

**State:** District of Columbia **Filing Company:** ACE American Insurance Company  
**TOI/Sub-TOI:** H04 Health - Blanket Accident /Sickness/H04.000 Health - Blanket Accident /Sickness  
**Product Name:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit  
**Project Name/Number:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit/Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit

## Filing at a Glance

Company: ACE American Insurance Company  
 Product Name: Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit  
 State: District of Columbia  
 TOI: H04 Health - Blanket Accident /Sickness  
 Sub-TOI: H04.000 Health - Blanket Accident /Sickness  
 Filing Type: Rate  
 Date Submitted: 03/07/2014  
 SERFF Tr Num: ACEH-129448625  
 SERFF Status: Closed-APPROVED  
 State Tr Num:  
 State Status:  
 Co Tr Num: 14-AH-2011385  
 Implementation: On Approval  
 Date Requested:  
 Author(s): Karen Moore, Valeria Porterfield, Mary Sindaco, Maureen Ortega  
 Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu  
 Disposition Date: 04/07/2014  
 Disposition Status: APPROVED  
 Implementation Date: 04/07/2014  
 State Filing Description:

**State:** District of Columbia **Filing Company:** ACE American Insurance Company  
**TOI/Sub-TOI:** H04 Health - Blanket Accident /Sickness/H04.000 Health - Blanket Accident /Sickness  
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## General Information

Project Name: Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit	Status of Filing in Domicile: Not Filed
Project Number: Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments: This filing is DC specific
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small and Large
Group Market Type: Blanket	Overall Rate Impact:
Filing Status Changed: 04/07/2014	
State Status Changed:	Deemer Date:
Created By: Karen Moore	Submitted By: Karen Moore
Corresponding Filing Tracking Number:	

PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

Re:ACE American Insurance Company

NAIC: 626-22667 / FEIN: 95-2371728

rate Filing for Amendment to:

Out-of-Country Medical Expense Benefit Rider, AH-10059-OOC-EXT1, to be used with Blanket Accident Policy, AH-10324, et al

In-state and Out-of-State Filing

Dear Commissioner:

We submit for your review rates and actuarial materials for the captioned amended Rider for use with ACE American Insurance Company’s Blanket Accident Policy, form AH-10324, on file with and approved by your Department effective 5/11/2012. The Out-of-Country Medical Expense Benefit Rider was approved 7/24/2012.

This Rider has been amended to add a new benefit, Emergency Hotel Convalescence Benefit, to the Benefit Schedule and the Description of Benefits. There are no additional changes to any of the original benefits contained in the Rider.

The rates for the new benefit and actuarial support are attached.

The Rider provides coverage for Insureds who suffer a loss as a result of a sickness or accident while he or she is traveling outside of his or her home country or country of permanent assignment. The insured must be traveling on business for the policyholder and in the course of the policyholder’s business.

We appreciate the time spent on this filing and trust you will find everything in order. Please contact me if you have questions or require additional information.

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Regards,

Karen N. Moore

## Company and Contact

### Filing Contact Information

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### Filing Company Information

ACE American Insurance Company	CoCode: 22667	State of Domicile:
PO Box 1000	Group Code: 626	Pennsylvania
436 Walnut Street	Group Name: ACE Group	Company Type:
Philadelphia, PA 19106	FEIN Number: 95-2371728	State ID Number:
(215) 640-5123 ext. [Phone]		

## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:

**SERFF Tracking #:**

ACEH-129448625

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

14-AH-2011385

**State:** District of Columbia**Filing Company:** ACE American Insurance Company**TOI/Sub-TOI:** H04 Health - Blanket Accident /Sickness/H04.000 Health - Blanket Accident /Sickness**Product Name:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit**Project Name/Number:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit/Blanket Accident Policy - Amended Out-of-Country Rider -  
Emergency Hotel Convalescence Benefit

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Out-of-Country Rate Manual	AH-10059-OOC-EXT1	New		Blanket Accident_OOC Rider_Washington DC_March 2014_ratemanual.pdf,

**ATTACHMENT A**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

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**EXHIBIT I**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**EXPENSES, PROFIT AND ANTICIPATED LOSS RATIO**

	<b>% of Gross Premium</b>
<b>Commissions</b>	<b>15.0%</b>
<b>Administrative</b>	<b>12.5%</b>
<b>Premium Tax</b>	<b>2.5%</b>
<b>Profit</b>	<b>5.0%</b>
<b>Total</b>	<b>35.0%</b>
<b>Anticipated Loss Ratio</b>	<b>65.0%</b>

**EXHIBIT II**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**MEDICAL EXPENSE BENEFIT CLAIM COSTS & ADJUSTMENT FACTORS**

