

SERFF Tracking #:

ALST-128679776

State Tracking #:

Company Tracking #:

GVDIPDC RATE FILING

State: District of Columbia

Filing Company: American Heritage Life Insurance Company

TOI/Sub-TOI: H11G Group Health - Disability Income/H11G.002 Short Term

Product Name: Group Voluntary Disability

Project Name/Number: GVDIPDC Rate Filing /

Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

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

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GVDIPDC Rate Filing /

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action*	Rate Action Information	Attachments
1		AWD GVDIP Actuarial Memorandum	GVDIPDC, et al	New		GVDIP_Act_Memo_Most States_with Rates.pdf

American Heritage Life Insurance Company
Jacksonville, Florida

**Actuarial Memorandum Group Disability Income Policy
Form GVDIP**

1. Scope and Purpose of Filing

This is a new filing of the rates for American Heritage Life Insurance Company's Group Disability Income Policy Form GVDIP, or state variations thereof. This rate filing is not intended to be used for any other purpose.

2. Description of Benefits

A summary of the benefits are listed below. Detailed descriptions of the benefits are in the policy forms.

A. Policy Benefits

This policy provides short term off-the-job injury and sickness disability benefits for Total Disability, as follows:

i. Benefit and Elimination Periods

Available Benefit Periods: 3, 6, 12 and 24 months

Available Elimination Periods:

Accident Elimination Period/Days	Sickness Elimination Period/Days
0	7
7	7
14	14
30	30
90	90
180	180

ii. Benefit Levels

Available monthly benefits: \$400 to \$6,000 per month. No monthly benefit will be issued for amounts which exceed 60% of the applicant's current gross income. This 60% limit applies to all disability income coverage in force. The policy also includes a partial disability benefit.

iii. Definition of Total Disability

Due to sickness or an off-the-job injury the insured is:

1. Unable to perform the material and substantial duties of Own Occupation, and
2. Under the care of a physician, and
3. Not working in any other job for wage or profit.

3. Renewability

Individual certificates can only be terminated for reasons stated in the policy. The group policy is cancelable subject to the rules stated in the policy form.

4. Applicability

This is a new filing of this form. We anticipate new issues and renewals of this form in the future.

5. Morbidity, Underwriting and Marketing

Morbidity assumptions were developed based on company experience for an individual form with a similar benefit structure and the 1985 CIDA Tables.

Net claim costs were developed from the 1985 CIDA Tables adjusted for actual company experience on its DI-5 policy form and current group DI policy form.

For the workplace market claim costs were adjusted by duration for the effects of guaranteed issue underwriting, waiting period for pregnancy, and exclusion of pre-existing conditions. These underwriting selection factors are as follows:

Year	Factor
1	0.95
2	1.156
3	1.026

6. Mortality and Interest

No explicit mortality assumption was used to establish the anticipated loss ratio. The persistency rates take into account all causes of lapse, including death.

An interest rate of 4.0% was used to develop the anticipated loss ratio.

7. Persistence

The lapse rate assumptions used in pricing this form is for all causes of policy/certificate termination, including death. Lapse rates vary by age and duration. Overall lapse rates based on the anticipated mix are as follows:

Pol Yr	Midpoint of Age Band									
	14	24	32	37	42	47	52	57	62	65+
1	28.4%	28.4%	32.4%	28.4%	26.2%	24.2%	22.4%	20.7%	19.1%	17.7%
2	31.8%	31.8%	36.1%	31.8%	29.4%	27.2%	25.1%	23.2%	21.5%	19.9%
3	27.8%	27.8%	31.6%	27.8%	25.6%	23.7%	21.8%	20.2%	18.6%	17.2%
4	24.2%	24.2%	27.4%	24.2%	22.3%	20.7%	19.1%	17.7%	16.4%	15.2%
5	21.6%	21.6%	24.5%	21.6%	20.0%	18.5%	17.1%	15.9%	14.7%	25.0%
6	20.3%	20.3%	23.0%	20.3%	18.9%	17.5%	16.2%	15.1%	14.0%	25.0%
7	18.4%	18.4%	21.0%	18.4%	16.9%	15.6%	14.3%	13.2%	12.1%	25.0%
8+	17.0%	17.0%	19.4%	17.0%	15.6%	14.4%	13.2%	12.2%	25.0%	25.0%

8. Expenses

The expense assumptions used in pricing this form are based upon recent company experience as are as follows.

