetics and the administration of anesthetics;
8. Blood, blood products and artificial blood products, and the transfusion thereof;
9. Physical Therapy, Occupational Therapy, Work and Hardening Therapy and Chiropractic Care as shown in the **Schedule**;
10. Rental of **Durable Medical Equipment**, up to the actual purchase price of such equipment;
11. For the initial supply, but not replacement of: casts, splints, trusses, braces, artificial limbs and artificial eyes subject to the **Accident Medical Exclusions** section;
12. Medicines or drugs administered by a **Physician** or that can be obtained only with a **Physician's** written prescription;
13. Repair or replacement of **Sound Natural Teeth** damaged or lost as a result of **Injury**, up to the Dental Maximum, if any, shown in the **Schedule**;
14. **Extended Care Facilities**; or,
15. **Home Health Care**.

Custodial Services means any services which are not intended primarily to treat a specific **Injury**.

Custodial Services include, but shall not be limited to services:

- (1) related to watching or protecting the **Insured Person**;
- (2) related to performing or assisting the **Insured Person** in performing any activities of daily living, such as: (a) walking; (b) grooming; (c) bathing; (d) dressing; (e) getting in or out of bed; (f) toileting; (g) eating; (h) preparing foods; or (i) taking medications that can usually be self-administered; and
- (3) that are not required to be performed by trained or skilled medical or paramedical personnel.

Durable Medical Equipment refers to equipment of a type that is designed primarily for use, and used primarily by people who are injured (for example, a wheelchair or a **Hospital** bed). It does not include items commonly used by people who are not injured, even if the items can be used in the treatment of **Injury** or can be used for rehabilitation or improvement of health (for example, a stationary bicycle or a spa).

Extended Care Facility means an institution that meets all of the following requirements:

- (1) operates under the laws of the state that it is situated in;
- (2) is approved by the Department of Health and Human Services or its successor;
- (3) is regularly engaged in providing skilled nursing care of sick or injured persons as inpatients at the patient's expense;
- (4) provides 24 hour a day nursing service by or under the supervision of a Graduate Registered Nurse (RN.);
- (5) provides skilled nursing care under the supervision of a **Physician**; and
- (6) maintains a daily medical record of each patient.

Home Health Care means nursing care and treatment of an **Insured Person** in his or her home as part of an overall extended treatment plan. To qualify, the extended treatment plan must:

1. be approved in writing by the attending **Physician**;
2. be provided by a **Hospital** certified to provide **Home Health** services or by a certified **Home Health Care** agency;
3. begin within seven (7) days after discharge from a **Hospital**; and
4. follow a **Hospital** confinement of five (5) days or more.

No benefits are payable for **Home Health Care** services provided by:

1. a member of an **Insured Person's** immediate family; or
2. a person residing in the **Insured Person's** home.

Hospital means a facility that: (1) operates under the law of the state that it is situated in; (2) is approved by the Department of Health and Human Services or its successor; (3) has organized facilities for diagnosis and surgery on its premises or in facilities available to it on a prearranged basis; (4) has 24-hour nursing service by graduate registered nurses (RN), on duty or on call; and (5) is supervised by one or more **Physicians**. A **Hospital** does not include: (1) a nursing, convalescent or geriatric unit of a **Hospital** when a patient is confined mainly to receive nursing care; (2) a facility that is, other than incidentally, a rest home, nursing home, convalescent home or home for the aged; nor does it include any ward, room, wing or other section of the **Hospital** that is used for such purposes; or (3) any military or veterans **Hospital** or soldiers home or any **Hospital** contracted for or operated by any national government or government agency for the treatment of members or ex-members of the armed forces.

Maximum Benefit Period means, with respect to **Accident Medical Expense**, the maximum period for which benefits shall be payable for **Covered Accident Medical Services** for or in connection with a single **Accident Medical Expense Covered Loss**.

Medical Commencement Period means the time period between the date of the **Accident** that caused the **Injury** and the date that a **Covered Accident Medical Service** must be incurred for **Accident Medical Benefits** to be payable under this **Policy**.

Medically Necessary means that a **Covered Accident Medical Service**: (1) is essential for diagnosis, treatment or care of the **Injury** for which it is prescribed or performed; (2) meets generally accepted standards of medical practice; and (3) is ordered by a **Physician** and performed under his or her care, supervision or order.

