

State: District of Columbia

Filing Company: National Health Insurance Company

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

Product Name: NHIC AME 2013 - DC

Project Name/Number: NHIC AME 2013/NHIC AME 2013

Rate Information

Rate data applies to filing.

Filing Method: SERFF

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: 0.000%

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):
National Health Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

SERFF Tracking #:

CMPL-129004143

State Tracking #:

Company Tracking #:

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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		Rates	NHIC AME 2013	New		NHIC Actuarial Memorandum - AME - 20130404.pdf,

National Health Insurance Company

Accident Policy NHIC GP AME 2013
With Accident Certificate AME CERT 2013

Actuarial Memorandum

I. Scope and Purpose

This actuarial memorandum has been prepared for the purpose of complying with state regulations regarding the pricing of the referenced policy form. The specific purpose of this filing is to present the proposed rates for the referenced new policy form. This is a new product filing and is not intended to replace any existing filings. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides various benefits for accidents. The benefit options that may be purchased are as follows:

- 1) 24-hour Coverage; or
- 2) Non-occupational Coverage.
- 3) Whether 24-hour or Non-Occupational Coverage is selected, the following coverage and options are available:
 - i. Optional Accidental Death Benefit
 - ii. Optional Accidental Dismemberment Benefit
 - iii. Optional Accident Medical Benefit
 1. Primary Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 2. Excess Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 3. Fixed Indemnity Coverage
 - a. Any combination of 16 Covered Medical Services
 - iv. Optional Hospital Cash Benefit

- v. Optional Dislocation and Fracture Benefit
- vi. Optional Ambulance Benefit (may cover either ground or air ambulance or both)
- vii. Optional Accident Total Disability Weekly Income Benefit
- viii. Optional Emergency Room Treatment Benefit

All coverage terminates on the last day of the month in which the Certificateholder attains age 65.

Coverage is generally subject to a pre-existing condition provision. For takeover groups this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

III. Applicability and Renewability

The referenced policy form will be issued to qualified employer and association groups and certificates will be issued on an individual basis and will be guaranteed renewable to the last day of the month in which the primary insured attains age 65. The premium rates presented in this filing will be in effect from the date of state approval. There is no currently in-force premium to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from various public and proprietary sources. Morbidity sources used include:

- Injury in the United States - 2007 Chartbook (U.S. Dept HHS, CDC, National Center for Health Statistics)
- Injury Episodes and Circumstances: National Health Interview Survey, 1997–2007
- Towers Watson HealthMAPS claim cost model for 2012
- 2009 HCUP data (<http://hcupnet.ahrq.gov/HCUPnet.jsp>)
- 2009 NHDS, NAMCS and NHAMCS datasets
- 2011 National Burn Repository
- National Spinal Cord Injury Statistical Center, 2009 Annual Statistical Report
- Proprietary recent insurer hospital confinement experience compiled by UHAS Inc.

A sample of the assumed claim costs are presented in attached Exhibit A.

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1 - q^m) * (1 - q^v)$$

where q^m represents the mortality decrement and q^v represents the voluntary lapse rate.

Assumed mortality is based on the 1990-95 Select and Ultimate mortality table. The assumed total termination rates are based upon recent industry experience for similar products.

Total Termination rates are assumed as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Years 7+
35.0%	22.0%	18.0%	16.0%	14.0%	12.0%	10.0%

Policies terminate at the end of the month during which the Certificateholder attains age 65 regardless of issue age or policy year.

VI. Expenses and Interest Rates

The following expenses, which reflect costs associated with a third party administrator, were assumed in pricing the referenced policy form.

Enrollment Costs:	3% of premium
Maintenance Costs:	12% of premium
Premium Tax and Assessments:	2.5% of premium
Commissions and Sales Expenses:	23% of premium on a present value basis. This may be paid on either a level basis in all years or an actuarially equivalent amount with higher first year commissions and lower commissions in subsequent years.

Investment Income: 3.25% on cash flows

Interest rates: 3.5% for discounting, consistent with the valuation interest rate for policies of this type issued in 2013

VII. Marketing Method

The referenced policy/rider forms will be marketed in the worksite and association markets to valid groups through licensed agents, brokers and Third Party Administrators approved by the Company.

VIII. Underwriting

This policy form is generally underwritten based on a simplified application with yes/no questions. In certain large groups coverage may be underwritten on a guaranteed issue if certain participation requirements are met. High risk groups (e.g. mining) will be excluded.

The assumed underwriting selection factor for use against ultimate claim costs is 1.00 in all years

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected.

Rates will not vary by age or gender.

Policies will be issued to individuals at ages 18 through 64 and are guaranteed renewable to the end of the month during which the primary insured attains age 65. The premiums are not guaranteed, and, are subject to change upon renewal.

X. Group Discounts and Experience Rating

Premiums may be reduced up to 20% for enrollees from certain large groups where either distribution expenses are reduced or where underwriting selection is anticipated due to employer contributions

increasing participation. Additionally, an underwriting factor may be applied to rates for large groups reflecting previous experience under similar plans, geographic cost factors for the group including the local cost of RBRVS reimbursement versus UCR reimbursement, and/or industry rating factors.

Renewal rates for large groups may also be subject to an experience adjustment when experience is at least partially credible. Credibility will be based on the number of insured individual life-years of experience within a group. The percentage of credibility will be based on the formula:

$$\frac{\text{Life-Years of exposure in Group}}{2000 \text{ annual exposures (full credibility)}}$$

Examples of calculated credibility levels are as follows:

Years of Insured Lives	Credibility
2000+	100%
1500	75%
1000	50%
500	25%

If a rate action is based on prior experience, incurred claims are adjusted for any claims above a pooling level and a claims trend is applied from the midpoint of the experience period to the midpoint of the effective date of the new Policy period. This is also adjusted for any difference in plan benefits based on the manual rate difference. The projected/adjusted loss ratio is determined by dividing the projected total incurred claims by the adjusted earned premium. The Experience Rate is determined by multiplying the current rate by the projected/adjusted loss ratio and dividing by the desired loss ratio. The credibility assigned to the Experience Rate in the following formula is Z. The credibility formula for rating a case is Final Rate = Z times Experience Rate + (1-Z) times Manual Rate.

XI. Area Factors

Gross annual premiums for these policies will not vary based on the insured's residence location (ZIP3) except as may be determined as part of the group underwriting process.

XII. Distribution of Business and Average Annual Premium

The assumed distribution based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected are shown in Exhibit C.

Using the assumed distributions and the proposed premiums, the anticipated average annual premium is \$679.63.

XIII. Premium Modalization

The following premium modalization factors will be applied in billing calculations.

Annual mode	12 x Monthly
Semi-annual mode	6 x Monthly
Quarterly mode	3 x Monthly
Semi-monthly	divide monthly rate by 2

Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the monthly payment mode are shown on attached Exhibit C.

XIV. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using pricing claim cost assumptions with a load for conservatism and 1990-95 Select and Ultimate mortality table. Voluntary lapse rates and discount rates assumed will comply with the NAIC Health Insurance Reserves Model Regulation and any applicable state regulations. Active life reserves were not used in the calculation of anticipated loss ratios.

XV. Claim Liability and Reserves

This is a new filing of this form; there are no claim reserves or liabilities at this time. The claim reserve at any point in time will consist of (a) incurred but unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

Claim liabilities will be based on actual Company claim data triangles using generally accepted actuarial methods that comply with the Actuarial Standards of Practice promulgated by the American Academy of Actuaries.

XVI. Trend Assumptions

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

XVII. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 50%. Expected durational loss ratios are shown on Exhibit D. The anticipated lifetime loss ratio is 50.1% on a discounted basis. Active life reserves were not used in the calculation of anticipated loss ratios.

XVIII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 7.2% of the present-value of lifetime premiums.

XIX. Proposed Effective Date

The proposed rates will be effective upon approval. Future rate increases on benefits not subject to trend are not anticipated at this time.

XX. Data Reliance

In completing the pricing analysis and filing materials for these policy forms, I relied on expected sales data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material to the analysis conducted or the conclusions drawn from the analysis.

XXI. Actuarial Certification

I hereby certify that I am a Member of the Society of Actuaries and the American Academy of Actuaries and meet the Academy's qualification standards for issuing this statement of actuarial opinion.

I further certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:


The entire rate filing is in compliance with the applicable laws of the state in which it is filed;

The entire rate filing complies with all applicable Actuarial Standards of Practice (including Actuarial Standards of Practice Number 8, *Regulatory Filings for Rates and Financial Projections for Health Plans* and Number 5, *Recommendations and Interpretations Concerning Incurred Health Claim Liabilities*, promulgated by the Actuarial Standards Board);

The expected loss ratio meets the minimum requirements of the state in which it is filed;

The benefits are reasonable in relation to the proposed premiums; and

The premium schedule is not excessive, inadequate, or unfairly discriminatory.



Mark E. Shaw, FSA, MAAA, CERA
Senior Consulting Actuary
United Health Actuarial Services, Inc.
phone: 414-469-0407
email: mshaw@uhasinc.com

April 5, 2013

Date

Attachments:

- Exhibit A – Sample Claim Costs
- Exhibit B – Proposed Gross Premiums
- Exhibit C – Anticipated Distribution of Business
- Exhibit D – Anticipated Durational Loss Ratios

Exhibit A - Sample Claim Costs

Individual Monthly Claim Costs (24-hour)						
Hospital Cash						
Death	3-Day WP	5-Day WP	7-Day WP	Fractures	Dislocations	Concussions
\$1,000	\$100	\$100	\$100	\$1,000	\$1,000	\$50
\$0.04	\$0.21	\$0.17	\$0.14	\$0.15	\$0.01	\$0.01
Hospital	Inpatient	Ancillary	Outpatient		Physician	
R&B	Hosp Svcs	Hosp Chgs	ER	Surgical	Services	Physiotherapy
\$100	\$100	\$100	\$250	\$250	\$50	\$50
\$0.28	\$0.28	\$0.22	\$2.18	\$0.40	\$1.68	\$0.29
					Eyeglasses,	
	Medical	Med Svcs	Dental		Contacts &	Artificial
Ambulance	Equip Rent	& Supplies	Services	Rx	Hearing Aids	Instruments
\$100	\$250	\$250	\$100	\$20	\$100	\$250
\$0.15	\$0.23	\$0.05	\$0.10	\$0.81	\$0.04	\$0.04
	Rehab					
Rehab	Braces &					
Treatment	Appliances					
\$100	\$250					
\$0.29	\$0.13					

Individual Monthly Claim Costs (24-hour)			
AME PRIMARY	100% Coinsurance / \$0 dedbl / \$1MM max		
Seed CC			
Total	\$51.67		
Basic	\$44.44	86%	
Opt1	\$1.03	2%	
Opt2	\$6.20	12%	
EXCESS of RICH base	100% coinsurance / \$0 dedbl / \$25K max		
Seed CC			
Total	\$21.89		
Basic	\$18.82		
Opt1	\$0.44		
Opt2	\$2.63		

Individual Monthly Claim Costs (24-hour continued)				
EXCESS of MOD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$42.76			
Basic	\$36.77			
Opt1	\$0.86			
Opt2	\$5.13			
EXCESS of LMTD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$45.89			
Basic	\$39.46			
Opt1	\$0.92			
Opt2	\$5.51			

Accident (Off-the-Job) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry	3	6	12	24	36
Elim Pd	Class	Month	Month	Month	Month	Month
0 Day	1	4.46	5.42	6.99	10.68	11.95
0 Day	2	9.29	12.09	14.18	21.36	23.91
0 Day	3	15.21	19.73	23.72	35.44	39.66
7 Day	1	3.85	4.46	6.06	9.31	10.42
7 Day	2	8.17	10.45	13.02	19.24	20.89
7 Day	3	13.76	17.50	22.11	32.79	35.52
14 Day	1	3.15	3.91	5.50	8.70	9.73
14 Day	2	6.86	8.87	11.59	17.63	19.72
14 Day	3	11.68	15.12	18.89	29.98	33.54
30 Day	1	2.31	3.02	4.51	7.08	7.93
30 Day	2	5.23	6.91	9.18	14.08	15.76
30 Day	3	8.93	11.82	14.11	24.30	27.19

Accident (24-Hour) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	6.45	7.59	9.79	14.95	16.73
0 Day	2	13.16	17.10	20.66	30.71	34.36
0 Day	3	19.33	25.03	30.50	45.47	50.88
7 Day	1	5.53	6.29	8.54	13.22	14.79
7 Day	2	12.25	15.10	18.16	27.86	30.25
7 Day	3	18.09	22.75	27.57	41.74	45.21
14 Day	1	4.60	5.47	7.98	12.29	13.76
14 Day	2	10.93	13.59	16.77	25.61	28.65
14 Day	3	15.99	20.16	26.57	38.64	43.23
30 Day	1	3.59	4.40	6.21	10.16	11.37
30 Day	2	8.23	10.37	13.33	20.96	23.45
30 Day	3	12.15	15.57	22.32	31.86	35.64

Exhibit B - Proposed Gross Monthly Premiums

24-Hour Coverage

Accident Benefit	Coverage Unit	Monthly Premium per Covg Unit		
		Insured	Spouse	Children
Death*	\$1,000	\$0.07	\$0.07	\$0.10
Dismemberment*	Schedule	\$0.01	\$0.01	\$0.01
Hospital Cash (3-day waiting prd)	\$100/day, 30-day limit	\$0.42	\$0.42	\$0.58
Hospital Cash (5-day waiting prd)	\$100/day, 30-day limit	\$0.35	\$0.35	\$0.48
Hospital Cash (7-day waiting prd)	\$100/day, 30-day limit	\$0.29	\$0.29	\$0.39
Dislocations	\$1000 Max Schedule	\$0.02	\$0.02	\$0.03
Fractures	\$1000 Max Schedule	\$0.31	\$0.31	\$0.43
Concussions	\$50	\$0.03	\$0.03	\$0.04
Hospital Room and Board	\$100/Day	\$0.57	\$0.57	\$0.78
Inpatient Hospital Services	\$100/Day	\$0.57	\$0.57	\$0.78
Ancillary Hospital Charges	\$100/Day	\$0.45	\$0.45	\$0.62
Emergency Room	\$250	\$4.20	\$4.20	\$7.58
Outpatient Surgical	\$250	\$0.85	\$0.85	\$0.66
Physician Services	\$50/Visit	\$3.47	\$3.47	\$4.74
Physiotherapy	\$50/Visit	\$0.59	\$0.59	\$0.83
Ambulance	\$100/Service	\$0.31	\$0.31	\$0.43
Medical Equipment Rental	\$250	\$0.48	\$0.48	\$0.67
Medical Services and Supplies	\$250	\$0.10	\$0.10	\$0.13
Dental Services	\$100/Visit	\$0.20	\$0.20	\$0.28
Prescription Drugs	\$20/Script	\$1.37	\$1.37	\$1.45
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	\$0.09	\$0.09	\$0.12
Artificial Instruments	\$250	\$0.07	\$0.07	\$0.12
Rehabilitation Treatment	\$100/Day	\$0.59	\$0.59	\$0.83
Rehabilitative Braces & Application	\$250	\$0.27	\$0.27	\$0.36

Non-occupational rates are 85% of the above.

Ambulance benefit above assumes equal benefits for ground and air ambulance. If air benefit is omitted premiums are reduced by 5% (i.e., 95% of cost is for ground, 5% for air). If ground benefit is omitted premiums reduce by 95%.

Off-the-Job Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	0.84	1.02	1.31	2.00	2.23
0 Day	2	1.68	2.19	2.57	3.87	4.35
0 Day	3	2.83	3.68	4.42	6.61	7.42
7 Day	1	0.72	0.84	1.14	1.74	1.97
7 Day	2	1.48	1.89	2.36	3.48	3.79
7 Day	3	2.56	3.26	4.12	6.11	6.61
14 Day	1	0.59	0.73	1.03	1.63	1.80
14 Day	2	1.24	1.61	2.10	3.19	3.55
14 Day	3	2.18	2.82	3.52	5.59	6.27
30 Day	1	0.43	0.57	0.85	1.33	1.50
30 Day	2	0.95	1.25	1.66	2.55	2.85
30 Day	3	1.66	2.20	2.63	4.53	5.08
24-Hour Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	1.21	1.43	1.83	2.80	3.12
0 Day	2	2.38	3.10	3.74	5.56	6.25
0 Day	3	3.60	4.67	5.68	8.48	9.52
7 Day	1	1.04	1.19	1.61	2.47	2.80
7 Day	2	2.22	2.73	3.29	5.04	5.49
7 Day	3	3.37	4.24	5.14	7.78	8.41
14 Day	1	0.86	1.02	1.49	2.30	2.54
14 Day	2	1.97	2.47	3.04	4.63	5.16
14 Day	3	2.99	3.76	4.95	7.20	8.08
30 Day	1	0.67	0.83	1.17	1.91	2.15
30 Day	2	1.49	1.88	2.41	3.80	4.24
30 Day	3	2.26	2.90	4.16	5.94	6.66

Factors to Adjust Benefit Options

Physiotherapy & Rehabilitation		Prescription Drugs		
Visits	Factor	Scripts	Factor	
			Insured	Children
5	1.00	1	1.00	1.00
10	1.46	2	1.42	1.11
20	1.84	3	1.63	1.14
30	1.99	4	1.73	1.17
60	2.20	5	1.79	1.20
90	2.29	6	1.83	1.22
120	2.33	7	1.86	1.24
180	2.36	8	1.88	1.25
360	2.40	9	1.89	1.26
		10	1.90	1.27

Physician Services		Coverage Factors		
Visits	Factor	Coverage	Adult	Child
5	1.00	24-hour	1.00	1.00
10	1.37	Off-the-job	0.85	N/A
20	1.55			
30	1.58			
60	1.62			
90	1.65			
120	1.67			

Emergency Room	
Visits	Factor
1	1.00
2	1.16
3	1.20
4	1.22

First Treatment Must Occur Within XX Days from Date of Accident				
Expenses must be incurred within YY Weeks from Date of Accident	30	60	90	180
	26	0.850	0.875	0.900
52	0.920	0.935	0.960	0.980
104	0.960	0.980	0.990	1.000

Monthly Premiums for Expense-Incurred AME

AME Coverage	Covered Person	PRIMARY	EXCESS / RICH	EXCESS / MOD	EXCESS / LMTD
		100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$25K max	100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$1MM max
BASIC	Adult (each)	\$93.32	\$39.52	\$77.21	\$82.86
	Child(ren)	\$93.32	\$39.52	\$77.21	\$82.86
OPTION 1	Adult (each)	\$2.16	\$0.92	\$1.80	\$1.93
	Child(ren)	\$2.16	\$0.92	\$1.80	\$1.93
OPTION 2	Adult (each)	\$13.02	\$5.52	\$10.77	\$11.57
	Child(ren)	\$13.02	\$5.52	\$10.77	\$11.57
Rates for other coinsurance / deductible / max-ben combinations will be equal to the above multiplied by the AME factor which corresponds to the coinsurance / deductible / max-ben selected.					
Rates shown above are for 24-hour coverage.					
Adult rates for Non-occ coverage are the above multiplied by:					0.85
Rates for Basic-plus other optional coverages are simply additive.					

AME FACTORS

Product	Coinsurance	Deductible	\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
PRIMARY COVERAGE	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3989	0.4283	0.4718	0.5127	0.5225
		\$100	0.1068	0.1959	0.2924	0.3753	0.3969	0.4264	0.4697	0.5105	0.5206
		\$150	0.1043	0.1912	0.2859	0.3675	0.3890	0.4180	0.4612	0.4991	0.5094
		\$200	0.1004	0.1844	0.2762	0.3559	0.3772	0.4058	0.4484	0.4836	0.4943
		\$250	0.0956	0.1751	0.2632	0.3404	0.3613	0.3898	0.4318	0.4643	0.4753
		\$300	0.0892	0.1637	0.2471	0.3213	0.3420	0.3698	0.4111	0.4411	0.4529
		\$500	0.0805	0.1477	0.2245	0.2938	0.3137	0.3408	0.3805	0.4012	0.4134
		\$1,000	0.0716	0.1314	0.2015	0.2663	0.2859	0.3122	0.3472	0.3507	0.3637
		\$1,500	0.0617	0.1132	0.1757	0.2357	0.2545	0.2802	0.3176	0.3199	0.3219
		\$2,000	0.0507	0.0929	0.1475	0.2019	0.2202	0.2450	0.2810	0.2891	0.2934
		\$2,500	0.0387	0.0710	0.1165	0.1651	0.1829	0.2069	0.2249	0.2415	0.2617
		\$5,000	0.0257	0.0474	0.0832	0.1256	0.1426	0.1657	0.1988	0.2092	0.2212
		\$7,500	0.0122	0.0223	0.0484	0.0842	0.1006	0.1231	0.1442	0.1550	0.1837
\$10,000	0.0099	0.0180	0.0267	0.0391	0.0552	0.0768	0.1074	0.1252	0.1467		
PRIMARY COVERAGE	80%	\$0	0.1049	0.1895	0.2758	0.3464	0.3642	0.3888	0.4247	0.4581	0.4713
		\$100	0.1043	0.1883	0.2740	0.3445	0.3623	0.3869	0.4225	0.4562	0.4693
		\$150	0.1018	0.1841	0.2680	0.3375	0.3551	0.3793	0.4147	0.4482	0.4627
		\$200	0.0981	0.1773	0.2590	0.3267	0.3443	0.3683	0.4035	0.4366	0.4525
		\$250	0.0933	0.1686	0.2468	0.3126	0.3300	0.3538	0.3884	0.4190	0.4223
		\$300	0.0871	0.1575	0.2317	0.2949	0.3122	0.3358	0.3698	0.3940	0.4024
		\$500	0.0840	0.1132	0.1852	0.2500	0.2671	0.2899	0.3246	0.3536	0.3613
		\$1,000	0.0497	0.0931	0.1144	0.1750	0.1895	0.2162	0.2475	0.2700	0.2818
		\$1,500	0.0449	0.0811	0.1026	0.1577	0.1730	0.1961	0.2295	0.2439	0.2493
		\$2,000	0.0385	0.0577	0.0877	0.1364	0.1513	0.1734	0.2081	0.2173	0.2305
		\$2,500	0.0308	0.0445	0.0706	0.1128	0.1270	0.1479	0.1817	0.1875	0.2077
		\$5,000	0.0207	0.0250	0.0426	0.0778	0.0908	0.1115	0.1179	0.1366	0.1560
		\$7,500	0.0108	0.0215	0.0358	0.0691	0.0716	0.0749	0.0950	0.1142	0.1347
\$10,000	0.0095	0.0170	0.0337	0.0395	0.0503	0.0629	0.0786	0.0997	0.1200		

AME FACTORS (continued)

Table with columns for Product, Coinsurance, Deductible, and Maximum Benefit (ranging from \$0 to \$1,000,000). Rows include PRIMARY COVERAGE and PRIMARY COVERAGE for 100% and 80% coinsurance.