Acquisition:	21.23 % of premium at issue \$15.99 per certificate issued
Maintenance:	\$17.22 per certificate in force 3.44 % of premium in force 4.33 % of claims paid
Premium Tax:	1.86 % of premium

9. Marketing Method

This product will be sold to employer groups, unions/associations, and other eligible groups on a automated deduction basis, according with the regulations of your state.

This product will be offered through the Allstate agents and AHL's personal producing general agency force. Additional workplace sales will come through the Allstate distribution network.

10. Underwriting

Certificates are guarantee issue, subject to being actively employed, as long as the employee or member enrolls for an amount under the guaranteed issued amount during the guarantee issue period and case meets other requirements for guarantee issue as stated in the policy form. If these qualifications are not met, evidence of insurability is required.

11. Premium Classes

Initial premiums vary by 3 industry classes, benefit period, elimination period, portability option, and issue age, or attained age. Renewal premiums may be adjusted based on the experience of the case. There will be one rate band below the best industry class and one rate band above the worst industry class for renewal rating, or cases with credible experience. Rates are illustrated in exhibits A and B.

The rate for the portability option will be 10% of the rates for the base premiums.

12. Issue Age Range

This form will be available to issue ages 18 and up subject to eligibility requirements.

13. Area Factors

The pricing of this form did not incorporate any area factors.

14. Average Annualized Premium

The expected average annualized premium per policy is \$625, based upon the anticipated sales distribution and average policy size.

Premium Modalization Rules

Subject to rounding procedures, following are the premium modalization rules for this form.

Semiannual premiums equal .50 multiplied by the annual premium.

Quarterly premiums equal .25 multiplied by the annual premium.

Monthly premiums equal .0833333 multiplied by the annual premium.

This form has no policy fee.

15. Active Life and Claim Reserves

Statutory reserves will be held in accordance with the Standard Valuation Law.

This is a new filing of this form; therefore, there are no claim reserves at this point. Claim reserves will be developed in accordance with the American Academy of Actuaries' Actuarial Standard of Practice Number 5, "Incurred Health Claim Liabilities".

16. Anticipated Loss Ratio

Tillinghast's TAS software was used to perform the calculations.

The lifetime anticipated loss ratio is 53.2%. This loss ratio is calculated as the present value of policy benefits divided by the present value of premiums. This lifetime anticipated loss ratio exceeds the minimum state requirements for this type of coverage.

Incurred loss ratios are equal to paid claims plus the change in claim reserves and liabilities divided by earned premiums. They do not include an adjustment for the increase in statutory policy reserves.

17. Distribution of Business

BY ELIMINATION PERIOD

EP/days	
7	35%
14	35%
30	23%
90	3%
180	3%
Sum	100%

BY AGE

AGE	
25	13%
35	24%
45	31%
55	27%
62	5%
Sum	100%

BY BENEFIT PERIOD

BP/months	
3	19%
6	46%
12	20%
24	15%
Sum	100%

BY INDUSTRY CLASS

CLASS	
A	30%
B	60%
C	10%
Sum	100%

BY PORTABILITY OPTION

Assume that 20% of business will buy the Portability Rider

18. Contingency and Risk Margins

No explicit contingency margin was added to claim costs.

19. Actuarial Certification

I, Richard D Schaefer, am an Actuary for American Heritage Life Insurance Company. I am a member of the American Academy of Actuaries and am qualified in the area of health insurance. I certify that, to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of your state and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice Number 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", and that the benefits provided are reasonable in relation to the proposed premiums.



Richard D. Schaefer, F.S.A., M.A.A.A.