Personal Comfort or Convenience Item(s) means those items that are not **Medically Necessary** for the care and treatment of the **Insured Person's Injury**. The term **Personal Comfort or Convenience**

Item(s) includes, but is not limited to: (1) a private **Hospital** room, unless **Medically Necessary**; (2) television rental; and (3) **Hospital** telephone charges.

Sound Natural Teeth means natural teeth that are either unaltered or fully restored to their normal function and are disease free, have no decay, and are not more susceptible to injury than unaltered natural teeth.

Usual and Customary Charge(s) means a charge that: (1) is made for a **Covered Accident Medical Service**; (2) does not exceed the usual level of charges for similar treatment, services or supplies in the locality where the expense is incurred (for a **Hospital** room and board charge, other than for a **Medically Necessary** stay in an intensive care unit, does not exceed the **Hospital's** most common charge for semiprivate room and board); and (3) does not include charges that would not have been made if no insurance existed [and (4) does not exceed the cost of a generic drug, if available. The **Company** will only pay up to 75% of a non-generic drug if a generic drug is available.

Accident Medical Exclusions

In addition to the EXCLUSIONS in SECTION VII of this **Policy**, **Usual and Customary Charges** for **Covered Accident Medical Services** do not include, and benefits are not payable with respect to, any expense for or resulting from:

1. repair or replacement of existing artificial limbs, artificial eyes or other prosthetic appliances or repair of existing **Durable Medical Equipment** unless for the purpose of modifying the item because **Injury** has caused further impairment in the underlying bodily condition;
2. dentures, bridges, dental implants, dental bands or braces or other dental appliances, crowns, caps, inlays or onlays, fillings or any other treatment of the teeth or gums;
3. eye glasses or contact lenses;
4. hearing aids or hearing examinations;
5. rental of **Durable Medical Equipment** where the total rental expense exceeds the usual purchase expense for similar equipment in the locality where the expense is incurred (but if, in the **Company's** sole judgment, **Accident Medical Expense Benefits** for rental of **Durable Medical Equipment** are expected to exceed the usual purchase expense for similar equipment in the locality where the expense is incurred, the **Company** may, but is not required to, choose to consider such purchase expense as a **Usual and Customary Covered Accident Medical Expense Benefit** in lieu of such rental expense);
6. **Custodial Services**; or
7. **Personal Comfort** or **Convenience Items**;
8. services of a Federal, Veteran's, State or Municipal **Hospital** for which an **Insured Person** is not liable for payment;
9. any expenses for loss incurred after an **Insured Person** became eligible for Medicare;
10. expenses incurred which are more than the **Usual and Customary Charge**;
11. cosmetic, plastic or restorative surgery unless **Medically Necessary** for the treatment of an **Injury**;
12. expenses which are provided for medical services and treatment in a settlement or court judgment;
13. expenses which are covered under any other insurance of any kind;
14. expenses which the **Insured Person** is not legally obligated to pay;
15. **Extended Care Facility** stay that does not follow a **Hospital** confinement of [five (5)] days or more.
16. any mileage costs related to the **Injury** unless authorized by the **Company**;
17. any translation costs related to the **Injury** unless authorized by the **Company**; or
18. any lodging expenses related to the **Injury** unless authorized by the **Company**.

Additional Features

- The deductible is \$0
- 90-day **Commencement Period** (medical expense must occur within 90 days of the accident)
- **Maximum Benefit Period** is 52 weeks
- **Lifetime Maximum** is twice the medical expense limit
- **Physical Therapy, Occupational Therapy and Work Hardening Therapy** – 36 visit limit
- **Ambulance** - \$2,500 limit for ground and \$10,000 for air for any one accident
- **Chiropractic Care** - \$1,000 limit per injury

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- **Trauma** - \$10,000 maximum benefit
- **Dental** - \$1,000 maximum benefit

The following rates apply per insured person per month based the various death benefit limits shown. The Mandatory rates apply if all drivers are covered while the Voluntary rates apply if coverage is optional.