Table with columns for Product, Coinsurance, Deductible, and Maximum Benefit (ranging from \$500 to \$25,000). Rows include EXCESS / RICH for 100% and 80% coinsurance.

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
EXCESS / MOD	100%	\$0	0.1073	0.1969	0.2940	0.3775	0.3990	0.4282	0.4717	0.5126	0.5225
		\$100	0.1059	0.1943	0.2902	0.3723	0.3938	0.4231	0.4661	0.5065	0.5166
		\$150	0.1031	0.1890	0.2825	0.3632	0.3845	0.4130	0.4558	0.4932	0.5033
		\$200	0.0989	0.1815	0.2717	0.3503	0.3714	0.3994	0.4413	0.4761	0.4864
		\$250	0.0938	0.1717	0.2580	0.3337	0.3543	0.3821	0.4233	0.4551	0.4661
		\$300	0.0872	0.1600	0.2413	0.3138	0.3340	0.3611	0.4015	0.4308	0.4422
		\$500	0.0774	0.1420	0.2159	0.2825	0.3017	0.3276	0.3658	0.3856	0.3973
		\$1,000	0.0662	0.1214	0.1862	0.2460	0.2643	0.2886	0.3209	0.3241	0.3361
		\$1,500	0.0538	0.0987	0.1532	0.2053	0.2217	0.2442	0.2767	0.2788	0.2804
		\$2,000	0.0416	0.0762	0.1211	0.1658	0.1810	0.2014	0.2308	0.2376	0.2411
		\$2,500	0.0311	0.0571	0.0935	0.1324	0.1466	0.1658	0.1803	0.1936	0.2098
		\$5,000	0.0147	0.0274	0.0479	0.0723	0.0821	0.0952	0.1144	0.1202	0.1272
		\$7,500	0.0040	0.0072	0.0157	0.0271	0.0325	0.0398	0.0465	0.0500	0.0594
\$10,000	0.0012	0.0023	0.0033	0.0049	0.0070	0.0096	0.0136	0.0157	0.0185		
EXCESS / MOD	80%	\$0	0.0945	0.1707	0.2484	0.3120	0.3281	0.3501	0.3824	0.4125	0.4245
		\$100	0.0931	0.1681	0.2446	0.3075	0.3234	0.3454	0.3772	0.4072	0.4188
		\$150	0.0905	0.1635	0.2383	0.3000	0.3157	0.3372	0.3686	0.3983	0.4114
		\$200	0.0868	0.1569	0.2292	0.2891	0.3047	0.3260	0.3571	0.3863	0.4004
		\$250	0.0821	0.1485	0.2175	0.2753	0.2907	0.3117	0.3421	0.3690	0.3721
		\$300	0.0765	0.1382	0.2032	0.2587	0.2739	0.2944	0.3244	0.3457	0.3529
		\$500	0.0725	0.0975	0.1597	0.2154	0.2301	0.2498	0.2797	0.3047	0.3115
		\$1,000	0.0409	0.0767	0.0942	0.1443	0.1562	0.1782	0.2042	0.2226	0.2325
		\$1,500	0.0327	0.0592	0.0748	0.1151	0.1263	0.1431	0.1674	0.1780	0.1819
		\$2,000	0.0267	0.0400	0.0608	0.0947	0.1050	0.1204	0.1445	0.1508	0.1600
		\$2,500	0.0217	0.0316	0.0500	0.0802	0.0900	0.1050	0.1291	0.1331	0.1473
		\$5,000	0.0105	0.0126	0.0215	0.0393	0.0458	0.0564	0.0596	0.0690	0.0788
		\$7,500	0.0030	0.0061	0.0101	0.0194	0.0201	0.0210	0.0269	0.0323	0.0381
\$10,000	0.0009	0.0019	0.0037	0.0044	0.0056	0.0070	0.0087	0.0110	0.0131		

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
EXCESS / MOD	100%	\$0	0.5751	0.6293	0.7215	0.8347	0.9165	0.9362	0.9790	0.9932	1.0000
		\$100	0.5685	0.6225	0.7138	0.8195	0.9004	0.9198	0.9619	0.9764	0.9832
		\$150	0.5547	0.6076	0.6976	0.8036	0.8835	0.9027	0.9443	0.9586	0.9652
		\$200	0.5367	0.5891	0.6780	0.7886	0.8672	0.8859	0.9273	0.9408	0.9476
		\$250	0.5154	0.5669	0.6548	0.7734	0.8510	0.8695	0.9100	0.9240	0.9303
		\$300	0.4906	0.5409	0.6282	0.7587	0.8351	0.8534	0.8931	0.9069	0.9132
		\$500	0.4427	0.5033	0.5975	0.7023	0.7951	0.8127	0.8290	0.8417	0.8475
		\$1,000	0.3765	0.4139	0.4876	0.5971	0.6763	0.6915	0.7175	0.7287	0.7526
		\$1,500	0.3164	0.3237	0.4111	0.5091	0.5865	0.6003	0.6232	0.6335	0.6618
		\$2,000	0.2746	0.2832	0.3646	0.4630	0.5348	0.5479	0.5699	0.5795	0.6055
		\$2,500	0.2420	0.2526	0.3312	0.4373	0.5065	0.5194	0.5407	0.5500	0.5681
		\$5,000	0.1401	0.1621	0.2175	0.2715	0.3185	0.3274	0.3433	0.3499	0.3529
		\$7,500	0.0671	0.0795	0.1101	0.1354	0.1607	0.1656	0.1745	0.1782	0.1798
\$10,000	0.0213	0.0260	0.0377	0.0475	0.0568	0.0587	0.0622	0.0636	0.0643		
EXCESS / MOD	80%	\$0	0.4532	0.4909	0.5489	0.6228	0.6745	0.6859	0.7114	0.7196	0.7229
		\$100	0.4478	0.4850	0.5426	0.6109	0.6618	0.6735	0.6988	0.7067	0.7100
		\$150	0.4355	0.4722	0.5288	0.5975	0.6478	0.6593	0.6841	0.6918	0.6950
		\$200	0.4203	0.4563	0.5122	0.5844	0.6338	0.6450	0.6693	0.6770	0.6803
		\$250	0.4025	0.4378	0.4930	0.5716	0.6202	0.6312	0.6551	0.6628	0.6658
		\$300	0.3817	0.4165	0.4715	0.5592	0.6066	0.6176	0.6410	0.6485	0.6515
		\$500	0.3457	0.3805	0.4348	0.4995	0.5529	0.5662	0.5870	0.5940	0.5968
		\$1,000	0.2652	0.2954	0.3459	0.4100	0.4612	0.4698	0.4930	0.5021	0.5058
		\$1,500	0.2191	0.2425	0.2872	0.3192	0.3672	0.3768	0.3962	0.4036	0.4254
		\$2,000	0.1894	0.2114	0.2537	0.2933	0.3382	0.3471	0.3653	0.3725	0.3927
		\$2,500	0.1752	0.1957	0.2397	0.2905	0.3356	0.3447	0.3634	0.3707	0.3728
		\$5,000	0.0987	0.1064	0.1368	0.1724	0.2018	0.2100	0.2233	0.2266	0.2280
		\$7,500	0.0456	0.0496	0.0657	0.0851	0.1013	0.1052	0.1127	0.1148	0.1155
\$10,000	0.0145	0.0161	0.0220	0.0292	0.0358	0.0372	0.0400	0.0409	0.0412		

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
EXCESS / LMTD	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3988	0.4282	0.4718	0.5125	0.5226
		\$100	0.1066	0.1955	0.2918	0.3746	0.3962	0.4256	0.4687	0.5095	0.5197
		\$150	0.1039	0.1907	0.2850	0.3665	0.3879	0.4169	0.4598	0.4977	0.5080
		\$200	0.1000	0.1837	0.2752	0.3545	0.3759	0.4042	0.4467	0.4818	0.4925
		\$250	0.0952	0.1743	0.2619	0.3389	0.3596	0.3879	0.4297	0.4622	0.4731
		\$300	0.0887	0.1628	0.2458	0.3195	0.3402	0.3678	0.4088	0.4387	0.4504
		\$500	0.0798	0.1462	0.2225	0.2911	0.3107	0.3378	0.3770	0.3975	0.4097
		\$1,000	0.0704	0.1290	0.1979	0.2615	0.2807	0.3064	0.3408	0.3443	0.3569
		\$1,500	0.0601	0.1103	0.1711	0.2295	0.2478	0.2728	0.3090	0.3114	0.3131
		\$2,000	0.0490	0.0896	0.1423	0.1948	0.2125	0.2364	0.2711	0.2789	0.2831
		\$2,500	0.0370	0.0680	0.1114	0.1580	0.1750	0.1979	0.2151	0.2310	0.2502
		\$5,000	0.0235	0.0434	0.0761	0.1148	0.1303	0.1514	0.1815	0.1911	0.2022
		\$7,500	0.0107	0.0194	0.0421	0.0732	0.0876	0.1070	0.1255	0.1349	0.1597
		\$10,000	0.0081	0.0148	0.0220	0.0323	0.0453	0.0632	0.0883	0.1031	0.1207
		EXCESS / LMTD	80%	\$0	0.1024	0.1850	0.2693	0.3384	0.3559	0.3798	0.4149
\$100	0.1018			0.1835	0.2672	0.3358	0.3532	0.3772	0.4119	0.4448	0.4576
\$150	0.0992			0.1793	0.2611	0.3288	0.3458	0.3694	0.4040	0.4365	0.4506
\$200	0.0954			0.1726	0.2519	0.3179	0.3349	0.3582	0.3927	0.4247	0.4402
\$250	0.0907			0.1639	0.2399	0.3038	0.3208	0.3439	0.3776	0.4073	0.4105
\$300	0.0846			0.1530	0.2249	0.2863	0.3031	0.3260	0.3591	0.3827	0.3907
\$500	0.0813			0.1096	0.1791	0.2419	0.2582	0.2805	0.3140	0.3419	0.3495
\$1,000	0.0477			0.0891	0.1096	0.1676	0.1815	0.2070	0.2371	0.2587	0.2698
\$1,500	0.0425			0.0767	0.0970	0.1491	0.1634	0.1852	0.2168	0.2303	0.2356
\$2,000	0.0360			0.0540	0.0822	0.1277	0.1416	0.1623	0.1948	0.2035	0.2157
\$2,500	0.0288			0.0414	0.0658	0.1050	0.1183	0.1377	0.1693	0.1748	0.1935
\$5,000	0.0183			0.0222	0.0379	0.0691	0.0806	0.0992	0.1048	0.1214	0.1386
\$7,500	0.0092			0.0181	0.0303	0.0584	0.0606	0.0634	0.0804	0.0965	0.1140
\$10,000	0.0076			0.0137	0.0270	0.0316	0.0403	0.0503	0.0628	0.0798	0.0961

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
EXCESS / LMTD	100%	\$0	0.5751	0.6293	0.7215	0.8346	0.9165	0.9362	0.9789	0.9932	1.0000
		\$100	0.5720	0.6263	0.7180	0.8244	0.9059	0.9253	0.9677	0.9823	0.9891
		\$150	0.5596	0.6132	0.7041	0.8109	0.8917	0.9109	0.9529	0.9673	0.9739
		\$200	0.5433	0.5962	0.6862	0.7980	0.8778	0.8965	0.9383	0.9523	0.9590
		\$250	0.5234	0.5755	0.6649	0.7851	0.8640	0.8828	0.9239	0.9379	0.9444
		\$300	0.4997	0.5509	0.6398	0.7725	0.8505	0.8690	0.9096	0.9235	0.9301
		\$500	0.4563	0.5186	0.6158	0.7239	0.8196	0.8377	0.8544	0.8675	0.8736
		\$1,000	0.4001	0.4397	0.5180	0.6343	0.7185	0.7348	0.7623	0.7742	0.7995
		\$1,500	0.3535	0.3617	0.4594	0.5688	0.6550	0.6707	0.6964	0.7078	0.7394
		\$2,000	0.3225	0.3328	0.4284	0.5439	0.6282	0.6437	0.6694	0.6808	0.7110
		\$2,500	0.2887	0.3012	0.3949	0.5215	0.6043	0.6193	0.6448	0.6559	0.6775
		\$5,000	0.2225	0.2576	0.3456	0.4312	0.5064	0.5204	0.5454	0.5559	0.5609
		\$7,500	0.1809	0.2138	0.2961	0.3643	0.4323	0.4456	0.4696	0.4796	0.4842
		\$10,000	0.1390	0.1698	0.2462	0.3097	0.3711	0.3835	0.4062	0.4156	0.4201
		EXCESS / LMTD	80%	\$0	0.4916	0.5326	0.5953	0.6755	0.7315	0.7442	0.7716
\$100	0.4890			0.5297	0.5925	0.6672	0.7228	0.7357	0.7631	0.7718	0.7756
\$150	0.4772			0.5173	0.5794	0.6548	0.7100	0.7224	0.7496	0.7581	0.7616
\$200	0.4622			0.5016	0.5633	0.6424	0.6969	0.7093	0.7361	0.7446	0.7479
\$250	0.4439			0.4829	0.5441	0.6306	0.6842	0.6964	0.7228	0.7313	0.7346
\$300	0.4228			0.4611	0.5221	0.6191	0.6716	0.6836	0.7097	0.7178	0.7213
\$500	0.3879			0.4269	0.4879	0.5607	0.6206	0.6354	0.6587	0.6666	0.6699
\$1,000	0.3079			0.3430	0.4016	0.4759	0.5354	0.5454	0.5725	0.5831	0.5875
\$1,500	0.2837			0.3140	0.3718	0.4134	0.4753	0.4877	0.5127	0.5228	0.5507
\$2,000	0.2554			0.2850	0.3421	0.3955	0.4559	0.4681	0.4927	0.5025	0.5295
\$2,500	0.2297			0.2567	0.3147	0.3809	0.4402	0.4524	0.4768	0.4864	0.4890
\$5,000	0.1737			0.1874	0.2406	0.3031	0.3550	0.3694	0.3929	0.3986	0.4010
\$7,500	0.1371			0.1484	0.1970	0.2550	0.3038	0.3158	0.3382	0.3439	0.3460
\$10,000	0.1053			0.1168	0.1606	0.2127	0.2615	0.2706	0.2913	0.2983	0.3005

EXHIBIT C - Anticipated Distribution of Business

By Issue Age Group		By Family Status	
Issue Ages	Distribution	Family Status	Distribution
18-20	5.4%	Individual	60.0%
21-25	9.9%	Individual + Spouse	15.0%
26-30	11.8%	1-Parent Family	10.0%
31-35	18.0%	2-Parent Family	15.0%
36-40	19.0%		
41-45	14.2%	By Coverage Type	
46-50	10.3%	Coverage	Distribution
51-55	7.1%	24-Hour	75.0%
56-60	3.4%	Off-the-Job	25.0%
61-64	0.9%		

Fixed Indemnity Average Coverage			
Accident Benefit	Base Coverage Unit	% Policies	Average Coverage Unit
Hospital Room and Board	\$100/Day	100%	\$1,000/Day
Inpatient Hospital Services	\$100/Day	100%	\$1,000/Day
Ancillary Hospital Charges	\$100/Day	100%	\$500/Day
Emergency Room	\$250	100%	\$500
Outpatient Surgical	\$250	100%	\$1,000
Physician Services	\$50/Visit	100%	\$50/Visit
Physiotherapy	\$50/Visit	15%	\$50/Visit
Ambulance	\$100/Service	100%	\$200/Service
Medical Equipment Rental	\$250	15%	\$250
Medical Services and Supplies	\$250	10%	\$250
Dental Services	\$100/Visit	10%	\$100/Visit
Prescription Drugs	\$20/Script	10%	\$20/Script
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	10%	\$100/Accident
Artificial Instruments	\$250	15%	\$500
Rehabilitation Treatment	\$100/Day	15%	\$500/Day
Rehabilitative Braces & Application	\$250	15%	\$1,000
AD&D	\$1,000	100%	\$50,000
Dislocations	\$1,000	15%	\$1,000
Fractures	\$1,000	15%	\$1,000
Concussions	\$50	15%	\$50
DI Rider	\$100/Month	15%	\$2,000/Month

AME By Product Distribution	
24-Hour	75.0%
Non-Occ	25.0%
Primary	60.0%
Excess-of-Rich	14.0%
Excess-of-Mod	10.0%
Excess-of-Limited	16.0%
Basic	100.0%
Opt1 (Rehab)	15.0%
Opt2	10.0%

Exhibit D

Anticipated Durational Loss Ratios

				Cumulative
Policy	Earned	Incurred	Loss	Loss
<u>Year</u>	<u>Prem+ Fees</u>	<u>Claims</u>	<u>Ratio</u>	<u>Ratio</u>
1	470,355	233,342	49.6%	49.6%
2	329,238	163,355	49.6%	49.6%
3	261,999	129,864	49.6%	49.6%
4	216,725	107,395	49.6%	49.6%
5	183,624	91,038	49.6%	49.6%
6	159,264	79,063	49.6%	49.6%
7	141,002	70,130	49.7%	49.6%
8	125,816	63,025	50.1%	49.6%
9	112,074	56,236	50.2%	49.7%
10	99,823	50,203	50.3%	49.7%
11	88,901	44,839	50.4%	49.7%
12	78,992	39,974	50.6%	49.8%
13	69,906	35,669	51.0%	49.8%
14	61,751	31,608	51.2%	49.8%
15	54,528	28,013	51.4%	49.9%
16	48,131	24,832	51.6%	49.9%
17	42,382	21,968	51.8%	49.9%
18	37,164	19,443	52.3%	50.0%
19	32,517	17,091	52.6%	50.0%
20	28,428	15,019	52.8%	50.0%
21	24,832	13,194	53.1%	50.1%
22	21,593	11,544	53.5%	50.1%
23	18,632	10,100	54.2%	50.1%
24	16,005	8,727	54.5%	50.1%
25	13,716	7,527	54.9%	50.2%
26	11,726	6,479	55.3%	50.2%
27	9,945	5,537	55.7%	50.2%
28	8,324	4,722	56.7%	50.2%
29	6,899	3,943	57.2%	50.2%
30	5,676	3,270	57.6%	50.3%

Anticipated Durational Loss Ratios (continued)

Policy	Earned	Incurred	Loss	Cumulative
Year	Premis+Fees	Claims	Ratio	Loss Ratio
31	4,813	2,944	61.2%	50.3%
32	4,093	2,679	65.4%	50.3%
33	3,331	2,162	64.9%	50.3%
34	2,715	1,765	65.0%	50.3%
35	2,204	1,460	66.3%	50.3%
36	1,767	1,198	67.8%	50.4%
37	1,404	976	69.5%	50.4%
38	1,119	750	67.1%	50.4%
39	905	597	66.0%	50.4%
40	734	496	67.5%	50.4%
41	589	409	69.3%	50.4%
42	465	333	71.6%	50.4%
43	357	272	76.4%	50.4%
44	262	215	82.3%	50.4%
45	181	162	90.0%	50.4%
46	114	118	103.7%	50.4%
47	60	78	130.0%	50.4%
48	23	45	189.8%	50.4%
49	5	11	238.1%	50.4%
Total:	2,805,106	1,413,823	50.40%	
Discounted lifetime loss ratio:			50.10%	

State: District of Columbia

Filing Company:

National Health Insurance Company

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

Product Name: NHIC AME 2013 - DC

Project Name/Number: NHIC AME 2013/NHIC AME 2013

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	
Attachment(s):	DC NHIC AME filing ltr.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificate of Authority to File
Comments:	
Attachment(s):	Auth ltr for NHIC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	NHIC Actuarial Memorandum - AME - 20130404.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	
Attachment(s):	NHIC Actuarial Memorandum - AME - 20130404.pdf
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Please see act memo for complete details
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
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SERFF Tracking #:

CMPL-129004143

State Tracking #:

Company Tracking #:

NHIC AME 2013

State:

District of Columbia

Filing Company:

National Health Insurance Company

TOI/Sub-TOI:

H02G Group Health - Accident Only/H02G.000 Health - Accident Only

Product Name:

NHIC AME 2013 - DC

Project Name/Number:

NHIC AME 2013/NHIC AME 2013

Bypass Reason:	Please see act memo for complete details
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	NHIC Actuarial Memorandum - AME - 20130404.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	This is a ne product rate .
Attachment(s):	
Item Status:	
Status Date:	



10921 REED HARTMAN HIGHWAY, SUITE 334
CINCINNATI, OHIO 45242
(Tel) 513.984.6050
(Fax) 513.984.7212
www.crsSOLUTIONSgroup.com

April 26, 2013

Re: National Health Insurance Company
NAIC: 82538 FEIN: 74-1541799
Group Accident Insurance, forms NHIC GRP AME 2013, et al

Dear Commissioner:

This filing is being made by Compliance Research Services, LLC on behalf of National Health Insurance Company (referred to in this letter as NHIC). A letter of filing authorization is enclosed.