February 21, 2011

Date

EXHIBIT A Attained Age Rates

Monthly Attained Age Rates						
Benefit			Elimination Period	Industry Class		
Period	Accident	Sickness	Age Band	A	B	C
3	0	7	0-49	1.35	2.13	2.72
3	0	7	50-59	2.13	3.01	3.68
3	0	7	60-64	2.84	4.01	4.89
3	0	7	65-69	3.45	4.88	5.95
3	0	7	70+	4.66	5.72	6.79
3	0	14	0-49	1.16	1.80	2.29
3	0	14	50-59	1.82	2.55	3.10
3	0	14	60-64	2.43	3.39	4.12
3	0	14	65-69	2.96	4.13	5.01
3	0	14	70+	3.99	5.01	5.98
3	7	7	0-49	1.27	2.02	2.59
3	7	7	50-59	1.99	2.86	3.50
3	7	7	60-64	2.65	3.80	4.66
3	7	7	65-69	3.22	4.62	5.68
3	7	7	70+	4.35	5.20	6.11
3	14	14	0-49	1.05	1.67	2.13
3	14	14	50-59	1.65	2.35	2.89
3	14	14	60-64	2.20	3.14	3.84
3	14	14	65-69	2.68	3.44	4.07
3	14	14	70+	3.03	3.82	4.49
3	30	30	0-49	0.76	0.97	1.15
3	30	30	50-59	1.19	1.48	1.75
3	30	30	60-64	1.36	1.71	2.03
3	30	30	65-69	1.44	1.81	2.14
3	30	30	70+	1.78	2.24	2.64

Monthly Attained Age Rates						
Benefit			Elimination Period	Industry Class		
Period	Accident	Sickness	Age Band	A	B	C
6	0	7	0-49	1.72	2.66	3.37
6	0	7	50-59	2.70	3.77	4.56
6	0	7	60-64	3.60	5.01	6.07
6	0	7	65-69	4.38	6.10	7.39
6	0	7	70+	5.91	7.44	8.75
6	0	14	0-49	1.52	2.33	2.93
6	0	14	50-59	2.40	3.30	3.98
6	0	14	60-64	3.20	4.40	5.30
6	0	14	65-69	3.89	5.36	6.45
6	0	14	70+	5.25	6.50	7.70
6	7	7	0-49	1.63	2.55	3.25
6	7	7	50-59	2.57	3.61	4.39
6	7	7	60-64	3.42	4.80	5.84
6	7	7	65-69	4.16	5.85	7.11
6	7	7	70+	5.61	6.68	7.85
6	14	14	0-49	1.41	2.19	2.78
6	14	14	50-59	2.23	3.11	3.77
6	14	14	60-64	2.96	4.13	5.01
6	14	14	65-69	3.61	5.03	6.10
6	14	14	70+	4.87	5.69	6.68
6	30	30	0-49	1.12	1.75	1.94
6	30	30	50-59	1.76	2.47	3.01
6	30	30	60-64	2.34	2.80	3.31
6	30	30	65-69	2.42	2.91	3.44
6	30	30	70+	2.84	3.58	4.20

Monthly Attained Age Rates							
	Elimination Period		Industry Class				
Benefit	Period	Accident	Sickness	Age Band	A	B	C
12	0	7	7	0-49	2.17	3.39	4.30
12	0	7	7	50-59	3.18	4.56	5.44
12	0	7	7	60-64	4.54	6.37	7.74
12	0	7	7	65-69	5.52	7.75	9.42
12	0	7	7	70+	7.45	10.46	12.72
12	0	14	14	0-49	1.95	3.03	3.84
12	0	14	14	50-59	2.87	4.18	5.19
12	0	14	14	60-64	4.09	5.70	6.90
12	0	14	14	65-69	4.98	6.71	8.01
12	0	14	14	70+	6.72	8.20	9.60
12	7	7	7	0-49	2.08	3.28	4.17
12	7	7	7	50-59	3.06	4.40	5.50
12	7	7	7	60-64	4.36	6.16	7.51
12	7	7	7	65-69	5.31	6.82	8.29
12	7	7	7	70+	7.16	9.04	9.94
12	14	14	14	0-49	1.84	2.89	3.68
12	14	14	14	50-59	2.65	3.98	4.98
12	14	14	14	60-64	3.86	5.44	6.62
12	14	14	14	65-69	4.69	6.62	8.06
12	14	14	14	70+	6.33	8.93	9.74
12	30	30	30	0-49	1.52	2.40	2.58
12	30	30	30	50-59	2.10	3.07	3.65
12	30	30	30	60-64	3.17	3.98	4.71
12	30	30	30	65-69	3.27	4.05	4.79
12	30	30	30	70+	4.00	5.04	5.93