RATES

The following rates apply per insured person per month based the various medical expense benefit limits shown. The Mandatory rates apply if all authorized commercial drivers are covered while the Voluntary rates apply if coverage is optional.

AME	Benefit Limit								
	\$25,000	\$35,000	\$50,000	\$100,000	\$125,000	\$150,000	\$200,000	\$250,000	\$300,000
Mandatory	\$2.93	\$3.40	\$3.85	\$4.75	\$5.65	\$6.60	\$7.45	\$8.30	\$9.20
Voluntary	\$5.86	\$6.80	\$7.70	\$9.50	\$11.30	\$13.20	\$14.90	\$16.60	\$18.40

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Underwriter Adjustment Factor

Underwriter Risk Assessment	Adjustment
Observed Trend in frequency and/or severity of annual losses:	-25% to +25%
Persistency; One ins. carrier for more than one year	-10% to 0%
Two or more in the last two years	0% to +10%
Quality of Data:	
Good	-5% to 0%
Fair	0% to +15%
Poor	no quote
Significant change in operations:	-10% to +10%
Exposure demographics:	-30% to +30%
Client has other Company policies:	-5% to 0%
Financials:	-5% to +5%
Other	-5% to +5%
Total	-35% to +35%

The Underwriter adjustment factor is the sum of the above adjustments, subject to the total minimum and maximum, plus 1, and is used to arrive at the final rate.

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Product Name: Passenger Accident Insurance - Revised Rate Manual
Project Name/Number: /CW AH 34534

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Actuarial Justification		
Comments:		
Attachment:		
Actuarial Memorandum - PAS DC filing.pdf		

Zurich Insurance Company
Actuarial Memorandum
Passenger Accident Insurance
Form U-PA-100

I. Scope & Purpose

This filing is to revise the current manual rates for Zurich American Insurance Company's Passenger Accident insurance under the approved policy form U-PA-100.

II. Benefit Description

The policy provides the following benefits for Authorized Passengers:

- Accidental Death & Dismemberment Benefit
- Accident Medical Expense Benefit

Authorized Passenger means a passenger who is traveling with an authorized commercial driver of the Policyholder and who does not operate the vehicle, load or unload cargo, secured or unsecured cargo, fuel or participate in any other activity of the vehicle and the Passenger Authorization form has been completed by the authorized commercial driver of the Policyholder for the period of time provided for in the Authorized Passenger form. In no event will the term "Authorized Passenger" include a hitchhiker.

In terms of the new rates in Item IV below, the following benefits always apply:

- Accidental Death Benefit (AD)– 365 day commencement period, i.e., benefit payable if death occurs within 365 days of the accident
- Dismemberment benefit limit – the same as the death benefit limit with the schedule based on extent of loss the shown in the rate manual
- Paralysis limit – the same as the death benefit limit with the schedule based on the type paralysis shown in the rate manual
- Accident Medical Expense (AME) benefit
 - \$0 deductible
 - 90-day commencement period
 - Benefit period is 52 weeks
 - Lifetime Maximum – 2x the maximum benefit
- Physical Therapy, Occupational Therapy and Work Hardening Therapy – 36 visit limit
- Ambulance - \$2,500 limit for ground and \$10,000 for air for any one accident
- Chiropractic Care - \$1,000 limit per injury
- Hernia Coverage – excluded
- Mental & Nervous - \$25 per visit with 20 maximum visits
- Trauma - \$10,000 maximum benefit
- Dental - \$1,000 maximum benefit

Zurich Insurance Company
Actuarial Memorandum
Passenger Accident Insurance
Form U-PA-100

III. Applicability and Proposed Effective Date

New manual rates will be effective upon approval.

IV. Justification of Rates and Experience

We don't have a credible block of business to perform an experience analysis to set the rates. We currently have 77 active policies nationwide. Shown below is the experience for the last 3 years.