We are submitting the above referenced forms for your review and approval. The enclosed forms provide Group Accident Benefits. The forms are new and will not replace any forms currently on file with your Department. This product includes the benefit plan options commonly found in the Group Accident market.

NOTE: Your Department recently rejected a rate filing for NHIC an employer stop loss plan. The basis for the rejection was that the NHIC website states: "NHIC is currently not writing new business." Please be advised that the company does plan to market stop loss coverage and group accident coverage upon approval by the Insurance Departments.

Group accident coverage will be marketed through in house captive agents, independent agents, brokers and managing general underwriters appointed and contracted with NHIC. Coverage will be marketed directly to groups of all sizes by licensed NHIC agents and through relationships with insurance brokers. Forms are in final print format. Page numbers may vary in an issued policy and certificates depending on the benefits selected. Where we have made changes to address specific requirements of your state, the state abbreviation has been added to the form number.

Information shown in brackets is intended to vary according to the benefits chosen. A statement of variability is enclosed. The variable language in policies issued in your state and the certificates for those policies will not be more restrictive than allowed by your laws and regulations. Any fraud warning statement for your state is intended to be variable only to allow changes to comply with revisions that may occur in your required statement in the future.

Variable material indicated by hard brackets ([]) that enclose an entire page or paragraphs, phrases or words indicate that text may be included, excluded or modified. No change in the variable areas will be made which will be in conflict with any law, rules or regulations of your state.

The forms are in final format. NHIC requests the right to change the type style and paper size or to issue the forms in electronic format. The forms are new and do not replace any forms currently on file with your Department.

We have included any transmittals and certification forms required by your Department.

Thank you for your consideration of these forms. Please feel free to contact me at the phone number or email address shown below should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "J. David Simon". The signature is written in a cursive, flowing style.

J. David Simon, CLU
President

Phone: 513-984-6050

Fax: 513-984-7212

Email: dsimon@crssolutionsgroup.com

February 22, 2013


Re: NAIC # 82538 FEIN # 74-1541799
Stop Loss Policies and Related Forms and Rates

To: All Departments of Insurance

National Health Insurance Company hereby authorizes Compliance Research Services, LLC to represent us in the submission of the above-referenced forms and related outline of coverage forms, rates and actuarial documents and to negotiate with insurance departments for their approval.

Sincerely,

National Health Insurance Company

By: 
Mike Weiner
Chief Financial Officer

National Health Insurance Company

Accident Policy NHIC GP AME 2013
With Accident Certificate AME CERT 2013

Actuarial Memorandum

I. Scope and Purpose

This actuarial memorandum has been prepared for the purpose of complying with state regulations regarding the pricing of the referenced policy form. The specific purpose of this filing is to present the proposed rates for the referenced new policy form. This is a new product filing and is not intended to replace any existing filings. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides various benefits for accidents. The benefit options that may be purchased are as follows:

- 1) 24-hour Coverage; or
- 2) Non-occupational Coverage.
- 3) Whether 24-hour or Non-Occupational Coverage is selected, the following coverage and options are available:
 - i. Optional Accidental Death Benefit
 - ii. Optional Accidental Dismemberment Benefit
 - iii. Optional Accident Medical Benefit
 1. Primary Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 2. Excess Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 3. Fixed Indemnity Coverage
 - a. Any combination of 16 Covered Medical Services
 - iv. Optional Hospital Cash Benefit

- v. Optional Dislocation and Fracture Benefit
- vi. Optional Ambulance Benefit (may cover either ground or air ambulance or both)
- vii. Optional Accident Total Disability Weekly Income Benefit
- viii. Optional Emergency Room Treatment Benefit

All coverage terminates on the last day of the month in which the Certificateholder attains age 65.

Coverage is generally subject to a pre-existing condition provision. For takeover groups this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

III. Applicability and Renewability

The referenced policy form will be issued to qualified employer and association groups and certificates will be issued on an individual basis and will be guaranteed renewable to the last day of the month in which the primary insured attains age 65. The premium rates presented in this filing will be in effect from the date of state approval. There is no currently in-force premium to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from various public and proprietary sources. Morbidity sources used include:

- Injury in the United States - 2007 Chartbook (U.S. Dept HHS, CDC, National Center for Health Statistics)
- Injury Episodes and Circumstances: National Health Interview Survey, 1997–2007
- Towers Watson HealthMAPS claim cost model for 2012
- 2009 HCUP data (<http://hcupnet.ahrq.gov/HCUPnet.jsp>)
- 2009 NHDS, NAMCS and NHAMCS datasets
- 2011 National Burn Repository
- National Spinal Cord Injury Statistical Center, 2009 Annual Statistical Report
- Proprietary recent insurer hospital confinement experience compiled by UHAS Inc.

A sample of the assumed claim costs are presented in attached Exhibit A.

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1 - q^m) * (1 - q^v)$$

where q^m represents the mortality decrement and q^v represents the voluntary lapse rate.

Assumed mortality is based on the 1990-95 Select and Ultimate mortality table. The assumed total termination rates are based upon recent industry experience for similar products.

Total Termination rates are assumed as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Years 7+
35.0%	22.0%	18.0%	16.0%	14.0%	12.0%	10.0%

Policies terminate at the end of the month during which the Certificateholder attains age 65 regardless of issue age or policy year.

VI. Expenses and Interest Rates

The following expenses, which reflect costs associated with a third party administrator, were assumed in pricing the referenced policy form.

Enrollment Costs:	3% of premium
Maintenance Costs:	12% of premium
Premium Tax and Assessments:	2.5% of premium
Commissions and Sales Expenses:	23% of premium on a present value basis. This may be paid on either a level basis in all years or an actuarially equivalent amount with higher first year commissions and lower commissions in subsequent years.

Investment Income: 3.25% on cash flows

Interest rates: 3.5% for discounting, consistent with the valuation interest rate for policies of this type issued in 2013

VII. Marketing Method

The referenced policy/rider forms will be marketed in the worksite and association markets to valid groups through licensed agents, brokers and Third Party Administrators approved by the Company.

VIII. Underwriting

This policy form is generally underwritten based on a simplified application with yes/no questions. In certain large groups coverage may be underwritten on a guaranteed issue if certain participation requirements are met. High risk groups (e.g. mining) will be excluded.

The assumed underwriting selection factor for use against ultimate claim costs is 1.00 in all years

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected.

Rates will not vary by age or gender.

Policies will be issued to individuals at ages 18 through 64 and are guaranteed renewable to the end of the month during which the primary insured attains age 65. The premiums are not guaranteed, and, are subject to change upon renewal.

X. Group Discounts and Experience Rating

Premiums may be reduced up to 20% for enrollees from certain large groups where either distribution expenses are reduced or where underwriting selection is anticipated due to employer contributions

increasing participation. Additionally, an underwriting factor may be applied to rates for large groups reflecting previous experience under similar plans, geographic cost factors for the group including the local cost of RBRVS reimbursement versus UCR reimbursement, and/or industry rating factors.

Renewal rates for large groups may also be subject to an experience adjustment when experience is at least partially credible. Credibility will be based on the number of insured individual life-years of experience within a group. The percentage of credibility will be based on the formula:

$$\frac{\text{Life-Years of exposure in Group}}{2000 \text{ annual exposures (full credibility)}}$$

Examples of calculated credibility levels are as follows:

Years of Insured Lives	Credibility
2000+	100%
1500	75%
1000	50%
500	25%

If a rate action is based on prior experience, incurred claims are adjusted for any claims above a pooling level and a claims trend is applied from the midpoint of the experience period to the midpoint of the effective date of the new Policy period. This is also adjusted for any difference in plan benefits based on the manual rate difference. The projected/adjusted loss ratio is determined by dividing the projected total incurred claims by the adjusted earned premium. The Experience Rate is determined by multiplying the current rate by the projected/adjusted loss ratio and dividing by the desired loss ratio. The credibility assigned to the Experience Rate in the following formula is Z. The credibility formula for rating a case is Final Rate = Z times Experience Rate + (1-Z) times Manual Rate.

XI. Area Factors

Gross annual premiums for these policies will not vary based on the insured's residence location (ZIP3) except as may be determined as part of the group underwriting process.

XII. Distribution of Business and Average Annual Premium

The assumed distribution based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected are shown in Exhibit C.

Using the assumed distributions and the proposed premiums, the anticipated average annual premium is \$679.63.

XIII. Premium Modalization

The following premium modalization factors will be applied in billing calculations.

Annual mode	12 x Monthly
Semi-annual mode	6 x Monthly
Quarterly mode	3 x Monthly
Semi-monthly	divide monthly rate by 2

Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the monthly payment mode are shown on attached Exhibit C.

XIV. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using pricing claim cost assumptions with a load for conservatism and 1990-95 Select and Ultimate mortality table. Voluntary lapse rates and discount rates assumed will comply with the NAIC Health Insurance Reserves Model Regulation and any applicable state regulations. Active life reserves were not used in the calculation of anticipated loss ratios.

XV. Claim Liability and Reserves

This is a new filing of this form; there are no claim reserves or liabilities at this time. The claim reserve at any point in time will consist of (a) incurred but unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

Claim liabilities will be based on actual Company claim data triangles using generally accepted actuarial methods that comply with the Actuarial Standards of Practice promulgated by the American Academy of Actuaries.

XVI. Trend Assumptions

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

XVII. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 50%. Expected durational loss ratios are shown on Exhibit D. The anticipated lifetime loss ratio is 50.1% on a discounted basis. Active life reserves were not used in the calculation of anticipated loss ratios.

XVIII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 7.2% of the present-value of lifetime premiums.

XIX. Proposed Effective Date

The proposed rates will be effective upon approval. Future rate increases on benefits not subject to trend are not anticipated at this time.

XX. Data Reliance

In completing the pricing analysis and filing materials for these policy forms, I relied on expected sales data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material to the analysis conducted or the conclusions drawn from the analysis.

XXI. Actuarial Certification

I hereby certify that I am a Member of the Society of Actuaries and the American Academy of Actuaries and meet the Academy's qualification standards for issuing this statement of actuarial opinion.

I further certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:

The entire rate filing is in compliance with the applicable laws of the state in which it is filed;

The entire rate filing complies with all applicable Actuarial Standards of Practice (including Actuarial Standards of Practice Number 8, *Regulatory Filings for Rates and Financial Projections for Health Plans* and Number 5, *Recommendations and Interpretations Concerning Incurred Health Claim Liabilities*, promulgated by the Actuarial Standards Board);

The expected loss ratio meets the minimum requirements of the state in which it is filed;

The benefits are reasonable in relation to the proposed premiums; and

The premium schedule is not excessive, inadequate, or unfairly discriminatory.



Mark E. Shaw, FSA, MAAA, CERA
Senior Consulting Actuary
United Health Actuarial Services, Inc.
phone: 414-469-0407
email: mshaw@uhasinc.com

April 5, 2013

Date

Attachments:

- Exhibit A – Sample Claim Costs
- Exhibit B – Proposed Gross Premiums
- Exhibit C – Anticipated Distribution of Business
- Exhibit D – Anticipated Durational Loss Ratios

Exhibit A - Sample Claim Costs

Individual Monthly Claim Costs (24-hour)						
Hospital Cash						
Death	3-Day WP	5-Day WP	7-Day WP	Fractures	Dislocations	Concussions
\$1,000	\$100	\$100	\$100	\$1,000	\$1,000	\$50
\$0.04	\$0.21	\$0.17	\$0.14	\$0.15	\$0.01	\$0.01
Hospital	Inpatient	Ancillary	Outpatient		Physician	
R&B	Hosp Svcs	Hosp Chgs	ER	Surgical	Services	Physiotherapy
\$100	\$100	\$100	\$250	\$250	\$50	\$50
\$0.28	\$0.28	\$0.22	\$2.18	\$0.40	\$1.68	\$0.29
					Eyeglasses,	
	Medical	Med Svcs	Dental		Contacts &	Artificial
Ambulance	Equip Rent	& Supplies	Services	Rx	Hearing Aids	Instruments
\$100	\$250	\$250	\$100	\$20	\$100	\$250
\$0.15	\$0.23	\$0.05	\$0.10	\$0.81	\$0.04	\$0.04
	Rehab					
Rehab	Braces &					
Treatment	Appliances					
\$100	\$250					
\$0.29	\$0.13					

Individual Monthly Claim Costs (24-hour)			
AME PRIMARY	100% Coinsurance / \$0 dedbl / \$1MM max		
Seed CC			
Total	\$51.67		
Basic	\$44.44	86%	
Opt1	\$1.03	2%	
Opt2	\$6.20	12%	
EXCESS of RICH base	100% coinsurance / \$0 dedbl / \$25K max		
Seed CC			
Total	\$21.89		
Basic	\$18.82		
Opt1	\$0.44		
Opt2	\$2.63		

Individual Monthly Claim Costs (24-hour continued)				
EXCESS of MOD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$42.76			
Basic	\$36.77			
Opt1	\$0.86			
Opt2	\$5.13			
EXCESS of LMTD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$45.89			
Basic	\$39.46			
Opt1	\$0.92			
Opt2	\$5.51			

Accident (Off-the-Job) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry	3	6	12	24	36
Elim Pd	Class	Month	Month	Month	Month	Month
0 Day	1	4.46	5.42	6.99	10.68	11.95
0 Day	2	9.29	12.09	14.18	21.36	23.91
0 Day	3	15.21	19.73	23.72	35.44	39.66
7 Day	1	3.85	4.46	6.06	9.31	10.42
7 Day	2	8.17	10.45	13.02	19.24	20.89
7 Day	3	13.76	17.50	22.11	32.79	35.52
14 Day	1	3.15	3.91	5.50	8.70	9.73
14 Day	2	6.86	8.87	11.59	17.63	19.72
14 Day	3	11.68	15.12	18.89	29.98	33.54
30 Day	1	2.31	3.02	4.51	7.08	7.93
30 Day	2	5.23	6.91	9.18	14.08	15.76
30 Day	3	8.93	11.82	14.11	24.30	27.19

Accident (24-Hour) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	6.45	7.59	9.79	14.95	16.73
0 Day	2	13.16	17.10	20.66	30.71	34.36
0 Day	3	19.33	25.03	30.50	45.47	50.88
7 Day	1	5.53	6.29	8.54	13.22	14.79
7 Day	2	12.25	15.10	18.16	27.86	30.25
7 Day	3	18.09	22.75	27.57	41.74	45.21
14 Day	1	4.60	5.47	7.98	12.29	13.76
14 Day	2	10.93	13.59	16.77	25.61	28.65
14 Day	3	15.99	20.16	26.57	38.64	43.23
30 Day	1	3.59	4.40	6.21	10.16	11.37
30 Day	2	8.23	10.37	13.33	20.96	23.45
30 Day	3	12.15	15.57	22.32	31.86	35.64

Exhibit B - Proposed Gross Monthly Premiums

24-Hour Coverage

Accident Benefit	Coverage Unit	Monthly Premium per Covg Unit		
		Insured	Spouse	Children
Death*	\$1,000	\$0.07	\$0.07	\$0.10
Dismemberment*	Schedule	\$0.01	\$0.01	\$0.01
Hospital Cash (3-day waiting prd)	\$100/day, 30-day limit	\$0.42	\$0.42	\$0.58
Hospital Cash (5-day waiting prd)	\$100/day, 30-day limit	\$0.35	\$0.35	\$0.48
Hospital Cash (7-day waiting prd)	\$100/day, 30-day limit	\$0.29	\$0.29	\$0.39
Dislocations	\$1000 Max Schedule	\$0.02	\$0.02	\$0.03
Fractures	\$1000 Max Schedule	\$0.31	\$0.31	\$0.43
Concussions	\$50	\$0.03	\$0.03	\$0.04
Hospital Room and Board	\$100/Day	\$0.57	\$0.57	\$0.78
Inpatient Hospital Services	\$100/Day	\$0.57	\$0.57	\$0.78
Ancillary Hospital Charges	\$100/Day	\$0.45	\$0.45	\$0.62
Emergency Room	\$250	\$4.20	\$4.20	\$7.58
Outpatient Surgical	\$250	\$0.85	\$0.85	\$0.66
Physician Services	\$50/Visit	\$3.47	\$3.47	\$4.74
Physiotherapy	\$50/Visit	\$0.59	\$0.59	\$0.83
Ambulance	\$100/Service	\$0.31	\$0.31	\$0.43
Medical Equipment Rental	\$250	\$0.48	\$0.48	\$0.67
Medical Services and Supplies	\$250	\$0.10	\$0.10	\$0.13
Dental Services	\$100/Visit	\$0.20	\$0.20	\$0.28
Prescription Drugs	\$20/Script	\$1.37	\$1.37	\$1.45
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	\$0.09	\$0.09	\$0.12
Artificial Instruments	\$250	\$0.07	\$0.07	\$0.12
Rehabilitation Treatment	\$100/Day	\$0.59	\$0.59	\$0.83
Rehabilitative Braces & Application	\$250	\$0.27	\$0.27	\$0.36

Non-occupational rates are 85% of the above.

Ambulance benefit above assumes equal benefits for ground and air ambulance. If air benefit is omitted premiums are reduced by 5% (i.e., 95% of cost is for ground, 5% for air). If ground benefit is omitted premiums reduce by 95%.

Off-the-Job Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	0.84	1.02	1.31	2.00	2.23
0 Day	2	1.68	2.19	2.57	3.87	4.35
0 Day	3	2.83	3.68	4.42	6.61	7.42
7 Day	1	0.72	0.84	1.14	1.74	1.97
7 Day	2	1.48	1.89	2.36	3.48	3.79
7 Day	3	2.56	3.26	4.12	6.11	6.61
14 Day	1	0.59	0.73	1.03	1.63	1.80
14 Day	2	1.24	1.61	2.10	3.19	3.55
14 Day	3	2.18	2.82	3.52	5.59	6.27
30 Day	1	0.43	0.57	0.85	1.33	1.50
30 Day	2	0.95	1.25	1.66	2.55	2.85
30 Day	3	1.66	2.20	2.63	4.53	5.08
24-Hour Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	1.21	1.43	1.83	2.80	3.12
0 Day	2	2.38	3.10	3.74	5.56	6.25
0 Day	3	3.60	4.67	5.68	8.48	9.52
7 Day	1	1.04	1.19	1.61	2.47	2.80
7 Day	2	2.22	2.73	3.29	5.04	5.49
7 Day	3	3.37	4.24	5.14	7.78	8.41
14 Day	1	0.86	1.02	1.49	2.30	2.54
14 Day	2	1.97	2.47	3.04	4.63	5.16
14 Day	3	2.99	3.76	4.95	7.20	8.08
30 Day	1	0.67	0.83	1.17	1.91	2.15
30 Day	2	1.49	1.88	2.41	3.80	4.24
30 Day	3	2.26	2.90	4.16	5.94	6.66

Factors to Adjust Benefit Options

Physiotherapy & Rehabilitation		Prescription Drugs		
Visits	Factor	Scripts	Factor	
			Insured	Children
5	1.00	1	1.00	1.00
10	1.46	2	1.42	1.11
20	1.84	3	1.63	1.14
30	1.99	4	1.73	1.17
60	2.20	5	1.79	1.20
90	2.29	6	1.83	1.22
120	2.33	7	1.86	1.24
180	2.36	8	1.88	1.25
360	2.40	9	1.89	1.26
		10	1.90	1.27

Physician Services		Coverage Factors		
Visits	Factor	Coverage	Adult	Child
5	1.00	24-hour	1.00	1.00
10	1.37	Off-the-job	0.85	N/A
20	1.55			
30	1.58			
60	1.62			
90	1.65			
120	1.67			

Emergency Room	
Visits	Factor
1	1.00
2	1.16
3	1.20
4	1.22

First Treatment Must Occur Within XX Days from Date of Accident				
Expenses must be incurred within YY Weeks from Date of Accident	30	60	90	180
	26	0.850	0.875	0.900
52	0.920	0.935	0.960	0.980
104	0.960	0.980	0.990	1.000

Monthly Premiums for Expense-Incurred AME

AME Coverage	Covered Person	PRIMARY	EXCESS / RICH	EXCESS / MOD	EXCESS / LMTD
		100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$25K max	100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$1MM max
BASIC	Adult (each)	\$93.32	\$39.52	\$77.21	\$82.86
	Child(ren)	\$93.32	\$39.52	\$77.21	\$82.86
OPTION 1	Adult (each)	\$2.16	\$0.92	\$1.80	\$1.93
	Child(ren)	\$2.16	\$0.92	\$1.80	\$1.93
OPTION 2	Adult (each)	\$13.02	\$5.52	\$10.77	\$11.57
	Child(ren)	\$13.02	\$5.52	\$10.77	\$11.57
Rates for other coinsurance / deductible / max-ben combinations will be equal to the above multiplied by the AME factor which corresponds to the coinsurance / deductible / max-ben selected.					
Rates shown above are for 24-hour coverage.					
Adult rates for Non-occ coverage are the above multiplied by:					0.85
Rates for Basic-plus other optional coverages are simply additive.					