MONTHLY CLAIM COSTS		
Maximum Benefit	Destination	
	Non-US	US
\$10,000	\$34.24	\$37.82
25,000	60.66	69.35
50,000	80.67	92.19
100,000	95.58	109.25
150,000	100.36	114.72
250,000	104.29	120.18
500,000	109.92	125.67
1,000,000	112.30	128.38

COINSURANCE	
	load
1	1.00
2	0.95

Note: 1 = None, 2 = 80%/20%

ROOM & BOARD			
Code	Destination		Daily Amount
	Non-US	US	
1	(\$0.50)	(\$0.25)	\$400
2	\$0.00	\$0.00	500
3	\$1.00	\$1.50	600
4	\$1.50	\$2.25	ASP

Note: ASP denotes Average Semi-Private rate

COINS. THRESHOLD	
Amount	factor
\$0	1.000
1,000	1.035
2,000	1.020
2,500	1.000
5,000	0.900
10,000	0.800

DEDUCTIBLES		
Amount	Destination	
	Non-US	US
\$25	1.17	1.37
50	1.15	1.30
100	1.00	1.10
250	0.80	1.00
500	0.70	0.85
1,000	0.60	0.70
5,000	0.50	0.50

AGE/GENDER FACTORS				
	Ages	Male	Female	Unisex
0	Under 25	0.413	1.093	0.735
25	25-29	0.473	1.272	0.856
30	30-34	0.566	1.240	0.891
35	35-39	0.705	1.215	0.952
40	40-44	0.880	1.268	1.070
45	45-49	1.151	1.436	1.291
50	50-54	1.534	1.735	1.634
55	55-59	2.092	2.037	2.064
60	60-64	2.696	2.453	2.572
65	65+	3.049	2.719	2.861
	Children	0.678	0.678	0.678

DISCOUNTS		
Exposure (weeks)	Destination	
	Non-US	US
0	1.00	1.00
11	0.90	1.00
26	0.80	0.90
51	0.65	0.75
101	0.55	0.65
201	0.50	0.55
301	0.45	0.50
401	0.40	0.45

INTEGRATION	
Code	Factor
0	0.90
1	1.00

Note: 0 = Secondary, 1 = Primary

OCCUPATIONAL COVERAGE	
Code	Factor
0	1.00
1	1.10

Note: 0 = No, 1 = Yes

**EXHIBIT II(a)**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**EMERGENCY MEDICAL - MONTHLY CLAIM COSTS# & ADJUSTMENT FACTORS**

Age Bracket	Males	Females	Unisex
0-14	\$5.945	\$5.945	\$5.945
15-24	3.768	9.292	6.530
25-29	4.181	10.557	7.369
30-34	4.689	10.729	7.709
35-39	5.360	10.729	8.044
40-44	6.952	11.985	9.468
45-49	8.879	13.405	11.142
50-54	10.161	14.428	12.295
55-59	11.624	15.538	13.581
60-64	13.301	16.734	15.059
65-69	15.220	18.016	16.618
70-74	17.414	19.401	18.407
75-79	19.926	20.890	20.408
80-84	22.791	22.499	22.645
85+	26.086	24.228	25.157

# Note: The premium rates shown above assume a \$2,500 maximum benefit, \$50 deductible, and 100% coinsurance. Use the adjustment factors shown below to arrive at the final premium rate.

**EMERGENCY MEDICAL - PREMIUM ADJUSTMENT FACTORS**

Maximum Benefit	Factor	Deductible	Factor	Coinsurance Percentage	Factor
\$ 2,500	1.000	\$0	1.015	100%	1.00
5,000	1.556	25	1.010	90%	0.99
10,000	2.281	50	1.000	80%	0.97
25,000	3.053	100	0.985	70%	0.95
50,000	3.444	150	0.970	60%	0.92
100,000	3.705	200	0.960		
150,000	3.801	250	0.950		
200,000	3.847	300	0.930		
250,000	3.875	400	0.910		
500,000	3.918	500	0.890		
1,000,000	3.936	1,000	0.830		

**EXHIBIT II(b)**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**EVACUATION & REPATRIATION CLAIM COSTS & ADJUSTMENT FACTORS**

<b>Benefit</b>	<b>Monthly Claim Costs</b>	<b>Basis</b>
Emergency Medical Evacuation Benefit	\$0.560 #	Per \$10,000
Repatriation of Remains Benefit	\$0.020 #	Per \$10,000

FOOTNOTES:

# Premiums for Medical Evacuation and Repatriation benefits in excess of \$10,000 will be adjusted for maximum benefit. Size adjustments for selected maximums are as follows:

Maximum Benefit	Factor
Up to \$10,000	1.00
\$20,000	1.41
\$25,000	1.58
\$50,000	2.24
\$75,000	2.74
\$100,000	3.16
No maximum	5.00

**EXHIBIT II(c)**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**EMERGENCY REUNION BENEFIT - CLAIM COSTS & ADJUSTMENT FACTORS**

**Monthly Claim Cost per \$1,000**    **\$0.1080**

**PLAN DESIGN - OPTIONS**

		Maximum Benefit	Daily Maximum	Maximum # Days	Waiting Period
<b>Waiting Period Factors</b>		\$1,000	\$100	5	24 hours
24 Hour Wait	<b>1.000</b>	\$2,000	\$200	6	48 hours
48 Hour Wait	<b>0.951</b>	\$3,000	\$300	7	72 hours
72 Hour Wait	<b>0.855</b>	\$4,000	\$400	8	
		\$5,000	\$500	9	
<b>Scope of Coverage Factors</b>		\$6,000		10	
		\$7,000		11	
Accident & Sickness	<b>2.00</b>	\$8,000		12	
		\$9,000		13	
<b>Coinsurance Factors</b>		\$10,000		14	
80%	<b>0.80</b>				
90%	<b>0.90</b>				
100%	<b>1.00</b>				

**EXHIBIT III**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**NET CLAIM COSTS - TRAVEL BENEFITS**

<b>TRIP INTERRUPTION / CANCELLATION</b>			<b>OTHER</b>	<b>Per \$1,000 Per Week</b>
	Trip Cancellation	Trip Interruption	Chaperone Replacement Benefit	\$0.025
Per \$100 Benefit Per Trip	\$2.10	\$0.36	Extended Benefit Option	\$0.025
<b>AGE ADJUSTMENTS</b>			Family Reunion	\$0.025
	Trip Cancellation	Trip Interruption	Home Country Benefit I	\$0.025
0-34	0.58	0.64	Home Country Benefit II	\$0.025
35-59	0.72	0.83	Home Country Emergency Benefit	\$0.025
60-69	0.90	0.92	Home Country Extension Benefit	\$0.025
70-74	1.19	0.97	Return of Minor Child(ren)	\$0.025
75-79	1.52	1.25	Emergency Hotel Convalescence	\$0.015
80-84	2.22	1.39		
85+	2.38	1.39		

**BASIC PREMIUM RATES - LOST BAGGAGE & OTHER BENEFITS**

	Lost Baggage	Personal Property	Financial Instruments
Per \$100 Benefit Per Week	\$0.25	\$0.55	\$0.45

**DEDUCTIBLE ADJUSTMENTS@**

Amount	Factor
\$25	1.10
\$50	1.00
\$100	0.90
\$200	0.80
\$500	0.60

@ Deductible adjustments will apply to each of these three benefits.

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**Project Name/Number:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit/Blanket Accident Policy - Amended Out-of-Country Rider -  
 Emergency Hotel Convalescence Benefit

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	DC - Blanket Accident - OOC Rider - Hotel Convalescence Benefit Cover Letter RATES 03072014 .pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Blanket Accident_OOC Rider_Washington DC_March 2014.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Justification
<b>Comments:</b>	
<b>Attachment(s):</b>	Blanket Accident_OOC Rider_Washington DC_March 2014.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

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<b>Bypassed - Item:</b>	Consumer Disclosure Form
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Company Response from Actuary Dated March 28, 2014
<b>Comments:</b>	
<b>Attachment(s):</b>	Blanket Accident_OOC Rider_Washington DC_March 2014_cover letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



**ace group**

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www.acegroup.com

**Karen N. Moore**  
*A&H Product Manager*

March 7, 2014

**Re: ACE American Insurance Company**  
**NAIC: 626-22667 / FEIN: 95-2371728**

Rate Filing for Amendment to:  
Out-of-Country Medical Expense Benefit Rider, AH-10059-OOC-EXT1, to be used with  
Blanket Accident Policy, AH-10324, et al

In-state and Out-of-State Filing

Dear Commissioner:

We submit for your review the rates for the captioned amended Rider for use with ACE American Insurance Company's Blanket Accident Policy, form AH-10324, on file with and approved by your Department effective 5/11/2012. The Out-of-Country Medical Expense Benefit Rider was approved 7/24/2012.

This Rider has been amended to add a new benefit, Emergency Hotel Convalescence Benefit, to the Benefit Schedule and the Description of Benefits. There are no additional changes to any of the original benefits contained in the Rider.

The rates and actuarial support are attached.

The Rider provides coverage for Insureds who suffer a loss as a result of a sickness or accident while he or she is traveling outside of his or her home country or country of permanent assignment. The insured must be traveling on business for the policyholder and in the course of the policyholder's business.