Nationwide			
Accident Year	Earned Premium	Reported Losses	Reported Loss Ratio
2009	\$158,293	\$3,204	2.02%
2010	\$569,307	\$5,157	0.91%
2011	\$440,874	\$51,684	11.72%

To justify the new set of rates, we started with the rating plan of a similar product whose rates have been filed and approved. This product is our Travel Accident (UTA with policy form U-TA-100-A) rates. We selected UTA because the passenger accident (PAS) coverage aligns with UTA due to following:

- a. Each policy covers the insured as a passenger. Both have accident & dismemberment coverage as well as medical expense coverage
- b. The accident death limit options under PAS are also available under UTA.
- c. The PAS dismemberment schedule lines up well with the UTA dismemberment schedule:
- d. The dismemberment benefit on both products is a % of the AD benefit as defined in the schedule in the rate manual.
- e. The PAS paralysis benefit is included in the UTA dismemberment schedule
- f. The PAS medical expense benefit (AME) aligns with UTA AME benefit.

We used our UTA rating engine to generate rates for various benefit limits. Based on an 8 travel days per month, which is the average length of travel per month for a typical risk, the following rates were generated:

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	Benefit Limit								
	\$25,000	\$35,000	\$50,000	\$100,000	\$125,000	\$150,000	\$200,000	\$250,000	\$300,000
AD&D	\$0.07	\$0.09	\$0.13	\$0.25	\$0.32	\$0.39	\$0.51	\$0.64	\$0.76
AME	\$2.60	\$2.91	\$3.37	\$4.75	\$5.32	\$5.89	\$7.04	\$8.19	\$9.34
Total	\$2.67	\$3.00	\$3.50	\$5.00	\$5.64	\$6.28	\$7.55	\$8.83	\$10.10

We collaborated with our underwriters to make slight adjustments to the rates above based on their knowledge of and experience with the market to come up with the proposed new rates below:

	Benefit Limit								
	\$25,000	\$35,000	\$50,000	\$100,000	\$125,000	\$150,000	\$200,000	\$250,000	\$300,000
AD&D	\$0.07	\$0.10	\$0.15	\$0.25	\$0.35	\$0.40	\$0.55	\$0.70	\$0.80
AME	\$2.93	\$3.40	\$3.85	\$4.75	\$5.65	\$6.60	\$7.45	\$8.30	\$9.20
Total	\$3.00	\$3.50	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00

The proposed rates above apply when coverage is mandatory to all authorized commercial drivers of the group. If coverage is voluntary, the rates are **2x** the mandatory rates. Please note that it is possible to have different benefit limits for AD&D and AME. For example, if the AD&D benefit is \$200K and the AME limit is \$100k, then the total rate per member per month is $\$0.55 + \$4.75 = \$5.30$ under mandatory coverage and $(2 \times \$0.55) + (2 \times \$4.75) = \$10.60$ under voluntary coverage. We will monitor the loss ratios as the experience emerges and will make appropriate changes when appropriate.

V. Expenses

Category	Provision
Administrative Expense	12.5%
Premium Tax, Licensing and Fees	2.5%
Commissions	17.0% (varies from 0% to 20%)
Profits & Contingencies	3.0%
TOTAL	35.0%

VI. Loss Ratio

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The anticipated loss ratio is 65%.

VII. Reserve Basis

Claim reserves and IBNR will be calculated based on generally accepted actuarial methods. Active life reserves will not be held for this coverage.

VIII. Rate Impact

	Cases	Overall % Rate Impact	Written Premium Change	Written Premium for this program
Nationwide	77	-7.2%	-28,184	389,742

	Cases	Overall % Rate Impact	Written Premium Change	Maximum % Change	Minimum % Change	Written Premium for this program
DC	0	0.0%	0	0.0%	0.0%	0

IX. Effective Date

These rates are to be effective upon the later of filing or state approval, as applicable.

X. Issue Age

This is not relevant to this policy.

XI. Premium Mode

The rates shown in the rate manual are on a monthly basis. Premiums may be optionally payable in other frequency modes.

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XII. Rate Manual

The rate manual is replaced in its entirety with the attached Rate Manual.

XIII. Actuarial Certification

I, Ariel V. Fernando, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

I certify that to the best of my knowledge and belief, the entire rate filing is in compliance with the applicable laws of the state where filed and with the rules of the Department of Insurance, and that the benefits are reasonable in relation to the proposed premiums.

This memorandum has been prepared to accompany the filing of the above policy with state insurance department. This memorandum is not intended for any other purpose.



Ariel V. Fernando, FSA, MAAA
Name of Actuary & Designation

05/04/2012
Date