AME FACTORS

Product	Coinsurance	Deductible	\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
PRIMARY COVERAGE	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3989	0.4283	0.4718	0.5127	0.5225
		\$100	0.1068	0.1959	0.2924	0.3753	0.3969	0.4264	0.4697	0.5105	0.5206
		\$150	0.1043	0.1912	0.2859	0.3675	0.3890	0.4180	0.4612	0.4991	0.5094
		\$200	0.1004	0.1844	0.2762	0.3559	0.3772	0.4058	0.4484	0.4836	0.4943
		\$250	0.0956	0.1751	0.2632	0.3404	0.3613	0.3898	0.4318	0.4643	0.4753
		\$300	0.0892	0.1637	0.2471	0.3213	0.3420	0.3698	0.4111	0.4411	0.4529
		\$500	0.0805	0.1477	0.2245	0.2938	0.3137	0.3408	0.3805	0.4012	0.4134
		\$1,000	0.0716	0.1314	0.2015	0.2663	0.2859	0.3122	0.3472	0.3507	0.3637
		\$1,500	0.0617	0.1132	0.1757	0.2357	0.2545	0.2802	0.3176	0.3199	0.3219
		\$2,000	0.0507	0.0929	0.1475	0.2019	0.2202	0.2450	0.2810	0.2891	0.2934
		\$2,500	0.0387	0.0710	0.1165	0.1651	0.1829	0.2069	0.2249	0.2415	0.2617
		\$5,000	0.0257	0.0474	0.0832	0.1256	0.1426	0.1657	0.1988	0.2092	0.2212
		\$7,500	0.0122	0.0223	0.0484	0.0842	0.1006	0.1231	0.1442	0.1550	0.1837
\$10,000	0.0099	0.0180	0.0267	0.0391	0.0552	0.0768	0.1074	0.1252	0.1467		
PRIMARY COVERAGE	80%	\$0	0.1049	0.1895	0.2758	0.3464	0.3642	0.3888	0.4247	0.4581	0.4713
		\$100	0.1043	0.1883	0.2740	0.3445	0.3623	0.3869	0.4225	0.4562	0.4693
		\$150	0.1018	0.1841	0.2680	0.3375	0.3551	0.3793	0.4147	0.4482	0.4627
		\$200	0.0981	0.1773	0.2590	0.3267	0.3443	0.3683	0.4035	0.4366	0.4525
		\$250	0.0933	0.1686	0.2468	0.3126	0.3300	0.3538	0.3884	0.4190	0.4223
		\$300	0.0871	0.1575	0.2317	0.2949	0.3122	0.3358	0.3698	0.3940	0.4024
		\$500	0.0840	0.1132	0.1852	0.2500	0.2671	0.2899	0.3246	0.3536	0.3613
		\$1,000	0.0497	0.0931	0.1144	0.1750	0.1895	0.2162	0.2475	0.2700	0.2818
		\$1,500	0.0449	0.0811	0.1026	0.1577	0.1730	0.1961	0.2295	0.2439	0.2493
		\$2,000	0.0385	0.0577	0.0877	0.1364	0.1513	0.1734	0.2081	0.2173	0.2305
		\$2,500	0.0308	0.0445	0.0706	0.1128	0.1270	0.1479	0.1817	0.1875	0.2077
		\$5,000	0.0207	0.0250	0.0426	0.0778	0.0908	0.1115	0.1179	0.1366	0.1560
		\$7,500	0.0108	0.0215	0.0358	0.0691	0.0716	0.0749	0.0950	0.1142	0.1347
\$10,000	0.0095	0.0170	0.0337	0.0395	0.0503	0.0629	0.0786	0.0997	0.1200		

AME FACTORS (continued)

Table with columns: Product, Coinsurance, Deductible, Maximum Benefit (ranging from \$20,000 to \$1,000,000).

Table with columns: Product, Coinsurance, Deductible, Maximum Benefit (ranging from \$500 to \$25,000).

EXHIBIT C - Anticipated Distribution of Business

By Issue Age Group		By Family Status	
Issue Ages	Distribution	Family Status	Distribution
18-20	5.4%	Individual	60.0%
21-25	9.9%	Individual + Spouse	15.0%
26-30	11.8%	1-Parent Family	10.0%
31-35	18.0%	2-Parent Family	15.0%
36-40	19.0%		
41-45	14.2%	By Coverage Type	
46-50	10.3%	Coverage	Distribution
51-55	7.1%	24-Hour	75.0%
56-60	3.4%	Off-the-Job	25.0%
61-64	0.9%		

Fixed Indemnity Average Coverage			
Accident Benefit	Base Coverage Unit	% Policies	Average Coverage Unit
Hospital Room and Board	\$100/Day	100%	\$1,000/Day
Inpatient Hospital Services	\$100/Day	100%	\$1,000/Day
Ancillary Hospital Charges	\$100/Day	100%	\$500/Day
Emergency Room	\$250	100%	\$500
Outpatient Surgical	\$250	100%	\$1,000
Physician Services	\$50/Visit	100%	\$50/Visit
Physiotherapy	\$50/Visit	15%	\$50/Visit
Ambulance	\$100/Service	100%	\$200/Service
Medical Equipment Rental	\$250	15%	\$250
Medical Services and Supplies	\$250	10%	\$250
Dental Services	\$100/Visit	10%	\$100/Visit
Prescription Drugs	\$20/Script	10%	\$20/Script
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	10%	\$100/Accident
Artificial Instruments	\$250	15%	\$500
Rehabilitation Treatment	\$100/Day	15%	\$500/Day
Rehabilitative Braces & Application	\$250	15%	\$1,000
AD&D	\$1,000	100%	\$50,000
Dislocations	\$1,000	15%	\$1,000
Fractures	\$1,000	15%	\$1,000
Concussions	\$50	15%	\$50
DI Rider	\$100/Month	15%	\$2,000/Month

AME By Product Distribution	
24-Hour	75.0%
Non-Occ	25.0%
Primary	60.0%
Excess-of-Rich	14.0%
Excess-of-Mod	10.0%
Excess-of-Limited	16.0%
Basic	100.0%
Opt1 (Rehab)	15.0%
Opt2	10.0%

Exhibit D

Anticipated Durational Loss Ratios

				Cumulative
Policy	Earned	Incurred	Loss	Loss
<u>Year</u>	<u>Prem+ Fees</u>	<u>Claims</u>	<u>Ratio</u>	<u>Ratio</u>
1	470,355	233,342	49.6%	49.6%
2	329,238	163,355	49.6%	49.6%
3	261,999	129,864	49.6%	49.6%
4	216,725	107,395	49.6%	49.6%
5	183,624	91,038	49.6%	49.6%
6	159,264	79,063	49.6%	49.6%
7	141,002	70,130	49.7%	49.6%
8	125,816	63,025	50.1%	49.6%
9	112,074	56,236	50.2%	49.7%
10	99,823	50,203	50.3%	49.7%
11	88,901	44,839	50.4%	49.7%
12	78,992	39,974	50.6%	49.8%
13	69,906	35,669	51.0%	49.8%
14	61,751	31,608	51.2%	49.8%
15	54,528	28,013	51.4%	49.9%
16	48,131	24,832	51.6%	49.9%
17	42,382	21,968	51.8%	49.9%
18	37,164	19,443	52.3%	50.0%
19	32,517	17,091	52.6%	50.0%
20	28,428	15,019	52.8%	50.0%
21	24,832	13,194	53.1%	50.1%
22	21,593	11,544	53.5%	50.1%
23	18,632	10,100	54.2%	50.1%
24	16,005	8,727	54.5%	50.1%
25	13,716	7,527	54.9%	50.2%
26	11,726	6,479	55.3%	50.2%
27	9,945	5,537	55.7%	50.2%
28	8,324	4,722	56.7%	50.2%
29	6,899	3,943	57.2%	50.2%
30	5,676	3,270	57.6%	50.3%

Anticipated Durational Loss Ratios (continued)

Policy	Earned	Incurred	Loss	Cumulative
Year	Premis+Fees	Claims	Ratio	Loss Ratio
31	4,813	2,944	61.2%	50.3%
32	4,093	2,679	65.4%	50.3%
33	3,331	2,162	64.9%	50.3%
34	2,715	1,765	65.0%	50.3%
35	2,204	1,460	66.3%	50.3%
36	1,767	1,198	67.8%	50.4%
37	1,404	976	69.5%	50.4%
38	1,119	750	67.1%	50.4%
39	905	597	66.0%	50.4%
40	734	496	67.5%	50.4%
41	589	409	69.3%	50.4%
42	465	333	71.6%	50.4%
43	357	272	76.4%	50.4%
44	262	215	82.3%	50.4%
45	181	162	90.0%	50.4%
46	114	118	103.7%	50.4%
47	60	78	130.0%	50.4%
48	23	45	189.8%	50.4%
49	5	11	238.1%	50.4%
Total:	2,805,106	1,413,823	50.40%	
Discounted lifetime loss ratio:			50.10%	

National Health Insurance Company

Accident Policy NHIC GP AME 2013
With Accident Certificate AME CERT 2013

Actuarial Memorandum

I. Scope and Purpose

This actuarial memorandum has been prepared for the purpose of complying with state regulations regarding the pricing of the referenced policy form. The specific purpose of this filing is to present the proposed rates for the referenced new policy form. This is a new product filing and is not intended to replace any existing filings. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides various benefits for accidents. The benefit options that may be purchased are as follows:

- 1) 24-hour Coverage; or
- 2) Non-occupational Coverage.
- 3) Whether 24-hour or Non-Occupational Coverage is selected, the following coverage and options are available:
 - i. Optional Accidental Death Benefit
 - ii. Optional Accidental Dismemberment Benefit
 - iii. Optional Accident Medical Benefit
 1. Primary Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 2. Excess Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 3. Fixed Indemnity Coverage
 - a. Any combination of 16 Covered Medical Services
 - iv. Optional Hospital Cash Benefit

- v. Optional Dislocation and Fracture Benefit
- vi. Optional Ambulance Benefit (may cover either ground or air ambulance or both)
- vii. Optional Accident Total Disability Weekly Income Benefit
- viii. Optional Emergency Room Treatment Benefit

All coverage terminates on the last day of the month in which the Certificateholder attains age 65.

Coverage is generally subject to a pre-existing condition provision. For takeover groups this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

III. Applicability and Renewability

The referenced policy form will be issued to qualified employer and association groups and certificates will be issued on an individual basis and will be guaranteed renewable to the last day of the month in which the primary insured attains age 65. The premium rates presented in this filing will be in effect from the date of state approval. There is no currently in-force premium to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from various public and proprietary sources. Morbidity sources used include:

- Injury in the United States - 2007 Chartbook (U.S. Dept HHS, CDC, National Center for Health Statistics)
- Injury Episodes and Circumstances: National Health Interview Survey, 1997–2007
- Towers Watson HealthMAPS claim cost model for 2012
- 2009 HCUP data (<http://hcupnet.ahrq.gov/HCUPnet.jsp>)
- 2009 NHDS, NAMCS and NHAMCS datasets
- 2011 National Burn Repository
- National Spinal Cord Injury Statistical Center, 2009 Annual Statistical Report
- Proprietary recent insurer hospital confinement experience compiled by UHAS Inc.

A sample of the assumed claim costs are presented in attached Exhibit A.

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1 - q^m) * (1 - q^v)$$

where q^m represents the mortality decrement and q^v represents the voluntary lapse rate.

Assumed mortality is based on the 1990-95 Select and Ultimate mortality table. The assumed total termination rates are based upon recent industry experience for similar products.

Total Termination rates are assumed as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Years 7+
35.0%	22.0%	18.0%	16.0%	14.0%	12.0%	10.0%

Policies terminate at the end of the month during which the Certificateholder attains age 65 regardless of issue age or policy year.

VI. Expenses and Interest Rates

The following expenses, which reflect costs associated with a third party administrator, were assumed in pricing the referenced policy form.

Enrollment Costs:	3% of premium
Maintenance Costs:	12% of premium
Premium Tax and Assessments:	2.5% of premium
Commissions and Sales Expenses:	23% of premium on a present value basis. This may be paid on either a level basis in all years or an actuarially equivalent amount with higher first year commissions and lower commissions in subsequent years.

Investment Income: 3.25% on cash flows

Interest rates: 3.5% for discounting, consistent with the valuation interest rate for policies of this type issued in 2013

VII. Marketing Method

The referenced policy/rider forms will be marketed in the worksite and association markets to valid groups through licensed agents, brokers and Third Party Administrators approved by the Company.

VIII. Underwriting

This policy form is generally underwritten based on a simplified application with yes/no questions. In certain large groups coverage may be underwritten on a guaranteed issue if certain participation requirements are met. High risk groups (e.g. mining) will be excluded.

The assumed underwriting selection factor for use against ultimate claim costs is 1.00 in all years

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected.

Rates will not vary by age or gender.

Policies will be issued to individuals at ages 18 through 64 and are guaranteed renewable to the end of the month during which the primary insured attains age 65. The premiums are not guaranteed, and, are subject to change upon renewal.

X. Group Discounts and Experience Rating

Premiums may be reduced up to 20% for enrollees from certain large groups where either distribution expenses are reduced or where underwriting selection is anticipated due to employer contributions

increasing participation. Additionally, an underwriting factor may be applied to rates for large groups reflecting previous experience under similar plans, geographic cost factors for the group including the local cost of RBRVS reimbursement versus UCR reimbursement, and/or industry rating factors.

Renewal rates for large groups may also be subject to an experience adjustment when experience is at least partially credible. Credibility will be based on the number of insured individual life-years of experience within a group. The percentage of credibility will be based on the formula:

$$\frac{\text{Life-Years of exposure in Group}}{2000 \text{ annual exposures (full credibility)}}$$

Examples of calculated credibility levels are as follows:

Years of Insured Lives	Credibility
2000+	100%
1500	75%
1000	50%
500	25%

If a rate action is based on prior experience, incurred claims are adjusted for any claims above a pooling level and a claims trend is applied from the midpoint of the experience period to the midpoint of the effective date of the new Policy period. This is also adjusted for any difference in plan benefits based on the manual rate difference. The projected/adjusted loss ratio is determined by dividing the projected total incurred claims by the adjusted earned premium. The Experience Rate is determined by multiplying the current rate by the projected/adjusted loss ratio and dividing by the desired loss ratio. The credibility assigned to the Experience Rate in the following formula is Z. The credibility formula for rating a case is Final Rate = Z times Experience Rate + (1-Z) times Manual Rate.

XI. Area Factors

Gross annual premiums for these policies will not vary based on the insured's residence location (ZIP3) except as may be determined as part of the group underwriting process.

XII. Distribution of Business and Average Annual Premium

The assumed distribution based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected are shown in Exhibit C.

Using the assumed distributions and the proposed premiums, the anticipated average annual premium is \$679.63.

XIII. Premium Modalization

The following premium modalization factors will be applied in billing calculations.

Annual mode	12 x Monthly
Semi-annual mode	6 x Monthly
Quarterly mode	3 x Monthly
Semi-monthly	divide monthly rate by 2

Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the monthly payment mode are shown on attached Exhibit C.

XIV. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using pricing claim cost assumptions with a load for conservatism and 1990-95 Select and Ultimate mortality table. Voluntary lapse rates and discount rates assumed will comply with the NAIC Health Insurance Reserves Model Regulation and any applicable state regulations. Active life reserves were not used in the calculation of anticipated loss ratios.

XV. Claim Liability and Reserves

This is a new filing of this form; there are no claim reserves or liabilities at this time. The claim reserve at any point in time will consist of (a) incurred but unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

Claim liabilities will be based on actual Company claim data triangles using generally accepted actuarial methods that comply with the Actuarial Standards of Practice promulgated by the American Academy of Actuaries.

XVI. Trend Assumptions

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

XVII. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 50%. Expected durational loss ratios are shown on Exhibit D. The anticipated lifetime loss ratio is 50.1% on a discounted basis. Active life reserves were not used in the calculation of anticipated loss ratios.

XVIII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 7.2% of the present-value of lifetime premiums.

XIX. Proposed Effective Date

The proposed rates will be effective upon approval. Future rate increases on benefits not subject to trend are not anticipated at this time.

XX. Data Reliance

In completing the pricing analysis and filing materials for these policy forms, I relied on expected sales data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material to the analysis conducted or the conclusions drawn from the analysis.

XXI. Actuarial Certification

I hereby certify that I am a Member of the Society of Actuaries and the American Academy of Actuaries and meet the Academy's qualification standards for issuing this statement of actuarial opinion.

I further certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:


The entire rate filing is in compliance with the applicable laws of the state in which it is filed;

The entire rate filing complies with all applicable Actuarial Standards of Practice (including Actuarial Standards of Practice Number 8, *Regulatory Filings for Rates and Financial Projections for Health Plans* and Number 5, *Recommendations and Interpretations Concerning Incurred Health Claim Liabilities*, promulgated by the Actuarial Standards Board);

The expected loss ratio meets the minimum requirements of the state in which it is filed;

The benefits are reasonable in relation to the proposed premiums; and

The premium schedule is not excessive, inadequate, or unfairly discriminatory.



Mark E. Shaw, FSA, MAAA, CERA
Senior Consulting Actuary
United Health Actuarial Services, Inc.
phone: 414-469-0407
email: mshaw@uhasinc.com

April 5, 2013

Date

Attachments:

- Exhibit A – Sample Claim Costs
- Exhibit B – Proposed Gross Premiums
- Exhibit C – Anticipated Distribution of Business
- Exhibit D – Anticipated Durational Loss Ratios

Exhibit A - Sample Claim Costs

Individual Monthly Claim Costs (24-hour)						
Hospital Cash						
Death	3-Day WP	5-Day WP	7-Day WP	Fractures	Dislocations	Concussions
\$1,000	\$100	\$100	\$100	\$1,000	\$1,000	\$50
\$0.04	\$0.21	\$0.17	\$0.14	\$0.15	\$0.01	\$0.01
Hospital	Inpatient	Ancillary	Outpatient		Physician	
R&B	Hosp Svcs	Hosp Chgs	ER	Surgical	Services	Physiotherapy
\$100	\$100	\$100	\$250	\$250	\$50	\$50
\$0.28	\$0.28	\$0.22	\$2.18	\$0.40	\$1.68	\$0.29
					Eyeglasses,	
	Medical	Med Svcs	Dental		Contacts &	Artificial
Ambulance	Equip Rent	& Supplies	Services	Rx	Hearing Aids	Instruments
\$100	\$250	\$250	\$100	\$20	\$100	\$250
\$0.15	\$0.23	\$0.05	\$0.10	\$0.81	\$0.04	\$0.04
	Rehab					
Rehab	Braces &					
Treatment	Appliances					
\$100	\$250					
\$0.29	\$0.13					

Individual Monthly Claim Costs (24-hour)			
AME PRIMARY	100% Coinsurance / \$0 dedbl / \$1MM max		
Seed CC			
Total	\$51.67		
Basic	\$44.44	86%	
Opt1	\$1.03	2%	
Opt2	\$6.20	12%	
EXCESS of RICH base	100% coinsurance / \$0 dedbl / \$25K max		
Seed CC			
Total	\$21.89		
Basic	\$18.82		
Opt1	\$0.44		
Opt2	\$2.63		

Individual Monthly Claim Costs (24-hour continued)				
EXCESS of MOD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$42.76			
Basic	\$36.77			
Opt1	\$0.86			
Opt2	\$5.13			
EXCESS of LMTD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$45.89			
Basic	\$39.46			
Opt1	\$0.92			
Opt2	\$5.51			

Accident (Off-the-Job) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry	3	6	12	24	36
Elim Pd	Class	Month	Month	Month	Month	Month
0 Day	1	4.46	5.42	6.99	10.68	11.95
0 Day	2	9.29	12.09	14.18	21.36	23.91
0 Day	3	15.21	19.73	23.72	35.44	39.66
7 Day	1	3.85	4.46	6.06	9.31	10.42
7 Day	2	8.17	10.45	13.02	19.24	20.89
7 Day	3	13.76	17.50	22.11	32.79	35.52
14 Day	1	3.15	3.91	5.50	8.70	9.73
14 Day	2	6.86	8.87	11.59	17.63	19.72
14 Day	3	11.68	15.12	18.89	29.98	33.54
30 Day	1	2.31	3.02	4.51	7.08	7.93
30 Day	2	5.23	6.91	9.18	14.08	15.76
30 Day	3	8.93	11.82	14.11	24.30	27.19

Accident (24-Hour) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	6.45	7.59	9.79	14.95	16.73
0 Day	2	13.16	17.10	20.66	30.71	34.36
0 Day	3	19.33	25.03	30.50	45.47	50.88
7 Day	1	5.53	6.29	8.54	13.22	14.79
7 Day	2	12.25	15.10	18.16	27.86	30.25
7 Day	3	18.09	22.75	27.57	41.74	45.21
14 Day	1	4.60	5.47	7.98	12.29	13.76
14 Day	2	10.93	13.59	16.77	25.61	28.65
14 Day	3	15.99	20.16	26.57	38.64	43.23
30 Day	1	3.59	4.40	6.21	10.16	11.37
30 Day	2	8.23	10.37	13.33	20.96	23.45
30 Day	3	12.15	15.57	22.32	31.86	35.64

Exhibit B - Proposed Gross Monthly Premiums

24-Hour Coverage

Accident Benefit	Coverage Unit	Monthly Premium per Covg Unit		
		Insured	Spouse	Children
Death*	\$1,000	\$0.07	\$0.07	\$0.10
Dismemberment*	Schedule	\$0.01	\$0.01	\$0.01
Hospital Cash (3-day waiting prd)	\$100/day, 30-day limit	\$0.42	\$0.42	\$0.58
Hospital Cash (5-day waiting prd)	\$100/day, 30-day limit	\$0.35	\$0.35	\$0.48
Hospital Cash (7-day waiting prd)	\$100/day, 30-day limit	\$0.29	\$0.29	\$0.39
Dislocations	\$1000 Max Schedule	\$0.02	\$0.02	\$0.03
Fractures	\$1000 Max Schedule	\$0.31	\$0.31	\$0.43
Concussions	\$50	\$0.03	\$0.03	\$0.04
Hospital Room and Board	\$100/Day	\$0.57	\$0.57	\$0.78
Inpatient Hospital Services	\$100/Day	\$0.57	\$0.57	\$0.78
Ancillary Hospital Charges	\$100/Day	\$0.45	\$0.45	\$0.62
Emergency Room	\$250	\$4.20	\$4.20	\$7.58
Outpatient Surgical	\$250	\$0.85	\$0.85	\$0.66
Physician Services	\$50/Visit	\$3.47	\$3.47	\$4.74
Physiotherapy	\$50/Visit	\$0.59	\$0.59	\$0.83
Ambulance	\$100/Service	\$0.31	\$0.31	\$0.43
Medical Equipment Rental	\$250	\$0.48	\$0.48	\$0.67
Medical Services and Supplies	\$250	\$0.10	\$0.10	\$0.13
Dental Services	\$100/Visit	\$0.20	\$0.20	\$0.28
Prescription Drugs	\$20/Script	\$1.37	\$1.37	\$1.45
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	\$0.09	\$0.09	\$0.12
Artificial Instruments	\$250	\$0.07	\$0.07	\$0.12
Rehabilitation Treatment	\$100/Day	\$0.59	\$0.59	\$0.83
Rehabilitative Braces & Application	\$250	\$0.27	\$0.27	\$0.36

Non-occupational rates are 85% of the above.