Monthly Attained Age Rates							
	Elimination Period		Industry Class				
Benefit	Period	Accident	Sickness	Age Band	A	B	C
24	0	7	7	0-49	2.38	3.66	4.61
24	0	7	7	50-59	3.28	4.77	5.89
24	0	7	7	60-64	5.01	6.89	8.31
24	0	7	7	65-69	6.10	8.39	10.11
24	0	7	7	70+	8.23	11.32	13.65
24	0	14	14	0-49	2.16	3.30	4.15
24	0	14	14	50-59	2.97	4.29	5.28
24	0	14	14	60-64	4.55	6.22	7.48
24	0	14	14	65-69	5.54	7.57	9.10
24	0	14	14	70+	7.48	10.22	12.29
24	7	7	7	0-49	2.30	3.55	4.49
24	7	7	7	50-59	3.16	4.62	5.72
24	7	7	7	60-64	4.82	6.68	8.08
24	7	7	7	65-69	5.86	8.13	9.83
24	7	7	7	70+	7.91	10.98	13.27
24	14	14	14	0-49	2.06	3.16	3.99
24	14	14	14	50-59	2.81	4.10	5.07
24	14	14	14	60-64	4.32	5.96	7.19
24	14	14	14	65-69	5.26	7.25	8.75
24	14	14	14	70+	7.10	9.79	11.81
24	30	30	30	0-49	1.73	2.67	3.37
24	30	30	30	50-59	2.34	3.43	4.25
24	30	30	30	60-64	3.63	5.03	6.08
24	30	30	30	65-69	4.42	6.12	7.39
24	30	30	30	70+	5.97	8.26	9.98

EXHIBIT B Issue Age Rates

Monthly Issue Age Rates					
Elimination Period			Industry Class		
BP	Acc & Sickness	Age	A	B	C
3	0	18-49	2.90	3.29	3.75
3	0	50-59	3.47	3.90	4.53
3	0	60-64	4.13	5.21	6.16
3	0	65-69	4.48	5.65	6.68
3	0	70 +	4.77	6.01	7.07
3	7	18-49	2.73	3.03	3.57
3	7	50-59	3.25	3.68	4.27
3	7	60-64	3.94	4.97	5.88
3	7	65-69	4.31	5.43	6.43
3	7	70 +	4.54	5.72	6.72
3	14	18-49	1.86	2.21	2.48
3	14	50-59	2.34	2.73	3.18
3	14	60-64	2.84	3.58	4.24
3	14	65-69	3.00	3.79	4.48
3	14	70 +	3.33	4.20	4.94
3	30	18-49	0.85	1.07	1.27
3	30	50-59	1.29	1.62	1.92
3	30	60-64	1.56	1.97	2.33
3	30	65-69	1.66	2.09	2.47
3	30	70 +	1.96	2.47	2.90