We appreciate the time spent on this filing and trust you will find everything in order. Please contact me if you have questions or require additional information.

Regards,

Karen N. Moore

## ACTUARIAL MEMORANDUM

### ACE AMERICAN INSURANCE COMPANY District of Columbia Out-of-Country Medical Expense Rider Rider Form: AH-10059-OOC-EXT1

#### 1. **SCOPE AND PURPOSE**

The purpose of this memorandum is to meet the rate filing requirements for the District of Columbia. ACE American Insurance Company is filing an optional Out-of-Country medical expense benefit rider that may be attached to its Blanket Accident policy.

#### 2. **DESCRIPTION OF BENEFITS**

We will pay the benefits described in this Rider only if a Covered Person suffers a loss or incurs a Covered Expense as the direct result of a Covered Accident or Sickness while traveling:

- i. outside of his or her Home Country or Country of Permanent Assignment;
- ii. up to {Variable, e.g.: 30/60/90/180/365} days;
- iii. on business for the Policyholder; and
- iv. in the course of the Policyholder's business.

#### ***Accident & Sickness Benefits***

- Accident & Sickness Medical Expense Benefit
- Emergency Medical Benefit
- Emergency Medical Evacuation Benefit
- Emergency Reunion Benefit
- Family Reunion Benefit
- Repatriation of Remains Benefit

#### ***Other Travel Benefits***

- Chaperone Replacement Benefit
- Extended Benefit Option
- Home Country Benefit
- Home Country Emergency Benefit
- Home Country Extension Benefit
- Lost Baggage Benefit
- Personal Property Benefit
- Personal Property and Financial Instrument Reimbursement Benefit
- Return of Minor Child(ren) Benefit
- Trip Cancellation Benefit
- Trip Interruption Benefit
- Emergency Hotel Convalescence

“Home Country” means a country from which the Covered Person holds a passport. If the Covered Person holds passports from more than one Country, his or her Home Country will be the country that he or she has declared to Us in writing as his or her Home Country.

“Country of Permanent Assignment” means a country, other than a Covered Person’s Home Country, in which the Policyholder requires a Covered Person to work for a period of time that exceeds {180/365} continuous days.

3. **RENEWABILITY CLAUSE**

This form is classified as a “Blanket” product for purposes of renewability and determining minimum loss ratios.

4. **APPLICABILITY**

The insurer anticipates both new and eventually renewal business under this form.

5. **MORBIDITY**

Manual premium rates for accident and sickness benefits were calculated from pricing models developed by consultants.

Claim costs for Trip Interruption, Lost Baggage, Personal Property and Financial Instrument Reimbursement benefits were developed from similar programs offered by ACE American Insurance Company.

6. **MORTALITY**

Mortality is not an assumption used in developing the premium rates of this product.

7. **PERSISTENCY**

Persistency assumptions were not used in the pricing of this product.

8. **EXPENSES**

ACE's anticipated expenses for this product are 35%. The following is an example of an expected breakdown of the expense by component:

Commissions	15.0%
Administration	12.5%
Premium tax	2.5%
<u>Profit &amp; Contingencies</u>	<u>5.0%</u>
Subtotal	35.0%

9. **MARKETING METHOD**

This product is sold through licensed insurance brokers, agents, and third party administrators.

## 10. **UNDERWRITING**

ACE American Insurance Company would review the policyholder, plan design, marketing plan and prior overall experience. Information would generally be obtained from the plan sponsor and the administrator of the program. The underwriting function is to determine if the inherent risks unique to individual applicants are acceptable and if so collect the facts required to establish the appropriate premium rates.

In general, underwriting adjustments may be in order with respect to any extraordinary items having an impact on the risk and requiring interpretive judgment, and are subject to the discretion of the underwriter.

## 11. **PREMIUM CLASSES**

Premium rates can vary by plan design (i.e., maximum benefit period, deductible, coinsurance, etc.), age & gender, and effective date. Premium rates and adjustment factors are included in **Exhibits II** through **III**.

## 12. **ISSUE AGE RANGE**

Premium rates vary by attained age for the following benefits:

- a) Accident & Sickness Medical Expense
- b) Emergency Medical
- c) Trip Cancellation
- d) Trip Interruption

## 13. **AREA FACTORS**

Premium rates do not vary by area.

## 14. **AVERAGE MODAL PREMIUMS**

The average premium per insured is expected to be as follows:

- Accident & Sickness: \$150 per month
- Travel Benefits: \$35 - \$40 per trip (1 week duration)

## 15. **PREMIUM MODALIZATION RULES**

Premiums for accident & sickness benefits are calculated on a monthly mode basis. Other modes equal the number of months times the monthly premium. Premiums for travel benefits are calculated on a per trip basis.