Ambulance benefit above assumes equal benefits for ground and air ambulance. If air benefit is omitted premiums are reduced by 5% (i.e., 95% of cost is for ground, 5% for air). If ground benefit is omitted premiums reduce by 95%.

Off-the-Job Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	0.84	1.02	1.31	2.00	2.23
0 Day	2	1.68	2.19	2.57	3.87	4.35
0 Day	3	2.83	3.68	4.42	6.61	7.42
7 Day	1	0.72	0.84	1.14	1.74	1.97
7 Day	2	1.48	1.89	2.36	3.48	3.79
7 Day	3	2.56	3.26	4.12	6.11	6.61
14 Day	1	0.59	0.73	1.03	1.63	1.80
14 Day	2	1.24	1.61	2.10	3.19	3.55
14 Day	3	2.18	2.82	3.52	5.59	6.27
30 Day	1	0.43	0.57	0.85	1.33	1.50
30 Day	2	0.95	1.25	1.66	2.55	2.85
30 Day	3	1.66	2.20	2.63	4.53	5.08
24-Hour Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	1.21	1.43	1.83	2.80	3.12
0 Day	2	2.38	3.10	3.74	5.56	6.25
0 Day	3	3.60	4.67	5.68	8.48	9.52
7 Day	1	1.04	1.19	1.61	2.47	2.80
7 Day	2	2.22	2.73	3.29	5.04	5.49
7 Day	3	3.37	4.24	5.14	7.78	8.41
14 Day	1	0.86	1.02	1.49	2.30	2.54
14 Day	2	1.97	2.47	3.04	4.63	5.16
14 Day	3	2.99	3.76	4.95	7.20	8.08
30 Day	1	0.67	0.83	1.17	1.91	2.15
30 Day	2	1.49	1.88	2.41	3.80	4.24
30 Day	3	2.26	2.90	4.16	5.94	6.66

Factors to Adjust Benefit Options

Physiotherapy & Rehabilitation		Prescription Drugs		
Visits	Factor	Scripts	Factor	
			Insured	Children
5	1.00	1	1.00	1.00
10	1.46	2	1.42	1.11
20	1.84	3	1.63	1.14
30	1.99	4	1.73	1.17
60	2.20	5	1.79	1.20
90	2.29	6	1.83	1.22
120	2.33	7	1.86	1.24
180	2.36	8	1.88	1.25
360	2.40	9	1.89	1.26
		10	1.90	1.27

Physician Services		Coverage Factors		
Visits	Factor	Coverage	Adult	Child
5	1.00	24-hour	1.00	1.00
10	1.37	Off-the-job	0.85	N/A
20	1.55			
30	1.58			
60	1.62			
90	1.65			
120	1.67			

Emergency Room	
Visits	Factor
1	1.00
2	1.16
3	1.20
4	1.22

First Treatment Must Occur Within XX Days from Date of Accident				
Expenses must be incurred within YY Weeks from Date of Accident	30	60	90	180
	26	0.850	0.875	0.900
52	0.920	0.935	0.960	0.980
104	0.960	0.980	0.990	1.000

Monthly Premiums for Expense-Incurred AME

AME Coverage	Covered Person	PRIMARY	EXCESS / RICH	EXCESS / MOD	EXCESS / LMTD
		100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$25K max	100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$1MM max
BASIC	Adult (each)	\$93.32	\$39.52	\$77.21	\$82.86
	Child(ren)	\$93.32	\$39.52	\$77.21	\$82.86
OPTION 1	Adult (each)	\$2.16	\$0.92	\$1.80	\$1.93
	Child(ren)	\$2.16	\$0.92	\$1.80	\$1.93
OPTION 2	Adult (each)	\$13.02	\$5.52	\$10.77	\$11.57
	Child(ren)	\$13.02	\$5.52	\$10.77	\$11.57
Rates for other coinsurance / deductible / max-ben combinations will be equal to the above multiplied by the AME factor which corresponds to the coinsurance / deductible / max-ben selected.					
Rates shown above are for 24-hour coverage.					
Adult rates for Non-occ coverage are the above multiplied by:					0.85
Rates for Basic-plus other optional coverages are simply additive.					

AME FACTORS

Product	Coinsurance	Deductible	\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
PRIMARY COVERAGE	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3989	0.4283	0.4718	0.5127	0.5225
		\$100	0.1068	0.1959	0.2924	0.3753	0.3969	0.4264	0.4697	0.5105	0.5206
		\$150	0.1043	0.1912	0.2859	0.3675	0.3890	0.4180	0.4612	0.4991	0.5094
		\$200	0.1004	0.1844	0.2762	0.3559	0.3772	0.4058	0.4484	0.4836	0.4943
		\$250	0.0956	0.1751	0.2632	0.3404	0.3613	0.3898	0.4318	0.4643	0.4753
		\$300	0.0892	0.1637	0.2471	0.3213	0.3420	0.3698	0.4111	0.4411	0.4529
		\$500	0.0805	0.1477	0.2245	0.2938	0.3137	0.3408	0.3805	0.4012	0.4134
		\$1,000	0.0716	0.1314	0.2015	0.2663	0.2859	0.3122	0.3472	0.3507	0.3637
		\$1,500	0.0617	0.1132	0.1757	0.2357	0.2545	0.2802	0.3176	0.3199	0.3219
		\$2,000	0.0507	0.0929	0.1475	0.2019	0.2202	0.2450	0.2810	0.2891	0.2934
		\$2,500	0.0387	0.0710	0.1165	0.1651	0.1829	0.2069	0.2249	0.2415	0.2617
		\$5,000	0.0257	0.0474	0.0832	0.1256	0.1426	0.1657	0.1988	0.2092	0.2212
		\$7,500	0.0122	0.0223	0.0484	0.0842	0.1006	0.1231	0.1442	0.1550	0.1837
\$10,000	0.0099	0.0180	0.0267	0.0391	0.0552	0.0768	0.1074	0.1252	0.1467		
PRIMARY COVERAGE	80%	\$0	0.1049	0.1895	0.2758	0.3464	0.3642	0.3888	0.4247	0.4581	0.4713
		\$100	0.1043	0.1883	0.2740	0.3445	0.3623	0.3869	0.4225	0.4562	0.4693
		\$150	0.1018	0.1841	0.2680	0.3375	0.3551	0.3793	0.4147	0.4482	0.4627
		\$200	0.0981	0.1773	0.2590	0.3267	0.3443	0.3683	0.4035	0.4366	0.4525
		\$250	0.0933	0.1686	0.2468	0.3126	0.3300	0.3538	0.3884	0.4190	0.4223
		\$300	0.0871	0.1575	0.2317	0.2949	0.3122	0.3358	0.3698	0.3940	0.4024
		\$500	0.0840	0.1132	0.1852	0.2500	0.2671	0.2899	0.3246	0.3536	0.3613
		\$1,000	0.0497	0.0931	0.1144	0.1750	0.1895	0.2162	0.2475	0.2700	0.2818
		\$1,500	0.0449	0.0811	0.1026	0.1577	0.1730	0.1961	0.2295	0.2439	0.2493
		\$2,000	0.0385	0.0577	0.0877	0.1364	0.1513	0.1734	0.2081	0.2173	0.2305
		\$2,500	0.0308	0.0445	0.0706	0.1128	0.1270	0.1479	0.1817	0.1875	0.2077
		\$5,000	0.0207	0.0250	0.0426	0.0778	0.0908	0.1115	0.1179	0.1366	0.1560
		\$7,500	0.0108	0.0215	0.0358	0.0691	0.0716	0.0749	0.0950	0.1142	0.1347
\$10,000	0.0095	0.0170	0.0337	0.0395	0.0503	0.0629	0.0786	0.0997	0.1200		

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
PRIMARY	100%	\$0	0.5752	0.6294	0.7215	0.8347	0.9166	0.9361	0.9789	0.9932	1.0000
COVERAGE		\$100	0.5731	0.6274	0.7194	0.8260	0.9075	0.9270	0.9696	0.9841	0.9909
		\$150	0.5613	0.6149	0.7060	0.8132	0.8941	0.9135	0.9557	0.9700	0.9766
		\$200	0.5454	0.5984	0.6888	0.8010	0.8810	0.8999	0.9419	0.9559	0.9626
		\$250	0.5258	0.5781	0.6679	0.7889	0.8680	0.8868	0.9282	0.9423	0.9489
		\$300	0.5024	0.5539	0.6433	0.7769	0.8552	0.8738	0.9147	0.9286	0.9352
		\$500	0.4606	0.5235	0.6216	0.7306	0.8272	0.8454	0.8624	0.8756	0.8817
		\$1,000	0.4074	0.4478	0.5276	0.6460	0.7318	0.7484	0.7765	0.7887	0.8144
		\$1,500	0.3631	0.3716	0.4720	0.5845	0.6731	0.6892	0.7155	0.7273	0.7596
		\$2,000	0.3342	0.3449	0.4440	0.5638	0.6512	0.6671	0.6938	0.7056	0.7370
		\$2,500	0.3019	0.3149	0.4128	0.5452	0.6317	0.6476	0.6743	0.6859	0.7083
		\$5,000	0.2435	0.2820	0.3782	0.4720	0.5541	0.5694	0.5969	0.6083	0.6139
		\$7,500	0.2079	0.2458	0.3404	0.4188	0.4970	0.5121	0.5398	0.5512	0.5566
\$10,000	0.1690	0.2065	0.2994	0.3764	0.4513	0.4662	0.4939	0.5053	0.5107		
PRIMARY	80%	\$0	0.5034	0.5452	0.6094	0.6915	0.7488	0.7618	0.7900	0.7991	0.8026
COVERAGE		\$100	0.5016	0.5434	0.6077	0.6843	0.7414	0.7546	0.7829	0.7918	0.7954
		\$150	0.4900	0.5313	0.5949	0.6723	0.7289	0.7418	0.7697	0.7784	0.7821
		\$200	0.4749	0.5156	0.5789	0.6603	0.7163	0.7290	0.7565	0.7652	0.7687
		\$250	0.4567	0.4968	0.5597	0.6487	0.7039	0.7165	0.7436	0.7523	0.7558
		\$300	0.4353	0.4749	0.5376	0.6375	0.6917	0.7041	0.7308	0.7393	0.7428
		\$500	0.4010	0.4415	0.5045	0.5796	0.6416	0.6569	0.6811	0.6892	0.6925
		\$1,000	0.3215	0.3582	0.4194	0.4970	0.5591	0.5696	0.5978	0.6089	0.6133
		\$1,500	0.3004	0.3325	0.3937	0.4376	0.5032	0.5164	0.5429	0.5533	0.5829
		\$2,000	0.2729	0.3046	0.3656	0.4225	0.4871	0.5001	0.5264	0.5369	0.5657
		\$2,500	0.2466	0.2756	0.3377	0.4089	0.4726	0.4856	0.5117	0.5222	0.5249
		\$5,000	0.1955	0.2108	0.2706	0.3410	0.3993	0.4155	0.4418	0.4484	0.4511
		\$7,500	0.1620	0.1753	0.2328	0.3015	0.3592	0.3733	0.3998	0.4066	0.4091
\$10,000	0.1316	0.1461	0.2007	0.2659	0.3269	0.3383	0.3640	0.3729	0.3757		

Product	Coinsurance	Deductible	Maximum Benefit -->										
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000	\$20,000	\$25,000
EXCESS / RICH	100%	\$0	0.1709	0.3129	0.4673	0.5998	0.6341	0.6807	0.7497	0.8145	0.8305	0.9141	1.0000
		\$100	0.1649	0.3020	0.4509	0.5788	0.6122	0.6578	0.7245	0.7876	0.8031	0.8840	0.9680
		\$150	0.1585	0.2905	0.4344	0.5587	0.5911	0.6354	0.7008	0.7588	0.7743	0.8529	0.9347
		\$200	0.1503	0.2764	0.4134	0.5331	0.5646	0.6076	0.6715	0.7241	0.7401	0.8168	0.8958
		\$250	0.1412	0.2586	0.3883	0.5021	0.5331	0.5751	0.6368	0.6848	0.7012	0.7757	0.8529
		\$300	0.1297	0.2380	0.3591	0.4669	0.4970	0.5377	0.5975	0.6409	0.6583	0.7305	0.8049
		\$500	0.1101	0.2024	0.3074	0.4025	0.4299	0.4669	0.5212	0.5496	0.5660	0.6309	0.7168
		\$1,000	0.0845	0.1553	0.2380	0.3143	0.3376	0.3687	0.4098	0.4139	0.4294	0.4810	0.5286
		\$1,500	0.0576	0.1055	0.1640	0.2197	0.2371	0.2613	0.2960	0.2983	0.3001	0.3385	0.3463
		\$2,000	0.0375	0.0685	0.1087	0.1485	0.1622	0.1804	0.2069	0.2129	0.2161	0.2462	0.2540
		\$2,500	0.0224	0.0411	0.0676	0.0959	0.1064	0.1201	0.1307	0.1402	0.1521	0.1754	0.1832
		\$5,000	0.0046	0.0087	0.0151	0.0224	0.0256	0.0297	0.0356	0.0375	0.0397	0.0434	0.0503
\$7,500	0.0005	0.0014	0.0027	0.0046	0.0055	0.0069	0.0078	0.0087	0.0101	0.0114	0.0137		
\$10,000	0.0003	0.0005	0.0005	0.0005	0.0009	0.0014	0.0018	0.0023	0.0023	0.0027	0.0037		
EXCESS / RICH	80%	\$0	0.1535	0.2773	0.4034	0.5066	0.5327	0.5688	0.6213	0.6702	0.6894	0.7364	0.7976
		\$100	0.1471	0.2654	0.3865	0.4861	0.5112	0.5455	0.5957	0.6432	0.6619	0.7076	0.7666
		\$150	0.1412	0.2549	0.3714	0.4673	0.4920	0.5254	0.5742	0.6208	0.6409	0.6788	0.7360
		\$200	0.1334	0.2412	0.3522	0.4440	0.4683	0.5007	0.5487	0.5939	0.6153	0.6460	0.7012
		\$250	0.1247	0.2252	0.3294	0.4171	0.4404	0.4724	0.5185	0.5596	0.5637	0.6099	0.6633
		\$300	0.1142	0.2065	0.3038	0.3865	0.4093	0.4404	0.4847	0.5167	0.5276	0.5706	0.6227
		\$500	0.1023	0.1380	0.2257	0.3047	0.3253	0.3531	0.3956	0.4308	0.4404	0.4888	0.5377
		\$1,000	0.0503	0.0946	0.1160	0.1777	0.1923	0.2193	0.2513	0.2741	0.2860	0.3262	0.3636
		\$1,500	0.0361	0.0649	0.0818	0.1261	0.1384	0.1567	0.1836	0.1951	0.1992	0.2403	0.2659
		\$2,000	0.0242	0.0361	0.0553	0.0859	0.0955	0.1092	0.1311	0.1370	0.1453	0.1718	0.1919
		\$2,500	0.0151	0.0219	0.0352	0.0562	0.0630	0.0735	0.0900	0.0932	0.1032	0.1224	0.1366
		\$5,000	0.0032	0.0037	0.0064	0.0119	0.0137	0.0169	0.0178	0.0206	0.0233	0.0292	0.0315
\$7,500	0.0009	0.0009	0.0018	0.0032	0.0032	0.0032	0.0041	0.0050	0.0059	0.0073	0.0082		
\$10,000	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009	0.0014	0.0018	0.0018	0.0018		

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
EXCESS / MOD	100%	\$0	0.1073	0.1969	0.2940	0.3775	0.3990	0.4282	0.4717	0.5126	0.5225
		\$100	0.1059	0.1943	0.2902	0.3723	0.3938	0.4231	0.4661	0.5065	0.5166
		\$150	0.1031	0.1890	0.2825	0.3632	0.3845	0.4130	0.4558	0.4932	0.5033
		\$200	0.0989	0.1815	0.2717	0.3503	0.3714	0.3994	0.4413	0.4761	0.4864
		\$250	0.0938	0.1717	0.2580	0.3337	0.3543	0.3821	0.4233	0.4551	0.4661
		\$300	0.0872	0.1600	0.2413	0.3138	0.3340	0.3611	0.4015	0.4308	0.4422
		\$500	0.0774	0.1420	0.2159	0.2825	0.3017	0.3276	0.3658	0.3856	0.3973
		\$1,000	0.0662	0.1214	0.1862	0.2460	0.2643	0.2886	0.3209	0.3241	0.3361
		\$1,500	0.0538	0.0987	0.1532	0.2053	0.2217	0.2442	0.2767	0.2788	0.2804
		\$2,000	0.0416	0.0762	0.1211	0.1658	0.1810	0.2014	0.2308	0.2376	0.2411
		\$2,500	0.0311	0.0571	0.0935	0.1324	0.1466	0.1658	0.1803	0.1936	0.2098
		\$5,000	0.0147	0.0274	0.0479	0.0723	0.0821	0.0952	0.1144	0.1202	0.1272
		\$7,500	0.0040	0.0072	0.0157	0.0271	0.0325	0.0398	0.0465	0.0500	0.0594
\$10,000	0.0012	0.0023	0.0033	0.0049	0.0070	0.0096	0.0136	0.0157	0.0185		
EXCESS / MOD	80%	\$0	0.0945	0.1707	0.2484	0.3120	0.3281	0.3501	0.3824	0.4125	0.4245
		\$100	0.0931	0.1681	0.2446	0.3075	0.3234	0.3454	0.3772	0.4072	0.4188
		\$150	0.0905	0.1635	0.2383	0.3000	0.3157	0.3372	0.3686	0.3983	0.4114
		\$200	0.0868	0.1569	0.2292	0.2891	0.3047	0.3260	0.3571	0.3863	0.4004
		\$250	0.0821	0.1485	0.2175	0.2753	0.2907	0.3117	0.3421	0.3690	0.3721
		\$300	0.0765	0.1382	0.2032	0.2587	0.2739	0.2944	0.3244	0.3457	0.3529
		\$500	0.0725	0.0975	0.1597	0.2154	0.2301	0.2498	0.2797	0.3047	0.3115
		\$1,000	0.0409	0.0767	0.0942	0.1443	0.1562	0.1782	0.2042	0.2226	0.2325
		\$1,500	0.0327	0.0592	0.0748	0.1151	0.1263	0.1431	0.1674	0.1780	0.1819
		\$2,000	0.0267	0.0400	0.0608	0.0947	0.1050	0.1204	0.1445	0.1508	0.1600
		\$2,500	0.0217	0.0316	0.0500	0.0802	0.0900	0.1050	0.1291	0.1331	0.1473
		\$5,000	0.0105	0.0126	0.0215	0.0393	0.0458	0.0564	0.0596	0.0690	0.0788
		\$7,500	0.0030	0.0061	0.0101	0.0194	0.0201	0.0210	0.0269	0.0323	0.0381
\$10,000	0.0009	0.0019	0.0037	0.0044	0.0056	0.0070	0.0087	0.0110	0.0131		