Monthly Issue Age Rates					
Elimination Period			Industry Class		
BP	Acc & Sickness	Age	A	B	C
6	0	18-49	3.51	4.29	5.10
6	0	50-59	4.55	5.63	6.67
6	0	60-64	5.24	6.60	7.81
6	0	65-69	5.45	6.87	8.13
6	0	70 +	6.20	7.82	9.19
6	7	18-49	3.29	3.81	4.45
6	7	50-59	4.33	4.98	5.75
6	7	60-64	4.93	6.21	7.34
6	7	65-69	5.13	6.47	7.65
6	7	70 +	5.83	7.35	8.64
6	14	18-49	2.51	2.95	3.44
6	14	50-59	3.34	3.94	4.58
6	14	60-64	4.19	5.29	6.25
6	14	65-69	4.51	5.69	6.72
6	14	70 +	4.96	6.26	7.35
6	30	18-49	1.52	1.86	2.14
6	30	50-59	2.34	2.73	3.23
6	30	60-64	2.51	3.17	3.74
6	30	65-69	2.66	3.36	3.97
6	30	70 +	3.12	3.94	4.63

Monthly Issue Age Rates					
Elimination Period			Industry Class		
BP	Acc & Sickness	Age	A	B	C
12	0	18-49	4.55	5.68	6.76
12	0	50-59	5.72	7.76	9.24
12	0	60-64	7.59	9.57	11.32
12	0	65-69	8.35	10.52	12.44
12	0	70 +	9.00	11.34	13.33
12	7	18-49	4.16	4.59	5.27
12	7	50-59	5.20	6.15	7.32
12	7	60-64	5.91	7.44	8.80
12	7	65-69	6.26	7.89	9.33
12	7	70 +	7.25	9.14	10.74
12	14	18-49	3.21	3.77	4.32
12	14	50-59	4.25	4.98	5.75
12	14	60-64	5.86	7.38	8.73
12	14	65-69	6.21	7.82	9.25
12	14	70 +	7.23	9.12	10.71
12	30	18-49	2.08	2.43	2.83
12	30	50-59	2.95	3.38	4.01
12	30	60-64	3.48	4.38	5.18
12	30	65-69	3.68	4.64	5.49
12	30	70 +	4.40	5.55	6.52
12	90	18-49	1.30	1.52	1.79
12	90	50-59	2.12	2.47	2.88
12	90	60-64	2.50	3.20	3.72
12	90	65-69	2.66	3.39	3.94
12	90	70 +	3.17	4.06	4.68

Monthly Issue Age Rates					
Elimination Period			Industry Class		
BP	Acc & Sickness	Age	A	B	C
24	0	18-49	6.46	7.23	8.33
24	0	50-59	9.56	10.60	12.27
24	0	60-64	10.12	12.76	15.08
24	0	65-69	10.58	13.34	15.77
24	0	70 +	12.98	16.36	19.23
24	7	18-49	5.87	6.73	7.93
24	7	50-59	8.78	10.06	11.95
24	7	60-64	10.06	12.67	14.98
24	7	65-69	10.51	13.25	15.66
24	7	70 +	12.87	16.22	19.18
24	14	18-49	4.29	5.07	5.84
24	14	50-59	6.50	7.67	8.85
24	14	60-64	10.00	12.60	14.90
24	14	65-69	10.45	13.16	15.56
24	14	70 +	12.79	16.12	18.94
24	30	18-49	2.73	3.25	3.75
24	30	50-59	3.96	5.10	6.04
24	30	60-64	5.44	6.86	8.11
24	30	65-69	5.77	7.27	8.60
24	30	70 +	7.31	9.21	10.82
24	90	18-49	1.69	1.99	2.27
24	90	50-59	3.08	3.60	4.18
24	90	60-64	4.23	4.84	5.62
24	90	65-69	4.48	5.13	5.96
24	90	70 +	5.68	5.86	6.91
24	180	18-49	1.09	1.39	1.61
24	180	50-59	2.51	2.99	3.40
24	180	60-64	2.73	3.44	4.07
24	180	65-69	2.90	3.65	4.32
24	180	70 +	3.36	4.24	5.01

SERFF Tracking #:

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State:

District of Columbia

Filing Company:

American Heritage Life Insurance Company

TOI/Sub-TOI:

H11G Group Health - Disability Income/H11G.002 Short Term

Product Name:

Group Voluntary Disability

Project Name/Number:

GVDIPDC Rate Filing /

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:	Actuarial Memorandum is attached on Rate/Rule Schedule		
		Item Status:	Status Date:
Satisfied - Item:	Objection 08.31.12		
Comments:			
Attachment(s):			
PDF of Objection 08.31.12.pdf			
		Item Status:	Status Date:
Satisfied - Item:	Response to 08.31.12 objection		
Comments:			
Attachment(s):			
District of Columbia Response.pdf			

State: District of Columbia **Filing Company:** American Heritage Life Insurance Company
TOI/Sub-TOI: H11G Group Health - Disability Income/H11G.002 Short Term
Product Name: Group Disability Insurance
Project Name/Number: Rate Filing - Portability /

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	08/31/2012
Submitted Date	08/31/2012
Respond By Date	09/21/2012

Dear Angie Redden,

Introduction:

Thank you for your recent filing. Please see below for additional information/clarification requested.

Objection 1

- Actuarial Justification (Supporting Document)
- GVDIP (without Portability), [GVDIPDC, GVDICDC] (Rate)
- GVDIP (with Portability), [GVDIPDC, GVDICDC] (Rate)

Comments: It appears this is a combined rate filing for an initial rate filing and a change in an existing rate filing. Therefore, the Department respectfully asks that you file each one separately. Please withdraw and re-file. In addition, please provide the SERFF Tracking # for the existing rate filing in which you are seeking a decrease. All additional objections will apply to each of the separately filed rate plans.

Objection 2

- Actuarial Justification (Supporting Document)
- GVDIP (without Portability), [GVDIPDC, GVDICDC] (Rate)
- GVDIP (with Portability), [GVDIPDC, GVDICDC] (Rate)

Comments: Please provide a detail make-up of expenses totaling 100%. Each expense should be shown separately and not lumped into another expense.

Objection 3

- Actuarial Justification (Supporting Document)
- GVDIP (without Portability), [GVDIPDC, GVDICDC] (Rate)
- GVDIP (with Portability), [GVDIPDC, GVDICDC] (Rate)

Comments: This department will make a disposition on behalf of DC resident only. Please confirm that it is understood that if, approved the policy will not be sold to non-residents.

Conclusion:

Sincerely,
Darniece Shirley

District of Columbia

Response to objection ALST- 128547179 dated 08/31/2012

Objection 1

The two filings have been separated, this filing is for the initial rates that are for use with Group Disability Policy GVDIPDC, et al, which was approved by your department on February 16, 2011 under SERFF Filing Number ALST-127003513. The additional rate change filing will be filed under a separate SERFF filing.

Objection 2

I was unsure as to whether you requested the breakdown of the premium into its components (Table 1); or the breakdown of just the expenses into each individual expense (Table 2), so I have illustrated both below.

Table 1 illustrates a detailed make-up of all components of the premium, including expenses, and totals to 100%

Table 2 illustrates a detailed make-up of just the expenses, and totals 100%

TABLE 1	
ITEM	PERCENT OF PREMIUM
Incurred Loss Ratio	53.22%
1st Yr Commission (% of PV Premium)	13.93%
Renewal Commission (% of PV Premium)	7.70%
Acquisition Expenses (% of PV Premium)	6.16%
Maintenance Expenses (% of PV Premium)	8.57%
Premium Tax (% of PV Premium)	1.86%
Profit (% of PV Premium)	8.56%
TOTAL Premium	100.00%

TABLE 2	
EXPENSE ITEM	PERCENT OF TOTAL EXPENSE
Acquisition Expenses (% of PV Premium)	37.15%
Maintenance Expenses (% of PV Premium)	51.64%
Premium Tax (% of PV Premium)	11.21%
TOTAL	100.00%

Objection 3

We would like to clarify this item.

The proposed rates are for use with a group policy, this policy is issued to the employer which would be situated in DC. However, in our past experience, it is a possibility that an employer may have additional locations in another state/district, or that an employee may live in another state/district and commute. The policy is governed by the state/district where it is issued and subject to the laws of that jurisdiction regardless of where the covered person resides. We have received approval of this filing in 41 states and it is still pending in 4 states.

Thank you for your consideration.

Angie Redden