## 16. **ACTIVE LIFE RESERVES**

Not applicable to this form.

17. **TREND ASSUMPTIONS**

Trend is estimated to be 7%, based on Milliman's Health Cost Guidelines.

18. **ANTICIPATED LOSS RATIO**

The anticipated loss ratio for all policy years is assumed to be 65%.

19. **CONTINGENCY & RISK MARGINS**

The contingency, risk, and profit margin is 5% of premium.

20. **LIFETIME LOSS RATIO**

The lifetime loss ratio is assumed to be 65%.

21. **PROPOSED EFFECTIVE DATE**

The proposed effective date for these rates is March 15, 2014 or when approved.

## 22. CERTIFICATION

I, Alan Finkelstein, am an employee of ACE American Insurance Company. I am a member of the American Academy of Actuaries and meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I hereby certify, to the best of my knowledge and judgment, that this rate filing is in compliance with the applicable laws of the District of Columbia, the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, "Regulatory Filings for Health Plan Entities," as adopted by the Actuarial Standards Board, December, 2005 and the benefits provided are reasonable in relation to the proposed premiums. I also attest that in my opinion, the rates are not excessive, inadequate or unfairly discriminatory.

Respectfully submitted,



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Alan Finkelstein, FSA, MAAA, FLMI, MBA, CPCU  
Assistant Vice President  
ACE American Insurance Company  
March 7, 2014

## ACTUARIAL MEMORANDUM

### ACE AMERICAN INSURANCE COMPANY District of Columbia Out-of-Country Medical Expense Rider Rider Form: AH-10059-OOC-EXT1

#### 1. **SCOPE AND PURPOSE**

The purpose of this memorandum is to meet the rate filing requirements for the District of Columbia. ACE American Insurance Company is filing an optional Out-of-Country medical expense benefit rider that may be attached to its Blanket Accident policy.

#### 2. **DESCRIPTION OF BENEFITS**

We will pay the benefits described in this Rider only if a Covered Person suffers a loss or incurs a Covered Expense as the direct result of a Covered Accident or Sickness while traveling:

- i. outside of his or her Home Country or Country of Permanent Assignment;
- ii. up to {Variable, e.g.: 30/60/90/180/365} days;
- iii. on business for the Policyholder; and
- iv. in the course of the Policyholder's business.

#### ***Accident & Sickness Benefits***

- Accident & Sickness Medical Expense Benefit
- Emergency Medical Benefit
- Emergency Medical Evacuation Benefit
- Emergency Reunion Benefit
- Family Reunion Benefit
- Repatriation of Remains Benefit

#### ***Other Travel Benefits***

- Chaperone Replacement Benefit
- Extended Benefit Option
- Home Country Benefit
- Home Country Emergency Benefit
- Home Country Extension Benefit
- Lost Baggage Benefit
- Personal Property Benefit
- Personal Property and Financial Instrument Reimbursement Benefit
- Return of Minor Child(ren) Benefit
- Trip Cancellation Benefit
- Trip Interruption Benefit
- Emergency Hotel Convalescence

“Home Country” means a country from which the Covered Person holds a passport. If the Covered Person holds passports from more than one Country, his or her Home Country will be the country that he or she has declared to Us in writing as his or her Home Country.

“Country of Permanent Assignment” means a country, other than a Covered Person’s Home Country, in which the Policyholder requires a Covered Person to work for a period of time that exceeds {180/365} continuous days.

3. **RENEWABILITY CLAUSE**

This form is classified as a “Blanket” product for purposes of renewability and determining minimum loss ratios.

4. **APPLICABILITY**

The insurer anticipates both new and eventually renewal business under this form.

5. **MORBIDITY**

Manual premium rates for accident and sickness benefits were calculated from pricing models developed by consultants.

Claim costs for Trip Interruption, Lost Baggage, Personal Property and Financial Instrument Reimbursement benefits were developed from similar programs offered by ACE American Insurance Company.

6. **MORTALITY**

Mortality is not an assumption used in developing the premium rates of this product.

7. **PERSISTENCY**

Persistency assumptions were not used in the pricing of this product.

8. **EXPENSES**

ACE's anticipated expenses for this product are 35%. The following is an example of an expected breakdown of the expense by component:

Commissions	15.0%
Administration	12.5%
Premium tax	2.5%
<u>Profit &amp; Contingencies</u>	<u>5.0%</u>
Subtotal	35.0%

9. **MARKETING METHOD**

This product is sold through licensed insurance brokers, agents, and third party administrators.