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
EXCESS / MOD	100%	\$0	0.5751	0.6293	0.7215	0.8347	0.9165	0.9362	0.9790	0.9932	1.0000
		\$100	0.5685	0.6225	0.7138	0.8195	0.9004	0.9198	0.9619	0.9764	0.9832
		\$150	0.5547	0.6076	0.6976	0.8036	0.8835	0.9027	0.9443	0.9586	0.9652
		\$200	0.5367	0.5891	0.6780	0.7886	0.8672	0.8859	0.9273	0.9408	0.9476
		\$250	0.5154	0.5669	0.6548	0.7734	0.8510	0.8695	0.9100	0.9240	0.9303
		\$300	0.4906	0.5409	0.6282	0.7587	0.8351	0.8534	0.8931	0.9069	0.9132
		\$500	0.4427	0.5033	0.5975	0.7023	0.7951	0.8127	0.8290	0.8417	0.8475
		\$1,000	0.3765	0.4139	0.4876	0.5971	0.6763	0.6915	0.7175	0.7287	0.7526
		\$1,500	0.3164	0.3237	0.4111	0.5091	0.5865	0.6003	0.6232	0.6335	0.6618
		\$2,000	0.2746	0.2832	0.3646	0.4630	0.5348	0.5479	0.5699	0.5795	0.6055
		\$2,500	0.2420	0.2526	0.3312	0.4373	0.5065	0.5194	0.5407	0.5500	0.5681
		\$5,000	0.1401	0.1621	0.2175	0.2715	0.3185	0.3274	0.3433	0.3499	0.3529
		\$7,500	0.0671	0.0795	0.1101	0.1354	0.1607	0.1656	0.1745	0.1782	0.1798
\$10,000	0.0213	0.0260	0.0377	0.0475	0.0568	0.0587	0.0622	0.0636	0.0643		
EXCESS / MOD	80%	\$0	0.4532	0.4909	0.5489	0.6228	0.6745	0.6859	0.7114	0.7196	0.7229
		\$100	0.4478	0.4850	0.5426	0.6109	0.6618	0.6735	0.6988	0.7067	0.7100
		\$150	0.4355	0.4722	0.5288	0.5975	0.6478	0.6593	0.6841	0.6918	0.6950
		\$200	0.4203	0.4563	0.5122	0.5844	0.6338	0.6450	0.6693	0.6770	0.6803
		\$250	0.4025	0.4378	0.4930	0.5716	0.6202	0.6312	0.6551	0.6628	0.6658
		\$300	0.3817	0.4165	0.4715	0.5592	0.6066	0.6176	0.6410	0.6485	0.6515
		\$500	0.3457	0.3805	0.4348	0.4995	0.5529	0.5662	0.5870	0.5940	0.5968
		\$1,000	0.2652	0.2954	0.3459	0.4100	0.4612	0.4698	0.4930	0.5021	0.5058
		\$1,500	0.2191	0.2425	0.2872	0.3192	0.3672	0.3768	0.3962	0.4036	0.4254
		\$2,000	0.1894	0.2114	0.2537	0.2933	0.3382	0.3471	0.3653	0.3725	0.3927
		\$2,500	0.1752	0.1957	0.2397	0.2905	0.3356	0.3447	0.3634	0.3707	0.3728
		\$5,000	0.0987	0.1064	0.1368	0.1724	0.2018	0.2100	0.2233	0.2266	0.2280
		\$7,500	0.0456	0.0496	0.0657	0.0851	0.1013	0.1052	0.1127	0.1148	0.1155
\$10,000	0.0145	0.0161	0.0220	0.0292	0.0358	0.0372	0.0400	0.0409	0.0412		

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
EXCESS / LMTD	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3988	0.4282	0.4718	0.5125	0.5226
		\$100	0.1066	0.1955	0.2918	0.3746	0.3962	0.4256	0.4687	0.5095	0.5197
		\$150	0.1039	0.1907	0.2850	0.3665	0.3879	0.4169	0.4598	0.4977	0.5080
		\$200	0.1000	0.1837	0.2752	0.3545	0.3759	0.4042	0.4467	0.4818	0.4925
		\$250	0.0952	0.1743	0.2619	0.3389	0.3596	0.3879	0.4297	0.4622	0.4731
		\$300	0.0887	0.1628	0.2458	0.3195	0.3402	0.3678	0.4088	0.4387	0.4504
		\$500	0.0798	0.1462	0.2225	0.2911	0.3107	0.3378	0.3770	0.3975	0.4097
		\$1,000	0.0704	0.1290	0.1979	0.2615	0.2807	0.3064	0.3408	0.3443	0.3569
		\$1,500	0.0601	0.1103	0.1711	0.2295	0.2478	0.2728	0.3090	0.3114	0.3131
		\$2,000	0.0490	0.0896	0.1423	0.1948	0.2125	0.2364	0.2711	0.2789	0.2831
		\$2,500	0.0370	0.0680	0.1114	0.1580	0.1750	0.1979	0.2151	0.2310	0.2502
		\$5,000	0.0235	0.0434	0.0761	0.1148	0.1303	0.1514	0.1815	0.1911	0.2022
\$7,500	0.0107	0.0194	0.0421	0.0732	0.0876	0.1070	0.1255	0.1349	0.1597		
\$10,000	0.0081	0.0148	0.0220	0.0323	0.0453	0.0632	0.0883	0.1031	0.1207		
EXCESS / LMTD	80%	\$0	0.1024	0.1850	0.2693	0.3384	0.3559	0.3798	0.4149	0.4474	0.4602
		\$100	0.1018	0.1835	0.2672	0.3358	0.3532	0.3772	0.4119	0.4448	0.4576
		\$150	0.0992	0.1793	0.2611	0.3288	0.3458	0.3694	0.4040	0.4365	0.4506
		\$200	0.0954	0.1726	0.2519	0.3179	0.3349	0.3582	0.3927	0.4247	0.4402
		\$250	0.0907	0.1639	0.2399	0.3038	0.3208	0.3439	0.3776	0.4073	0.4105
		\$300	0.0846	0.1530	0.2249	0.2863	0.3031	0.3260	0.3591	0.3827	0.3907
		\$500	0.0813	0.1096	0.1791	0.2419	0.2582	0.2805	0.3140	0.3419	0.3495
		\$1,000	0.0477	0.0891	0.1096	0.1676	0.1815	0.2070	0.2371	0.2587	0.2698
		\$1,500	0.0425	0.0767	0.0970	0.1491	0.1634	0.1852	0.2168	0.2303	0.2356
		\$2,000	0.0360	0.0540	0.0822	0.1277	0.1416	0.1623	0.1948	0.2035	0.2157
		\$2,500	0.0288	0.0414	0.0658	0.1050	0.1183	0.1377	0.1693	0.1748	0.1935
		\$5,000	0.0183	0.0222	0.0379	0.0691	0.0806	0.0992	0.1048	0.1214	0.1386
\$7,500	0.0092	0.0181	0.0303	0.0584	0.0606	0.0634	0.0804	0.0965	0.1140		
\$10,000	0.0076	0.0137	0.0270	0.0316	0.0403	0.0503	0.0628	0.0798	0.0961		

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
EXCESS / LMTD	100%	\$0	0.5751	0.6293	0.7215	0.8346	0.9165	0.9362	0.9789	0.9932	1.0000
		\$100	0.5720	0.6263	0.7180	0.8244	0.9059	0.9253	0.9677	0.9823	0.9891
		\$150	0.5596	0.6132	0.7041	0.8109	0.8917	0.9109	0.9529	0.9673	0.9739
		\$200	0.5433	0.5962	0.6862	0.7980	0.8778	0.8965	0.9383	0.9523	0.9590
		\$250	0.5234	0.5755	0.6649	0.7851	0.8640	0.8828	0.9239	0.9379	0.9444
		\$300	0.4997	0.5509	0.6398	0.7725	0.8505	0.8690	0.9096	0.9235	0.9301
		\$500	0.4563	0.5186	0.6158	0.7239	0.8196	0.8377	0.8544	0.8675	0.8736
		\$1,000	0.4001	0.4397	0.5180	0.6343	0.7185	0.7348	0.7623	0.7742	0.7995
		\$1,500	0.3535	0.3617	0.4594	0.5688	0.6550	0.6707	0.6964	0.7078	0.7394
		\$2,000	0.3225	0.3328	0.4284	0.5439	0.6282	0.6437	0.6694	0.6808	0.7110
		\$2,500	0.2887	0.3012	0.3949	0.5215	0.6043	0.6193	0.6448	0.6559	0.6775
		\$5,000	0.2225	0.2576	0.3456	0.4312	0.5064	0.5204	0.5454	0.5559	0.5609
\$7,500	0.1809	0.2138	0.2961	0.3643	0.4323	0.4456	0.4696	0.4796	0.4842		
\$10,000	0.1390	0.1698	0.2462	0.3097	0.3711	0.3835	0.4062	0.4156	0.4201		
EXCESS / LMTD	80%	\$0	0.4916	0.5326	0.5953	0.6755	0.7315	0.7442	0.7716	0.7806	0.7840
		\$100	0.4890	0.5297	0.5925	0.6672	0.7228	0.7357	0.7631	0.7718	0.7756
		\$150	0.4772	0.5173	0.5794	0.6548	0.7100	0.7224	0.7496	0.7581	0.7616
		\$200	0.4622	0.5016	0.5633	0.6424	0.6969	0.7093	0.7361	0.7446	0.7479
		\$250	0.4439	0.4829	0.5441	0.6306	0.6842	0.6964	0.7228	0.7313	0.7346
		\$300	0.4228	0.4611	0.5221	0.6191	0.6716	0.6836	0.7097	0.7178	0.7213
		\$500	0.3879	0.4269	0.4879	0.5607	0.6206	0.6354	0.6587	0.6666	0.6699
		\$1,000	0.3079	0.3430	0.4016	0.4759	0.5354	0.5454	0.5725	0.5831	0.5875
		\$1,500	0.2837	0.3140	0.3718	0.4134	0.4753	0.4877	0.5127	0.5228	0.5507
		\$2,000	0.2554	0.2850	0.3421	0.3955	0.4559	0.4681	0.4927	0.5025	0.5295
		\$2,500	0.2297	0.2567	0.3147	0.3809	0.4402	0.4524	0.4768	0.4864	0.4890
		\$5,000	0.1737	0.1874	0.2406	0.3031	0.3550	0.3694	0.3929	0.3986	0.4010
\$7,500	0.1371	0.1484	0.1970	0.2550	0.3038	0.3158	0.3382	0.3439	0.3460		
\$10,000	0.1053	0.1168	0.1606	0.2127	0.2615	0.2706	0.2913	0.2983	0.3005		

EXHIBIT C - Anticipated Distribution of Business

By Issue Age Group		By Family Status	
Issue Ages	Distribution	Family Status	Distribution
18-20	5.4%	Individual	60.0%
21-25	9.9%	Individual + Spouse	15.0%
26-30	11.8%	1-Parent Family	10.0%
31-35	18.0%	2-Parent Family	15.0%
36-40	19.0%		
41-45	14.2%	By Coverage Type	
46-50	10.3%	Coverage	Distribution
51-55	7.1%	24-Hour	75.0%
56-60	3.4%	Off-the-Job	25.0%
61-64	0.9%		

Fixed Indemnity Average Coverage			
Accident Benefit	Base Coverage Unit	% Policies	Average Coverage Unit
Hospital Room and Board	\$100/Day	100%	\$1,000/Day
Inpatient Hospital Services	\$100/Day	100%	\$1,000/Day
Ancillary Hospital Charges	\$100/Day	100%	\$500/Day
Emergency Room	\$250	100%	\$500
Outpatient Surgical	\$250	100%	\$1,000
Physician Services	\$50/Visit	100%	\$50/Visit
Physiotherapy	\$50/Visit	15%	\$50/Visit
Ambulance	\$100/Service	100%	\$200/Service
Medical Equipment Rental	\$250	15%	\$250
Medical Services and Supplies	\$250	10%	\$250
Dental Services	\$100/Visit	10%	\$100/Visit
Prescription Drugs	\$20/Script	10%	\$20/Script
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	10%	\$100/Accident
Artificial Instruments	\$250	15%	\$500
Rehabilitation Treatment	\$100/Day	15%	\$500/Day
Rehabilitative Braces & Application	\$250	15%	\$1,000
AD&D	\$1,000	100%	\$50,000
Dislocations	\$1,000	15%	\$1,000
Fractures	\$1,000	15%	\$1,000
Concussions	\$50	15%	\$50
DI Rider	\$100/Month	15%	\$2,000/Month

AME By Product Distribution	
24-Hour	75.0%
Non-Occ	25.0%
Primary	60.0%
Excess-of-Rich	14.0%
Excess-of-Mod	10.0%
Excess-of-Limited	16.0%
Basic	100.0%
Opt1 (Rehab)	15.0%
Opt2	10.0%

Exhibit D

Anticipated Durational Loss Ratios

				Cumulative
Policy	Earned	Incurred	Loss	Loss
<u>Year</u>	<u>Prem+ Fees</u>	<u>Claims</u>	<u>Ratio</u>	<u>Ratio</u>
1	470,355	233,342	49.6%	49.6%
2	329,238	163,355	49.6%	49.6%
3	261,999	129,864	49.6%	49.6%
4	216,725	107,395	49.6%	49.6%
5	183,624	91,038	49.6%	49.6%
6	159,264	79,063	49.6%	49.6%
7	141,002	70,130	49.7%	49.6%
8	125,816	63,025	50.1%	49.6%
9	112,074	56,236	50.2%	49.7%
10	99,823	50,203	50.3%	49.7%
11	88,901	44,839	50.4%	49.7%
12	78,992	39,974	50.6%	49.8%
13	69,906	35,669	51.0%	49.8%
14	61,751	31,608	51.2%	49.8%
15	54,528	28,013	51.4%	49.9%
16	48,131	24,832	51.6%	49.9%
17	42,382	21,968	51.8%	49.9%
18	37,164	19,443	52.3%	50.0%
19	32,517	17,091	52.6%	50.0%
20	28,428	15,019	52.8%	50.0%
21	24,832	13,194	53.1%	50.1%
22	21,593	11,544	53.5%	50.1%
23	18,632	10,100	54.2%	50.1%
24	16,005	8,727	54.5%	50.1%
25	13,716	7,527	54.9%	50.2%
26	11,726	6,479	55.3%	50.2%
27	9,945	5,537	55.7%	50.2%
28	8,324	4,722	56.7%	50.2%
29	6,899	3,943	57.2%	50.2%
30	5,676	3,270	57.6%	50.3%

Anticipated Durational Loss Ratios (continued)

Policy	Earned	Incurred	Loss	Cumulative
Year	Premis+Fees	Claims	Ratio	Loss Ratio
31	4,813	2,944	61.2%	50.3%
32	4,093	2,679	65.4%	50.3%
33	3,331	2,162	64.9%	50.3%
34	2,715	1,765	65.0%	50.3%
35	2,204	1,460	66.3%	50.3%
36	1,767	1,198	67.8%	50.4%
37	1,404	976	69.5%	50.4%
38	1,119	750	67.1%	50.4%
39	905	597	66.0%	50.4%
40	734	496	67.5%	50.4%
41	589	409	69.3%	50.4%
42	465	333	71.6%	50.4%
43	357	272	76.4%	50.4%
44	262	215	82.3%	50.4%
45	181	162	90.0%	50.4%
46	114	118	103.7%	50.4%
47	60	78	130.0%	50.4%
48	23	45	189.8%	50.4%
49	5	11	238.1%	50.4%
Total:	2,805,106	1,413,823	50.40%	
Discounted lifetime loss ratio:			50.10%	

National Health Insurance Company

Accident Policy NHIC GP AME 2013
With Accident Certificate AME CERT 2013

Actuarial Memorandum

I. Scope and Purpose

This actuarial memorandum has been prepared for the purpose of complying with state regulations regarding the pricing of the referenced policy form. The specific purpose of this filing is to present the proposed rates for the referenced new policy form. This is a new product filing and is not intended to replace any existing filings. This document may not be appropriate for other purposes.

II. Benefit Description

The referenced base policy form provides various benefits for accidents. The benefit options that may be purchased are as follows:

- 1) 24-hour Coverage; or
- 2) Non-occupational Coverage.
- 3) Whether 24-hour or Non-Occupational Coverage is selected, the following coverage and options are available:
 - i. Optional Accidental Death Benefit
 - ii. Optional Accidental Dismemberment Benefit
 - iii. Optional Accident Medical Benefit
 1. Primary Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 2. Excess Expense-Incurred Coverage
 - a. Basic Covered Expense Plan – Minimum Coverages (Hospital Room & Board, Inpatient Hospital Services, Ancillary Hospital Services & Supplies, Emergency Room, Outpatient Surgery, Physician, Ambulance)
 - b. Optional Rehabilitation Benefit Grouping (Physical Medicine (physiotherapy), Medical Equipment Rental, Artificial Instruments, Rehabilitation, Rehabilitative Braces and Appliances)
 - c. Optional Miscellaneous Benefit Grouping (Medical Services and Supplies, Dental, Prescription Drugs, Eyeglasses, Contact Lenses and Hearing Aids)
 3. Fixed Indemnity Coverage
 - a. Any combination of 16 Covered Medical Services
 - iv. Optional Hospital Cash Benefit

- v. Optional Dislocation and Fracture Benefit
- vi. Optional Ambulance Benefit (may cover either ground or air ambulance or both)
- vii. Optional Accident Total Disability Weekly Income Benefit
- viii. Optional Emergency Room Treatment Benefit

All coverage terminates on the last day of the month in which the Certificateholder attains age 65.

Coverage is generally subject to a pre-existing condition provision. For takeover groups this provision and any waiting periods may be waived for each month prior coverage was in effect, for up to 12 months.

III. Applicability and Renewability

The referenced policy form will be issued to qualified employer and association groups and certificates will be issued on an individual basis and will be guaranteed renewable to the last day of the month in which the primary insured attains age 65. The premium rates presented in this filing will be in effect from the date of state approval. There is no currently in-force premium to which these premiums will be applied.

IV. Morbidity

Assumed claim costs for these policy forms were developed from various public and proprietary sources. Morbidity sources used include:

- Injury in the United States - 2007 Chartbook (U.S. Dept HHS, CDC, National Center for Health Statistics)
- Injury Episodes and Circumstances: National Health Interview Survey, 1997–2007
- Towers Watson HealthMAPS claim cost model for 2012
- 2009 HCUP data (<http://hcupnet.ahrq.gov/HCUPnet.jsp>)
- 2009 NHDS, NAMCS and NHAMCS datasets
- 2011 National Burn Repository
- National Spinal Cord Injury Statistical Center, 2009 Annual Statistical Report
- Proprietary recent insurer hospital confinement experience compiled by UHAS Inc.

A sample of the assumed claim costs are presented in attached Exhibit A.

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

V. Total Termination

Total termination rates are equal to the following:

$$1 - (1 - q^m) * (1 - q^v)$$

where q^m represents the mortality decrement and q^v represents the voluntary lapse rate.

Assumed mortality is based on the 1990-95 Select and Ultimate mortality table. The assumed total termination rates are based upon recent industry experience for similar products.

Total Termination rates are assumed as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Years 7+
35.0%	22.0%	18.0%	16.0%	14.0%	12.0%	10.0%

Policies terminate at the end of the month during which the Certificateholder attains age 65 regardless of issue age or policy year.

VI. Expenses and Interest Rates

The following expenses, which reflect costs associated with a third party administrator, were assumed in pricing the referenced policy form.

Enrollment Costs:	3% of premium
Maintenance Costs:	12% of premium
Premium Tax and Assessments:	2.5% of premium
Commissions and Sales Expenses:	23% of premium on a present value basis. This may be paid on either a level basis in all years or an actuarially equivalent amount with higher first year commissions and lower commissions in subsequent years.

Investment Income: 3.25% on cash flows

Interest rates: 3.5% for discounting, consistent with the valuation interest rate for policies of this type issued in 2013

VII. Marketing Method

The referenced policy/rider forms will be marketed in the worksite and association markets to valid groups through licensed agents, brokers and Third Party Administrators approved by the Company.

VIII. Underwriting

This policy form is generally underwritten based on a simplified application with yes/no questions. In certain large groups coverage may be underwritten on a guaranteed issue if certain participation requirements are met. High risk groups (e.g. mining) will be excluded.

The assumed underwriting selection factor for use against ultimate claim costs is 1.00 in all years

IX. Premium Cells and Issue Age Range

Policyholders will be divided into different premium cells based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected.

Rates will not vary by age or gender.

Policies will be issued to individuals at ages 18 through 64 and are guaranteed renewable to the end of the month during which the primary insured attains age 65. The premiums are not guaranteed, and, are subject to change upon renewal.

X. Group Discounts and Experience Rating

Premiums may be reduced up to 20% for enrollees from certain large groups where either distribution expenses are reduced or where underwriting selection is anticipated due to employer contributions

increasing participation. Additionally, an underwriting factor may be applied to rates for large groups reflecting previous experience under similar plans, geographic cost factors for the group including the local cost of RBRVS reimbursement versus UCR reimbursement, and/or industry rating factors.

Renewal rates for large groups may also be subject to an experience adjustment when experience is at least partially credible. Credibility will be based on the number of insured individual life-years of experience within a group. The percentage of credibility will be based on the formula:

$$\frac{\text{Life-Years of exposure in Group}}{2000 \text{ annual exposures (full credibility)}}$$

Examples of calculated credibility levels are as follows:

Years of Insured Lives	Credibility
2000+	100%
1500	75%
1000	50%
500	25%

If a rate action is based on prior experience, incurred claims are adjusted for any claims above a pooling level and a claims trend is applied from the midpoint of the experience period to the midpoint of the effective date of the new Policy period. This is also adjusted for any difference in plan benefits based on the manual rate difference. The projected/adjusted loss ratio is determined by dividing the projected total incurred claims by the adjusted earned premium. The Experience Rate is determined by multiplying the current rate by the projected/adjusted loss ratio and dividing by the desired loss ratio. The credibility assigned to the Experience Rate in the following formula is Z. The credibility formula for rating a case is Final Rate = Z times Experience Rate + (1-Z) times Manual Rate.

XI. Area Factors

Gross annual premiums for these policies will not vary based on the insured's residence location (ZIP3) except as may be determined as part of the group underwriting process.

XII. Distribution of Business and Average Annual Premium

The assumed distribution based on family composition (Individual, Individual and Child(ren), Individual and Spouse, or Individual, Spouse and Child(ren)), benefit amount, and coverages selected are shown in Exhibit C.

Using the assumed distributions and the proposed premiums, the anticipated average annual premium is \$679.63.

XIII. Premium Modalization

The following premium modalization factors will be applied in billing calculations.

Annual mode	12 x Monthly
Semi-annual mode	6 x Monthly
Quarterly mode	3 x Monthly
Semi-monthly	divide monthly rate by 2

Bi-weekly	multiply monthly rate by .462
Weekly	multiply monthly rate by .231

The premiums for the monthly payment mode are shown on attached Exhibit C.

XIV. Active Life Reserves

Active life reserves will be calculated on a two-year-preliminary-term basis using pricing claim cost assumptions with a load for conservatism and 1990-95 Select and Ultimate mortality table. Voluntary lapse rates and discount rates assumed will comply with the NAIC Health Insurance Reserves Model Regulation and any applicable state regulations. Active life reserves were not used in the calculation of anticipated loss ratios.

XV. Claim Liability and Reserves

This is a new filing of this form; there are no claim reserves or liabilities at this time. The claim reserve at any point in time will consist of (a) incurred but unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

Claim liabilities will be based on actual Company claim data triangles using generally accepted actuarial methods that comply with the Actuarial Standards of Practice promulgated by the American Academy of Actuaries.

XVI. Trend Assumptions

Given the benefit design and the nature of the benefits provided, only the expense-incurred benefit categories are assumed to be subject to significant medical trend. The trend for such categories is assumed to be 7.0% per annum. No pre-funding of trend has been assumed in the rates being filed.

XVII. Anticipated Loss Ratios

The minimum loss ratio standard for policies of this type is 50%. Expected durational loss ratios are shown on Exhibit D. The anticipated lifetime loss ratio is 50.1% on a discounted basis. Active life reserves were not used in the calculation of anticipated loss ratios.

XVIII. Contingency and Risk Margins and Company Retention

This policy form has been priced with an expected after-tax contingency and risk margin equal to 7.2% of the present-value of lifetime premiums.

XIX. Proposed Effective Date

The proposed rates will be effective upon approval. Future rate increases on benefits not subject to trend are not anticipated at this time.

XX. Data Reliance

In completing the pricing analysis and filing materials for these policy forms, I relied on expected sales data provided by the company. I reviewed the data for internal consistency but did not perform a detailed audit. My review indicates that there are no known errors or limitations in the data which would be material to the analysis conducted or the conclusions drawn from the analysis.

XXI. Actuarial Certification

I hereby certify that I am a Member of the Society of Actuaries and the American Academy of Actuaries and meet the Academy's qualification standards for issuing this statement of actuarial opinion.

I further certify that, to the best of my knowledge and judgment, the following are true with respect to this filing:

The entire rate filing is in compliance with the applicable laws of the state in which it is filed;

The entire rate filing complies with all applicable Actuarial Standards of Practice (including Actuarial Standards of Practice Number 8, *Regulatory Filings for Rates and Financial Projections for Health Plans* and Number 5, *Recommendations and Interpretations Concerning Incurred Health Claim Liabilities*, promulgated by the Actuarial Standards Board);

The expected loss ratio meets the minimum requirements of the state in which it is filed;

The benefits are reasonable in relation to the proposed premiums; and

The premium schedule is not excessive, inadequate, or unfairly discriminatory.



Mark E. Shaw, FSA, MAAA, CERA
Senior Consulting Actuary
United Health Actuarial Services, Inc.
phone: 414-469-0407
email: mshaw@uhasinc.com

April 5, 2013

Date

Attachments:

- Exhibit A – Sample Claim Costs
- Exhibit B – Proposed Gross Premiums
- Exhibit C – Anticipated Distribution of Business
- Exhibit D – Anticipated Durational Loss Ratios

Exhibit A - Sample Claim Costs

Individual Monthly Claim Costs (24-hour)						
Hospital Cash						
Death	3-Day WP	5-Day WP	7-Day WP	Fractures	Dislocations	Concussions
\$1,000	\$100	\$100	\$100	\$1,000	\$1,000	\$50
\$0.04	\$0.21	\$0.17	\$0.14	\$0.15	\$0.01	\$0.01
Hospital	Inpatient	Ancillary	Outpatient		Physician	
R&B	Hosp Svcs	Hosp Chgs	ER	Surgical	Services	Physiotherapy
\$100	\$100	\$100	\$250	\$250	\$50	\$50
\$0.28	\$0.28	\$0.22	\$2.18	\$0.40	\$1.68	\$0.29
					Eyeglasses,	
	Medical	Med Svcs	Dental		Contacts &	Artificial
Ambulance	Equip Rent	& Supplies	Services	Rx	Hearing Aids	Instruments
\$100	\$250	\$250	\$100	\$20	\$100	\$250
\$0.15	\$0.23	\$0.05	\$0.10	\$0.81	\$0.04	\$0.04
	Rehab					
Rehab	Braces &					
Treatment	Appliances					
\$100	\$250					
\$0.29	\$0.13					

Individual Monthly Claim Costs (24-hour)			
AME PRIMARY	100% Coinsurance / \$0 dedbl / \$1MM max		
Seed CC			
Total	\$51.67		
Basic	\$44.44	86%	
Opt1	\$1.03	2%	
Opt2	\$6.20	12%	
EXCESS of RICH base	100% coinsurance / \$0 dedbl / \$25K max		
Seed CC			
Total	\$21.89		
Basic	\$18.82		
Opt1	\$0.44		
Opt2	\$2.63		

Individual Monthly Claim Costs (24-hour continued)				
EXCESS of MOD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$42.76			
Basic	\$36.77			
Opt1	\$0.86			
Opt2	\$5.13			
EXCESS of LMTD base	100% coinsurance / \$0 dedbl / \$1MM max			
Seed CC				
Total	\$45.89			
Basic	\$39.46			
Opt1	\$0.92			
Opt2	\$5.51			

Accident (Off-the-Job) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry	3	6	12	24	36
Elim Pd	Class	Month	Month	Month	Month	Month
0 Day	1	4.46	5.42	6.99	10.68	11.95
0 Day	2	9.29	12.09	14.18	21.36	23.91
0 Day	3	15.21	19.73	23.72	35.44	39.66
7 Day	1	3.85	4.46	6.06	9.31	10.42
7 Day	2	8.17	10.45	13.02	19.24	20.89
7 Day	3	13.76	17.50	22.11	32.79	35.52
14 Day	1	3.15	3.91	5.50	8.70	9.73
14 Day	2	6.86	8.87	11.59	17.63	19.72
14 Day	3	11.68	15.12	18.89	29.98	33.54
30 Day	1	2.31	3.02	4.51	7.08	7.93
30 Day	2	5.23	6.91	9.18	14.08	15.76
30 Day	3	8.93	11.82	14.11	24.30	27.19

Accident (24-Hour) Only Annual DI Claim Costs						
Per \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	6.45	7.59	9.79	14.95	16.73
0 Day	2	13.16	17.10	20.66	30.71	34.36
0 Day	3	19.33	25.03	30.50	45.47	50.88
7 Day	1	5.53	6.29	8.54	13.22	14.79
7 Day	2	12.25	15.10	18.16	27.86	30.25
7 Day	3	18.09	22.75	27.57	41.74	45.21
14 Day	1	4.60	5.47	7.98	12.29	13.76
14 Day	2	10.93	13.59	16.77	25.61	28.65
14 Day	3	15.99	20.16	26.57	38.64	43.23
30 Day	1	3.59	4.40	6.21	10.16	11.37
30 Day	2	8.23	10.37	13.33	20.96	23.45
30 Day	3	12.15	15.57	22.32	31.86	35.64

Exhibit B - Proposed Gross Monthly Premiums

24-Hour Coverage

Accident Benefit	Coverage Unit	Monthly Premium per Covg Unit		
		Insured	Spouse	Children
Death*	\$1,000	\$0.07	\$0.07	\$0.10
Dismemberment*	Schedule	\$0.01	\$0.01	\$0.01
Hospital Cash (3-day waiting prd)	\$100/day, 30-day limit	\$0.42	\$0.42	\$0.58
Hospital Cash (5-day waiting prd)	\$100/day, 30-day limit	\$0.35	\$0.35	\$0.48
Hospital Cash (7-day waiting prd)	\$100/day, 30-day limit	\$0.29	\$0.29	\$0.39
Dislocations	\$1000 Max Schedule	\$0.02	\$0.02	\$0.03
Fractures	\$1000 Max Schedule	\$0.31	\$0.31	\$0.43
Concussions	\$50	\$0.03	\$0.03	\$0.04
Hospital Room and Board	\$100/Day	\$0.57	\$0.57	\$0.78
Inpatient Hospital Services	\$100/Day	\$0.57	\$0.57	\$0.78
Ancillary Hospital Charges	\$100/Day	\$0.45	\$0.45	\$0.62
Emergency Room	\$250	\$4.20	\$4.20	\$7.58
Outpatient Surgical	\$250	\$0.85	\$0.85	\$0.66
Physician Services	\$50/Visit	\$3.47	\$3.47	\$4.74
Physiotherapy	\$50/Visit	\$0.59	\$0.59	\$0.83
Ambulance	\$100/Service	\$0.31	\$0.31	\$0.43
Medical Equipment Rental	\$250	\$0.48	\$0.48	\$0.67
Medical Services and Supplies	\$250	\$0.10	\$0.10	\$0.13
Dental Services	\$100/Visit	\$0.20	\$0.20	\$0.28
Prescription Drugs	\$20/Script	\$1.37	\$1.37	\$1.45
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	\$0.09	\$0.09	\$0.12
Artificial Instruments	\$250	\$0.07	\$0.07	\$0.12
Rehabilitation Treatment	\$100/Day	\$0.59	\$0.59	\$0.83
Rehabilitative Braces & Application	\$250	\$0.27	\$0.27	\$0.36

Non-occupational rates are 85% of the above.

Ambulance benefit above assumes equal benefits for ground and air ambulance. If air benefit is omitted premiums are reduced by 5% (i.e., 95% of cost is for ground, 5% for air). If ground benefit is omitted premiums reduce by 95%.

Off-the-Job Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	0.84	1.02	1.31	2.00	2.23
0 Day	2	1.68	2.19	2.57	3.87	4.35
0 Day	3	2.83	3.68	4.42	6.61	7.42
7 Day	1	0.72	0.84	1.14	1.74	1.97
7 Day	2	1.48	1.89	2.36	3.48	3.79
7 Day	3	2.56	3.26	4.12	6.11	6.61
14 Day	1	0.59	0.73	1.03	1.63	1.80
14 Day	2	1.24	1.61	2.10	3.19	3.55
14 Day	3	2.18	2.82	3.52	5.59	6.27
30 Day	1	0.43	0.57	0.85	1.33	1.50
30 Day	2	0.95	1.25	1.66	2.55	2.85
30 Day	3	1.66	2.20	2.63	4.53	5.08
24-Hour Accident Only Disability Rider						
Monthly Premiums for a \$100 Monthly Benefit						
Accident	Industry					
Elim Pd	Class	3 Month	6 Month	12 Month	24 Month	36 Month
0 Day	1	1.21	1.43	1.83	2.80	3.12
0 Day	2	2.38	3.10	3.74	5.56	6.25
0 Day	3	3.60	4.67	5.68	8.48	9.52
7 Day	1	1.04	1.19	1.61	2.47	2.80
7 Day	2	2.22	2.73	3.29	5.04	5.49
7 Day	3	3.37	4.24	5.14	7.78	8.41
14 Day	1	0.86	1.02	1.49	2.30	2.54
14 Day	2	1.97	2.47	3.04	4.63	5.16
14 Day	3	2.99	3.76	4.95	7.20	8.08
30 Day	1	0.67	0.83	1.17	1.91	2.15
30 Day	2	1.49	1.88	2.41	3.80	4.24
30 Day	3	2.26	2.90	4.16	5.94	6.66

Factors to Adjust Benefit Options

Physiotherapy & Rehabilitation		Prescription Drugs		
Visits	Factor	Scripts	Factor	
			Insured	Children
5	1.00	1	1.00	1.00
10	1.46	2	1.42	1.11
20	1.84	3	1.63	1.14
30	1.99	4	1.73	1.17
60	2.20	5	1.79	1.20
90	2.29	6	1.83	1.22
120	2.33	7	1.86	1.24
180	2.36	8	1.88	1.25
360	2.40	9	1.89	1.26
		10	1.90	1.27

Physician Services		Coverage Factors		
Visits	Factor	Coverage	Adult	Child
5	1.00	24-hour	1.00	1.00
10	1.37	Off-the-job	0.85	N/A
20	1.55			
30	1.58			
60	1.62			
90	1.65			
120	1.67			

Emergency Room	
Visits	Factor
1	1.00
2	1.16
3	1.20
4	1.22

First Treatment Must Occur Within XX Days from Date of Accident				
Expenses must be incurred within YY Weeks from Date of Accident	30	60	90	180
	26	0.850	0.875	0.900
52	0.920	0.935	0.960	0.980
104	0.960	0.980	0.990	1.000

Monthly Premiums for Expense-Incurred AME

AME Coverage	Covered Person	PRIMARY	EXCESS / RICH	EXCESS / MOD	EXCESS / LMTD
		100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$25K max	100% coinsurance / \$0 dedbl / \$1MM max	100% coinsurance / \$0 dedbl / \$1MM max
BASIC	Adult (each)	\$93.32	\$39.52	\$77.21	\$82.86
	Child(ren)	\$93.32	\$39.52	\$77.21	\$82.86
OPTION 1	Adult (each)	\$2.16	\$0.92	\$1.80	\$1.93
	Child(ren)	\$2.16	\$0.92	\$1.80	\$1.93
OPTION 2	Adult (each)	\$13.02	\$5.52	\$10.77	\$11.57
	Child(ren)	\$13.02	\$5.52	\$10.77	\$11.57
Rates for other coinsurance / deductible / max-ben combinations will be equal to the above multiplied by the AME factor which corresponds to the coinsurance / deductible / max-ben selected.					
Rates shown above are for 24-hour coverage.					
Adult rates for Non-occ coverage are the above multiplied by:					0.85
Rates for Basic-plus other optional coverages are simply additive.					

AME FACTORS

Product	Coinsurance	Deductible	\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
PRIMARY COVERAGE	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3989	0.4283	0.4718	0.5127	0.5225
		\$100	0.1068	0.1959	0.2924	0.3753	0.3969	0.4264	0.4697	0.5105	0.5206
		\$150	0.1043	0.1912	0.2859	0.3675	0.3890	0.4180	0.4612	0.4991	0.5094
		\$200	0.1004	0.1844	0.2762	0.3559	0.3772	0.4058	0.4484	0.4836	0.4943
		\$250	0.0956	0.1751	0.2632	0.3404	0.3613	0.3898	0.4318	0.4643	0.4753
		\$300	0.0892	0.1637	0.2471	0.3213	0.3420	0.3698	0.4111	0.4411	0.4529
		\$500	0.0805	0.1477	0.2245	0.2938	0.3137	0.3408	0.3805	0.4012	0.4134
		\$1,000	0.0716	0.1314	0.2015	0.2663	0.2859	0.3122	0.3472	0.3507	0.3637
		\$1,500	0.0617	0.1132	0.1757	0.2357	0.2545	0.2802	0.3176	0.3199	0.3219
		\$2,000	0.0507	0.0929	0.1475	0.2019	0.2202	0.2450	0.2810	0.2891	0.2934
		\$2,500	0.0387	0.0710	0.1165	0.1651	0.1829	0.2069	0.2249	0.2415	0.2617
		\$5,000	0.0257	0.0474	0.0832	0.1256	0.1426	0.1657	0.1988	0.2092	0.2212
		\$7,500	0.0122	0.0223	0.0484	0.0842	0.1006	0.1231	0.1442	0.1550	0.1837
\$10,000	0.0099	0.0180	0.0267	0.0391	0.0552	0.0768	0.1074	0.1252	0.1467		
PRIMARY COVERAGE	80%	\$0	0.1049	0.1895	0.2758	0.3464	0.3642	0.3888	0.4247	0.4581	0.4713
		\$100	0.1043	0.1883	0.2740	0.3445	0.3623	0.3869	0.4225	0.4562	0.4693
		\$150	0.1018	0.1841	0.2680	0.3375	0.3551	0.3793	0.4147	0.4482	0.4627
		\$200	0.0981	0.1773	0.2590	0.3267	0.3443	0.3683	0.4035	0.4366	0.4525
		\$250	0.0933	0.1686	0.2468	0.3126	0.3300	0.3538	0.3884	0.4190	0.4223
		\$300	0.0871	0.1575	0.2317	0.2949	0.3122	0.3358	0.3698	0.3940	0.4024
		\$500	0.0840	0.1132	0.1852	0.2500	0.2671	0.2899	0.3246	0.3536	0.3613
		\$1,000	0.0497	0.0931	0.1144	0.1750	0.1895	0.2162	0.2475	0.2700	0.2818
		\$1,500	0.0449	0.0811	0.1026	0.1577	0.1730	0.1961	0.2295	0.2439	0.2493
		\$2,000	0.0385	0.0577	0.0877	0.1364	0.1513	0.1734	0.2081	0.2173	0.2305
		\$2,500	0.0308	0.0445	0.0706	0.1128	0.1270	0.1479	0.1817	0.1875	0.2077
		\$5,000	0.0207	0.0250	0.0426	0.0778	0.0908	0.1115	0.1179	0.1366	0.1560
		\$7,500	0.0108	0.0215	0.0358	0.0691	0.0716	0.0749	0.0950	0.1142	0.1347
\$10,000	0.0095	0.0170	0.0337	0.0395	0.0503	0.0629	0.0786	0.0997	0.1200		

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
PRIMARY COVERAGE	100%	\$0	0.5752	0.6294	0.7215	0.8347	0.9166	0.9361	0.9789	0.9932	1.0000
		\$100	0.5731	0.6274	0.7194	0.8260	0.9075	0.9270	0.9696	0.9841	0.9909
		\$150	0.5613	0.6149	0.7060	0.8132	0.8941	0.9135	0.9557	0.9700	0.9766
		\$200	0.5454	0.5984	0.6888	0.8010	0.8810	0.8999	0.9419	0.9559	0.9626
		\$250	0.5258	0.5781	0.6679	0.7889	0.8680	0.8868	0.9282	0.9423	0.9489
		\$300	0.5024	0.5539	0.6433	0.7769	0.8552	0.8738	0.9147	0.9286	0.9352
		\$500	0.4606	0.5235	0.6216	0.7306	0.8272	0.8454	0.8624	0.8756	0.8817
		\$1,000	0.4074	0.4478	0.5276	0.6460	0.7318	0.7484	0.7765	0.7887	0.8144
		\$1,500	0.3631	0.3716	0.4720	0.5845	0.6731	0.6892	0.7155	0.7273	0.7596
		\$2,000	0.3342	0.3449	0.4440	0.5638	0.6512	0.6671	0.6938	0.7056	0.7370
		\$2,500	0.3019	0.3149	0.4128	0.5452	0.6317	0.6476	0.6743	0.6859	0.7083
		\$5,000	0.2435	0.2820	0.3782	0.4720	0.5541	0.5694	0.5969	0.6083	0.6139
		\$7,500	0.2079	0.2458	0.3404	0.4188	0.4970	0.5121	0.5398	0.5512	0.5566
		\$10,000	0.1690	0.2065	0.2994	0.3764	0.4513	0.4662	0.4939	0.5053	0.5107
PRIMARY COVERAGE	80%	\$0	0.5034	0.5452	0.6094	0.6915	0.7488	0.7618	0.7900	0.7991	0.8026
		\$100	0.5016	0.5434	0.6077	0.6843	0.7414	0.7546	0.7829	0.7918	0.7954
		\$150	0.4900	0.5313	0.5949	0.6723	0.7289	0.7418	0.7697	0.7784	0.7821
		\$200	0.4749	0.5156	0.5789	0.6603	0.7163	0.7290	0.7565	0.7652	0.7687
		\$250	0.4567	0.4968	0.5597	0.6487	0.7039	0.7165	0.7436	0.7523	0.7558
		\$300	0.4353	0.4749	0.5376	0.6375	0.6917	0.7041	0.7308	0.7393	0.7428
		\$500	0.4010	0.4415	0.5045	0.5796	0.6416	0.6569	0.6811	0.6892	0.6925
		\$1,000	0.3215	0.3582	0.4194	0.4970	0.5591	0.5696	0.5978	0.6089	0.6133
		\$1,500	0.3004	0.3325	0.3937	0.4376	0.5032	0.5164	0.5429	0.5533	0.5829
		\$2,000	0.2729	0.3046	0.3656	0.4225	0.4871	0.5001	0.5264	0.5369	0.5657
		\$2,500	0.2466	0.2756	0.3377	0.4089	0.4726	0.4856	0.5117	0.5222	0.5249
		\$5,000	0.1955	0.2108	0.2706	0.3410	0.3993	0.4155	0.4418	0.4484	0.4511
		\$7,500	0.1620	0.1753	0.2328	0.3015	0.3592	0.3733	0.3998	0.4066	0.4091
		\$10,000	0.1316	0.1461	0.2007	0.2659	0.3269	0.3383	0.3640	0.3729	0.3757