## 10. **UNDERWRITING**

ACE American Insurance Company would review the policyholder, plan design, marketing plan and prior overall experience. Information would generally be obtained from the plan sponsor and the administrator of the program. The underwriting function is to determine if the inherent risks unique to individual applicants are acceptable and if so collect the facts required to establish the appropriate premium rates.

In general, underwriting adjustments may be in order with respect to any extraordinary items having an impact on the risk and requiring interpretive judgment, and are subject to the discretion of the underwriter.

## 11. **PREMIUM CLASSES**

Premium rates can vary by plan design (i.e., maximum benefit period, deductible, coinsurance, etc.), age & gender, and effective date. Premium rates and adjustment factors are included in **Exhibits II** through **III**.

## 12. **ISSUE AGE RANGE**

Premium rates vary by attained age for the following benefits:

- a) Accident & Sickness Medical Expense
- b) Emergency Medical
- c) Trip Cancellation
- d) Trip Interruption

## 13. **AREA FACTORS**

Premium rates do not vary by area.

## 14. **AVERAGE MODAL PREMIUMS**

The average premium per insured is expected to be as follows:

- Accident & Sickness: \$150 per month
- Travel Benefits: \$35 - \$40 per trip (1 week duration)

## 15. **PREMIUM MODALIZATION RULES**

Premiums for accident & sickness benefits are calculated on a monthly mode basis. Other modes equal the number of months times the monthly premium. Premiums for travel benefits are calculated on a per trip basis.

## 16. **ACTIVE LIFE RESERVES**

Not applicable to this form.

17. **TREND ASSUMPTIONS**

Trend is estimated to be 7%, based on Milliman's Health Cost Guidelines.

18. **ANTICIPATED LOSS RATIO**

The anticipated loss ratio for all policy years is assumed to be 65%.

19. **CONTINGENCY & RISK MARGINS**

The contingency, risk, and profit margin is 5% of premium.

20. **LIFETIME LOSS RATIO**

The lifetime loss ratio is assumed to be 65%.

21. **PROPOSED EFFECTIVE DATE**

The proposed effective date for these rates is March 15, 2014 or when approved.

## 22. CERTIFICATION

I, Alan Finkelstein, am an employee of ACE American Insurance Company. I am a member of the American Academy of Actuaries and meet the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I hereby certify, to the best of my knowledge and judgment, that this rate filing is in compliance with the applicable laws of the District of Columbia, the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, "Regulatory Filings for Health Plan Entities," as adopted by the Actuarial Standards Board, December, 2005 and the benefits provided are reasonable in relation to the proposed premiums. I also attest that in my opinion, the rates are not excessive, inadequate or unfairly discriminatory.

Respectfully submitted,



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Alan Finkelstein, FSA, MAAA, FLMI, MBA, CPCU  
Assistant Vice President  
ACE American Insurance Company  
March 7, 2014



**ace usa**

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**Alan Finkelstein FSA, MAAA, FLMI, MBA, CPCU**  
*Assistant Vice President*

March 28, 2014

Ms. Darniece Shirley  
Department of Insurance, Securities and Banking  
810 First Street, NE, Suite 701  
Washington, DC 20002

Re: ACE American Insurance Company  
Blanket Accident Policy - Amended Out-of-Country Rider – AH-10059-OOC-EXT1  
SERFF tracking number: ACEH-129448625

Dear Ms. Shirley,

This letter is in response to the SERFF objection dated March 12<sup>th</sup>. I will address those objections in your letter that are specific to the actuarial memorandum and rate manual. By bullet point:

Objection 4 – *“Please provide the group size rating factors for this product.”*

RESPONSE: Volume discount factors are applicable for the Medical Expense benefit only. These factors vary based on group size, average trip length (in weeks) and destination (domestic versus foreign). A summary of these factors can be found in **Appendix I** in this letter. You can verify the factors by referencing the table of discounts on the right hand side of **Exhibit II** in the rate manual, assuming the total exposure (i.e., number of travel weeks) equals the product of: [# lives] x [average trip duration (weeks)]

Objection 5 – *“Please provide the source of morbidity pricing models used to develop the manual premium rates for accident and sickness benefits.”*

RESPONSE: Please refer to **Appendix II** in this letter.

Objection 6 – *“What interest rate assumptions, if any are being made? Please justify.”*

RESPONSE: Interest rate assumptions were ignored since benefits under the rider are payable over a limited benefit period (i.e., 13, 26 or 52 weeks). Contrast this with disability income claim costs, where interest discounting has a material impact because benefits may be payable over periods of 10 or more years. A hypothetical example demonstrating these concepts can be found in **Appendix III** of this letter.

Blanket Accident Policy - Amended Out-of-Country Rider  
Page Two

We hope everything is satisfactory and look forward to an approval on this rate filing.

Sincerely:

A handwritten signature in cursive script that reads "Alan Finkelstein".

Alan Finkelstein

Attachments

cc: Karen Moore

**APPENDIX I**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**MEDICAL EXPENSE ADJUSTMENTS BASED ON GROUP SIZE AND TRIP DURATION**  
**FOREIGN TRAVEL**

		Average Duration per Trip (Weeks)														
		1	2	3	4	5	6	7	8	9	10	11	12	13	26	52
Group Size (Lives)	1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.80	0.65
	2	1.00	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.80	0.65	0.55
	3	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.80	0.80	0.80	0.80	0.80	0.65	0.55
	4	1.00	1.00	0.90	0.90	0.90	0.90	0.80	0.80	0.80	0.80	0.80	0.80	0.65	0.55	0.50
	5	1.00	1.00	0.90	0.90	0.90	0.80	0.80	0.80	0.80	0.80	0.65	0.65	0.65	0.55	0.50
	6	1.00	0.90	0.90	0.90	0.80	0.80	0.80	0.80	0.65	0.65	0.65	0.65	0.65	0.55	0.45
	7	1.00	0.90	0.90	0.80	0.80	0.80	0.80	0.65	0.65	0.65	0.65	0.65	0.65	0.55	0.45
	8	1.00	0.90	0.90	0.80	0.80	0.80	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.55	0.40
	9	1.00	0.90	0.80	0.80	0.80	0.65	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.50	0.40
	10	1.00	0.90	0.80	0.80	0.80	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.50	0.40
	11	0.90	0.90	0.80	0.80	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.50	0.40
	12	0.90	0.90	0.80	0.80	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.45	0.40
	13	0.90	0.80	0.80	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.55	0.45	0.40
	14	0.90	0.80	0.80	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.55	0.45	0.40
	15	0.90	0.80	0.80	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.45	0.40
	16	0.90	0.80	0.80	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.40	0.40
	17	0.90	0.80	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.40	0.40
	18	0.90	0.80	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.40	0.40
	19	0.90	0.80	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.50	0.40	0.40
	20	0.90	0.80	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.50	0.40	0.40
25	0.90	0.80	0.65	0.65	0.55	0.55	0.55	0.55	0.50	0.50	0.50	0.50	0.45	0.40	0.40	
50	0.80	0.65	0.55	0.55	0.50	0.50	0.45	0.45	0.40	0.40	0.40	0.40	0.40	0.40	0.40	
100	0.65	0.55	0.50	0.45	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	
200	0.55	0.45	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	
250	0.50	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	
500	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	

**APPENDIX I**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**MEDICAL EXPENSE ADJUSTMENTS BASED ON GROUP SIZE AND TRIP DURATION**  
**DOMESTIC TRAVEL**

		Average Duration per Trip (Weeks)														
		1	2	3	4	5	6	7	8	9	10	11	12	13	26	52
<b>Group Size (Lives)</b>	<b>1</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.90	0.75
	<b>2</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.90	0.75	0.65
	<b>3</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.75	0.65
	<b>4</b>	1.00	1.00	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.90	0.75	0.65	0.55
	<b>5</b>	1.00	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.75	0.75	0.75	0.65	0.55
	<b>6</b>	1.00	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.75	0.75	0.75	0.75	0.75	0.65	0.50
	<b>7</b>	1.00	1.00	1.00	0.90	0.90	0.90	0.90	0.75	0.75	0.75	0.75	0.75	0.75	0.65	0.50
	<b>8</b>	1.00	1.00	1.00	0.90	0.90	0.90	0.75	0.75	0.75	0.75	0.75	0.75	0.65	0.55	0.45
	<b>9</b>	1.00	1.00	0.90	0.90	0.90	0.75	0.75	0.75	0.75	0.75	0.75	0.65	0.65	0.55	0.45
	<b>10</b>	1.00	1.00	0.90	0.90	0.90	0.75	0.75	0.75	0.75	0.75	0.65	0.65	0.65	0.55	0.45
	<b>11</b>	1.00	1.00	0.90	0.90	0.75	0.75	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.55	0.45
	<b>12</b>	1.00	1.00	0.90	0.90	0.75	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.50	0.45
	<b>13</b>	1.00	0.90	0.90	0.75	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.65	0.50	0.45
	<b>14</b>	1.00	0.90	0.90	0.75	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.65	0.50	0.45
	<b>15</b>	1.00	0.90	0.90	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.50	0.45
	<b>16</b>	1.00	0.90	0.90	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.65	0.55	0.45	0.45
	<b>17</b>	1.00	0.90	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.45	0.45
	<b>18</b>	1.00	0.90	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.45	0.45
	<b>19</b>	1.00	0.90	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.45	0.45
	<b>20</b>	1.00	0.90	0.75	0.75	0.75	0.65	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.45	0.45
<b>25</b>	1.00	0.90	0.75	0.75	0.65	0.65	0.65	0.65	0.55	0.55	0.55	0.55	0.50	0.45	0.45	
<b>50</b>	0.90	0.75	0.65	0.65	0.55	0.55	0.50	0.50	0.45	0.45	0.45	0.45	0.45	0.45	0.45	
<b>100</b>	0.75	0.65	0.55	0.50	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	
<b>200</b>	0.65	0.50	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	
<b>250</b>	0.55	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	
<b>500</b>	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	

**APPENDIX II**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**SUMMARY OF SOURCES OF A&H PRICING INFORMATION**

<b>Exh.</b>	<b>Benefit</b>	1	2	3	4	5	6	7	8
<b>II(b)</b>	Emergency Medical Evacuation Benefit	√		√					
<b>II(b)</b>	Repatriation of Remains Benefit		√		√	√	√		
<b>II(c.)</b>	Emergency Medical Benefit							√	
<b>III</b>	Family Reunion Benefit								√
<b>II(c.)</b>	Emergency Reunion Benefit							√	√
<b>II</b>	Medical Expense Benefit							√	

FOOTNOTES:

- 1 U.S. Census Bureau - Statistical Abstract of the United States (2009 edition)
- 2 National Safety Council - Injury Facts 2011
- 3 Centers for Disease Control - 'National Hospital Ambulatory Medical Care Survey: 2007 Emergency Department Summary
- 4 U.S. Department of Commerce, International Trade Association - U.S. Citizen Air Traffic to Overseas Regions, Canada & Mexico (2009)
- 5 U.S. State Department - 'Death of U.S. Citizens Abroad by Non-Natural Causes
- 6 Progressive Auto Insurance Survey [<http://a-1autoinsurance.com/articles/?id=48>]
- 7 Milliman's Health Cost Guidelines, adjusted for Emergency Services only
- 8 ACE's Group Global Accident & Sickness rate manual

**APPENDIX III**  
**ACE AMERICAN INSURANCE COMPANY**  
**OUT-OF-COUNTRY MEDICAL EXPENSE BENEFIT RIDER**  
**FORM AH-10059-OOC-EXT1**

**INTEREST DISCOUNTS - HYPOTHETICAL EXAMPLE**

Duration (Months)	Completion Factor	Incurred	Unpaid	Paid Claims	Present Value	Pres Value Paid Claim
15	100.00%	\$100,000	\$0	\$3	0.9637	\$3
14	100.00%	\$99,997	\$3	\$7	0.9661	\$7
13	99.99%	\$99,989	\$11	\$12	0.9685	\$11
12	99.98%	\$99,978	\$22	\$33	0.9709	\$32
11	99.95%	\$99,945	\$55	\$65	0.9733	\$64
10	99.88%	\$99,880	\$120	\$60	0.9757	\$58
9	99.82%	\$99,820	\$180	\$45	0.9781	\$44
8	99.77%	\$99,775	\$225	\$81	0.9805	\$79
7	99.69%	\$99,694	\$306	\$175	0.9829	\$172
6	99.52%	\$99,519	\$481	\$194	0.9853	\$191
5	99.33%	\$99,325	\$675	\$282	0.9878	\$278
4	99.04%	\$99,043	\$957	\$939	0.9902	\$930
3	98.10%	\$98,105	\$1,895	\$2,509	0.9926	\$2,490
2	95.60%	\$95,596	\$4,404	\$39,744	0.9951	\$39,549
1	55.85%	\$55,851	\$44,149	\$55,851	0.9975	\$55,714
0	0.00%	\$0	\$100,000	\$0	1.0000	\$0
Totals				\$100,000		\$99,623
Assumptions					Impact	-0.4%
Ultimate Incurred		\$100,000				
Interest rate						3%

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

ACE American Insurance Company

**TOI/Sub-TOI:** H04 Health - Blanket Accident /Sickness/H04.000 Health - Blanket Accident /Sickness**Product Name:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit**Project Name/Number:** Blanket Accident Policy - Amended Out-of-Country Rider - Emergency Hotel Convalescence Benefit/Blanket Accident Policy - Amended Out-of-Country Rider -  
Emergency Hotel Convalescence Benefit

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/07/2014		Rate	Out-of-Country Rate Manual	04/03/2014	Blanket Accident_OOC Rider_Washington DC_March 2014_ratemanual.pdf