Product	Coinsurance	Deductible	Maximum Benefit -->										
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000	\$20,000	\$25,000
EXCESS / RICH	100%	\$0	0.1709	0.3129	0.4673	0.5998	0.6341	0.6807	0.7497	0.8145	0.8305	0.9141	1.0000
		\$100	0.1649	0.3020	0.4509	0.5788	0.6122	0.6578	0.7245	0.7876	0.8031	0.8840	0.9680
		\$150	0.1585	0.2905	0.4344	0.5587	0.5911	0.6354	0.7008	0.7588	0.7743	0.8529	0.9347
		\$200	0.1503	0.2764	0.4134	0.5331	0.5646	0.6076	0.6715	0.7241	0.7401	0.8168	0.8958
		\$250	0.1412	0.2586	0.3883	0.5021	0.5331	0.5751	0.6368	0.6848	0.7012	0.7757	0.8529
		\$300	0.1297	0.2380	0.3591	0.4669	0.4970	0.5377	0.5975	0.6409	0.6583	0.7305	0.8049
		\$500	0.1101	0.2024	0.3074	0.4025	0.4299	0.4669	0.5212	0.5496	0.5660	0.6309	0.7168
		\$1,000	0.0845	0.1553	0.2380	0.3143	0.3376	0.3687	0.4098	0.4139	0.4294	0.4810	0.5286
		\$1,500	0.0576	0.1055	0.1640	0.2197	0.2371	0.2613	0.2960	0.2983	0.3001	0.3385	0.3463
		\$2,000	0.0375	0.0685	0.1087	0.1485	0.1622	0.1804	0.2069	0.2129	0.2161	0.2462	0.2540
		\$2,500	0.0224	0.0411	0.0676	0.0959	0.1064	0.1201	0.1307	0.1402	0.1521	0.1754	0.1832
		\$5,000	0.0046	0.0087	0.0151	0.0224	0.0256	0.0297	0.0356	0.0375	0.0397	0.0434	0.0503
		\$7,500	0.0005	0.0014	0.0027	0.0046	0.0055	0.0069	0.0078	0.0087	0.0101	0.0114	0.0137
		\$10,000	0.0003	0.0005	0.0005	0.0005	0.0009	0.0014	0.0018	0.0023	0.0023	0.0027	0.0037
EXCESS / RICH	80%	\$0	0.1535	0.2773	0.4034	0.5066	0.5327	0.5688	0.6213	0.6702	0.6894	0.7364	0.7976
		\$100	0.1471	0.2654	0.3865	0.4861	0.5112	0.5455	0.5957	0.6432	0.6619	0.7076	0.7666
		\$150	0.1412	0.2549	0.3714	0.4673	0.4920	0.5254	0.5742	0.6208	0.6409	0.6788	0.7360
		\$200	0.1334	0.2412	0.3522	0.4440	0.4683	0.5007	0.5487	0.5939	0.6153	0.6460	0.7012
		\$250	0.1247	0.2252	0.3294	0.4171	0.4404	0.4724	0.5185	0.5596	0.5637	0.6099	0.6633
		\$300	0.1142	0.2065	0.3038	0.3865	0.4093	0.4404	0.4847	0.5167	0.5276	0.5706	0.6227
		\$500	0.1023	0.1380	0.2257	0.3047	0.3253	0.3531	0.3956	0.4308	0.4404	0.4888	0.5377
		\$1,000	0.0503	0.0946	0.1160	0.1777	0.1923	0.2193	0.2513	0.2741	0.2860	0.3262	0.3636
		\$1,500	0.0361	0.0649	0.0818	0.1261	0.1384	0.1567	0.1836	0.1951	0.1992	0.2403	0.2659
		\$2,000	0.0242	0.0361	0.0553	0.0859	0.0955	0.1092	0.1311	0.1370	0.1453	0.1718	0.1919
		\$2,500	0.0151	0.0219	0.0352	0.0562	0.0630	0.0735	0.0900	0.0932	0.1032	0.1224	0.1366
		\$5,000	0.0032	0.0037	0.0064	0.0119	0.0137	0.0169	0.0178	0.0206	0.0233	0.0292	0.0315
		\$7,500	0.0009	0.0009	0.0018	0.0032	0.0032	0.0032	0.0041	0.0050	0.0059	0.0073	0.0082
		\$10,000	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0014	0.0018	0.0018	0.0018	0.0018

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
EXCESS / MOD	100%	\$0	0.1073	0.1969	0.2940	0.3775	0.3990	0.4282	0.4717	0.5126	0.5225
		\$100	0.1059	0.1943	0.2902	0.3723	0.3938	0.4231	0.4661	0.5065	0.5166
		\$150	0.1031	0.1890	0.2825	0.3632	0.3845	0.4130	0.4558	0.4932	0.5033
		\$200	0.0989	0.1815	0.2717	0.3503	0.3714	0.3994	0.4413	0.4761	0.4864
		\$250	0.0938	0.1717	0.2580	0.3337	0.3543	0.3821	0.4233	0.4551	0.4661
		\$300	0.0872	0.1600	0.2413	0.3138	0.3340	0.3611	0.4015	0.4308	0.4422
		\$500	0.0774	0.1420	0.2159	0.2825	0.3017	0.3276	0.3658	0.3856	0.3973
		\$1,000	0.0662	0.1214	0.1862	0.2460	0.2643	0.2886	0.3209	0.3241	0.3361
		\$1,500	0.0538	0.0987	0.1532	0.2053	0.2217	0.2442	0.2767	0.2788	0.2804
		\$2,000	0.0416	0.0762	0.1211	0.1658	0.1810	0.2014	0.2308	0.2376	0.2411
		\$2,500	0.0311	0.0571	0.0935	0.1324	0.1466	0.1658	0.1803	0.1936	0.2098
		\$5,000	0.0147	0.0274	0.0479	0.0723	0.0821	0.0952	0.1144	0.1202	0.1272
		\$7,500	0.0040	0.0072	0.0157	0.0271	0.0325	0.0398	0.0465	0.0500	0.0594
\$10,000	0.0012	0.0023	0.0033	0.0049	0.0070	0.0096	0.0136	0.0157	0.0185		
EXCESS / MOD	80%	\$0	0.0945	0.1707	0.2484	0.3120	0.3281	0.3501	0.3824	0.4125	0.4245
		\$100	0.0931	0.1681	0.2446	0.3075	0.3234	0.3454	0.3772	0.4072	0.4188
		\$150	0.0905	0.1635	0.2383	0.3000	0.3157	0.3372	0.3686	0.3983	0.4114
		\$200	0.0868	0.1569	0.2292	0.2891	0.3047	0.3260	0.3571	0.3863	0.4004
		\$250	0.0821	0.1485	0.2175	0.2753	0.2907	0.3117	0.3421	0.3690	0.3721
		\$300	0.0765	0.1382	0.2032	0.2587	0.2739	0.2944	0.3244	0.3457	0.3529
		\$500	0.0725	0.0975	0.1597	0.2154	0.2301	0.2498	0.2797	0.3047	0.3115
		\$1,000	0.0409	0.0767	0.0942	0.1443	0.1562	0.1782	0.2042	0.2226	0.2325
		\$1,500	0.0327	0.0592	0.0748	0.1151	0.1263	0.1431	0.1674	0.1780	0.1819
		\$2,000	0.0267	0.0400	0.0608	0.0947	0.1050	0.1204	0.1445	0.1508	0.1600
		\$2,500	0.0217	0.0316	0.0500	0.0802	0.0900	0.1050	0.1291	0.1331	0.1473
		\$5,000	0.0105	0.0126	0.0215	0.0393	0.0458	0.0564	0.0596	0.0690	0.0788
		\$7,500	0.0030	0.0061	0.0101	0.0194	0.0201	0.0210	0.0269	0.0323	0.0381
\$10,000	0.0009	0.0019	0.0037	0.0044	0.0056	0.0070	0.0087	0.0110	0.0131		

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
EXCESS / MOD	100%	\$0	0.5751	0.6293	0.7215	0.8347	0.9165	0.9362	0.9790	0.9932	1.0000
		\$100	0.5685	0.6225	0.7138	0.8195	0.9004	0.9198	0.9619	0.9764	0.9832
		\$150	0.5547	0.6076	0.6976	0.8036	0.8835	0.9027	0.9443	0.9586	0.9652
		\$200	0.5367	0.5891	0.6780	0.7886	0.8672	0.8859	0.9273	0.9408	0.9476
		\$250	0.5154	0.5669	0.6548	0.7734	0.8510	0.8695	0.9100	0.9240	0.9303
		\$300	0.4906	0.5409	0.6282	0.7587	0.8351	0.8534	0.8931	0.9069	0.9132
		\$500	0.4427	0.5033	0.5975	0.7023	0.7951	0.8127	0.8290	0.8417	0.8475
		\$1,000	0.3765	0.4139	0.4876	0.5971	0.6763	0.6915	0.7175	0.7287	0.7526
		\$1,500	0.3164	0.3237	0.4111	0.5091	0.5865	0.6003	0.6232	0.6335	0.6618
		\$2,000	0.2746	0.2832	0.3646	0.4630	0.5348	0.5479	0.5699	0.5795	0.6055
		\$2,500	0.2420	0.2526	0.3312	0.4373	0.5065	0.5194	0.5407	0.5500	0.5681
		\$5,000	0.1401	0.1621	0.2175	0.2715	0.3185	0.3274	0.3433	0.3499	0.3529
		\$7,500	0.0671	0.0795	0.1101	0.1354	0.1607	0.1656	0.1745	0.1782	0.1798
\$10,000	0.0213	0.0260	0.0377	0.0475	0.0568	0.0587	0.0622	0.0636	0.0643		
EXCESS / MOD	80%	\$0	0.4532	0.4909	0.5489	0.6228	0.6745	0.6859	0.7114	0.7196	0.7229
		\$100	0.4478	0.4850	0.5426	0.6109	0.6618	0.6735	0.6988	0.7067	0.7100
		\$150	0.4355	0.4722	0.5288	0.5975	0.6478	0.6593	0.6841	0.6918	0.6950
		\$200	0.4203	0.4563	0.5122	0.5844	0.6338	0.6450	0.6693	0.6770	0.6803
		\$250	0.4025	0.4378	0.4930	0.5716	0.6202	0.6312	0.6551	0.6628	0.6658
		\$300	0.3817	0.4165	0.4715	0.5592	0.6066	0.6176	0.6410	0.6485	0.6515
		\$500	0.3457	0.3805	0.4348	0.4995	0.5529	0.5662	0.5870	0.5940	0.5968
		\$1,000	0.2652	0.2954	0.3459	0.4100	0.4612	0.4698	0.4930	0.5021	0.5058
		\$1,500	0.2191	0.2425	0.2872	0.3192	0.3672	0.3768	0.3962	0.4036	0.4254
		\$2,000	0.1894	0.2114	0.2537	0.2933	0.3382	0.3471	0.3653	0.3725	0.3927
		\$2,500	0.1752	0.1957	0.2397	0.2905	0.3356	0.3447	0.3634	0.3707	0.3728
		\$5,000	0.0987	0.1064	0.1368	0.1724	0.2018	0.2100	0.2233	0.2266	0.2280
		\$7,500	0.0456	0.0496	0.0657	0.0851	0.1013	0.1052	0.1127	0.1148	0.1155
\$10,000	0.0145	0.0161	0.0220	0.0292	0.0358	0.0372	0.0400	0.0409	0.0412		

AME FACTORS (continued)

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$500	\$1,000	\$2,500	\$5,000	\$6,000	\$7,500	\$10,000	\$12,500	\$15,000
EXCESS / LMTD	100%	\$0	0.1074	0.1970	0.2940	0.3774	0.3988	0.4282	0.4718	0.5125	0.5226
		\$100	0.1066	0.1955	0.2918	0.3746	0.3962	0.4256	0.4687	0.5095	0.5197
		\$150	0.1039	0.1907	0.2850	0.3665	0.3879	0.4169	0.4598	0.4977	0.5080
		\$200	0.1000	0.1837	0.2752	0.3545	0.3759	0.4042	0.4467	0.4818	0.4925
		\$250	0.0952	0.1743	0.2619	0.3389	0.3596	0.3879	0.4297	0.4622	0.4731
		\$300	0.0887	0.1628	0.2458	0.3195	0.3402	0.3678	0.4088	0.4387	0.4504
		\$500	0.0798	0.1462	0.2225	0.2911	0.3107	0.3378	0.3770	0.3975	0.4097
		\$1,000	0.0704	0.1290	0.1979	0.2615	0.2807	0.3064	0.3408	0.3443	0.3569
		\$1,500	0.0601	0.1103	0.1711	0.2295	0.2478	0.2728	0.3090	0.3114	0.3131
		\$2,000	0.0490	0.0896	0.1423	0.1948	0.2125	0.2364	0.2711	0.2789	0.2831
		\$2,500	0.0370	0.0680	0.1114	0.1580	0.1750	0.1979	0.2151	0.2310	0.2502
		\$5,000	0.0235	0.0434	0.0761	0.1148	0.1303	0.1514	0.1815	0.1911	0.2022
		\$7,500	0.0107	0.0194	0.0421	0.0732	0.0876	0.1070	0.1255	0.1349	0.1597
		\$10,000	0.0081	0.0148	0.0220	0.0323	0.0453	0.0632	0.0883	0.1031	0.1207
EXCESS / LMTD	80%	\$0	0.1024	0.1850	0.2693	0.3384	0.3559	0.3798	0.4149	0.4474	0.4602
		\$100	0.1018	0.1835	0.2672	0.3358	0.3532	0.3772	0.4119	0.4448	0.4576
		\$150	0.0992	0.1793	0.2611	0.3288	0.3458	0.3694	0.4040	0.4365	0.4506
		\$200	0.0954	0.1726	0.2519	0.3179	0.3349	0.3582	0.3927	0.4247	0.4402
		\$250	0.0907	0.1639	0.2399	0.3038	0.3208	0.3439	0.3776	0.4073	0.4105
		\$300	0.0846	0.1530	0.2249	0.2863	0.3031	0.3260	0.3591	0.3827	0.3907
		\$500	0.0813	0.1096	0.1791	0.2419	0.2582	0.2805	0.3140	0.3419	0.3495
		\$1,000	0.0477	0.0891	0.1096	0.1676	0.1815	0.2070	0.2371	0.2587	0.2698
		\$1,500	0.0425	0.0767	0.0970	0.1491	0.1634	0.1852	0.2168	0.2303	0.2356
		\$2,000	0.0360	0.0540	0.0822	0.1277	0.1416	0.1623	0.1948	0.2035	0.2157
		\$2,500	0.0288	0.0414	0.0658	0.1050	0.1183	0.1377	0.1693	0.1748	0.1935
		\$5,000	0.0183	0.0222	0.0379	0.0691	0.0806	0.0992	0.1048	0.1214	0.1386
		\$7,500	0.0092	0.0181	0.0303	0.0584	0.0606	0.0634	0.0804	0.0965	0.1140
		\$10,000	0.0076	0.0137	0.0270	0.0316	0.0403	0.0503	0.0628	0.0798	0.0961

Product	Coinsurance	Deductible	Maximum Benefit -->								
			\$20,000	\$25,000	\$50,000	\$100,000	\$200,000	\$250,000	\$500,000	\$750,000	\$1,000,000
EXCESS / LMTD	100%	\$0	0.5751	0.6293	0.7215	0.8346	0.9165	0.9362	0.9789	0.9932	1.0000
		\$100	0.5720	0.6263	0.7180	0.8244	0.9059	0.9253	0.9677	0.9823	0.9891
		\$150	0.5596	0.6132	0.7041	0.8109	0.8917	0.9109	0.9529	0.9673	0.9739
		\$200	0.5433	0.5962	0.6862	0.7980	0.8778	0.8965	0.9383	0.9523	0.9590
		\$250	0.5234	0.5755	0.6649	0.7851	0.8640	0.8828	0.9239	0.9379	0.9444
		\$300	0.4997	0.5509	0.6398	0.7725	0.8505	0.8690	0.9096	0.9235	0.9301
		\$500	0.4563	0.5186	0.6158	0.7239	0.8196	0.8377	0.8544	0.8675	0.8736
		\$1,000	0.4001	0.4397	0.5180	0.6343	0.7185	0.7348	0.7623	0.7742	0.7995
		\$1,500	0.3535	0.3617	0.4594	0.5688	0.6550	0.6707	0.6964	0.7078	0.7394
		\$2,000	0.3225	0.3328	0.4284	0.5439	0.6282	0.6437	0.6694	0.6808	0.7110
		\$2,500	0.2887	0.3012	0.3949	0.5215	0.6043	0.6193	0.6448	0.6559	0.6775
		\$5,000	0.2225	0.2576	0.3456	0.4312	0.5064	0.5204	0.5454	0.5559	0.5609
		\$7,500	0.1809	0.2138	0.2961	0.3643	0.4323	0.4456	0.4696	0.4796	0.4842
		\$10,000	0.1390	0.1698	0.2462	0.3097	0.3711	0.3835	0.4062	0.4156	0.4201
EXCESS / LMTD	80%	\$0	0.4916	0.5326	0.5953	0.6755	0.7315	0.7442	0.7716	0.7806	0.7840
		\$100	0.4890	0.5297	0.5925	0.6672	0.7228	0.7357	0.7631	0.7718	0.7756
		\$150	0.4772	0.5173	0.5794	0.6548	0.7100	0.7224	0.7496	0.7581	0.7616
		\$200	0.4622	0.5016	0.5633	0.6424	0.6969	0.7093	0.7361	0.7446	0.7479
		\$250	0.4439	0.4829	0.5441	0.6306	0.6842	0.6964	0.7228	0.7313	0.7346
		\$300	0.4228	0.4611	0.5221	0.6191	0.6716	0.6836	0.7097	0.7178	0.7213
		\$500	0.3879	0.4269	0.4879	0.5607	0.6206	0.6354	0.6587	0.6666	0.6699
		\$1,000	0.3079	0.3430	0.4016	0.4759	0.5354	0.5454	0.5725	0.5831	0.5875
		\$1,500	0.2837	0.3140	0.3718	0.4134	0.4753	0.4877	0.5127	0.5228	0.5507
		\$2,000	0.2554	0.2850	0.3421	0.3955	0.4559	0.4681	0.4927	0.5025	0.5295
		\$2,500	0.2297	0.2567	0.3147	0.3809	0.4402	0.4524	0.4768	0.4864	0.4890
		\$5,000	0.1737	0.1874	0.2406	0.3031	0.3550	0.3694	0.3929	0.3986	0.4010
		\$7,500	0.1371	0.1484	0.1970	0.2550	0.3038	0.3158	0.3382	0.3439	0.3460
		\$10,000	0.1053	0.1168	0.1606	0.2127	0.2615	0.2706	0.2913	0.2983	0.3005

EXHIBIT C - Anticipated Distribution of Business

By Issue Age Group		By Family Status	
Issue Ages	Distribution	Family Status	Distribution
18-20	5.4%	Individual	60.0%
21-25	9.9%	Individual + Spouse	15.0%
26-30	11.8%	1-Parent Family	10.0%
31-35	18.0%	2-Parent Family	15.0%
36-40	19.0%		
41-45	14.2%	By Coverage Type	
46-50	10.3%	Coverage	Distribution
51-55	7.1%	24-Hour	75.0%
56-60	3.4%	Off-the-Job	25.0%
61-64	0.9%		

Fixed Indemnity Average Coverage			
Accident Benefit	Base Coverage Unit	% Policies	Average Coverage Unit
Hospital Room and Board	\$100/Day	100%	\$1,000/Day
Inpatient Hospital Services	\$100/Day	100%	\$1,000/Day
Ancillary Hospital Charges	\$100/Day	100%	\$500/Day
Emergency Room	\$250	100%	\$500
Outpatient Surgical	\$250	100%	\$1,000
Physician Services	\$50/Visit	100%	\$50/Visit
Physiotherapy	\$50/Visit	15%	\$50/Visit
Ambulance	\$100/Service	100%	\$200/Service
Medical Equipment Rental	\$250	15%	\$250
Medical Services and Supplies	\$250	10%	\$250
Dental Services	\$100/Visit	10%	\$100/Visit
Prescription Drugs	\$20/Script	10%	\$20/Script
Eyeglasses, Contacts, & Hearing Aids	\$100/Accident	10%	\$100/Accident
Artificial Instruments	\$250	15%	\$500
Rehabilitation Treatment	\$100/Day	15%	\$500/Day
Rehabilitative Braces & Application	\$250	15%	\$1,000
AD&D	\$1,000	100%	\$50,000
Dislocations	\$1,000	15%	\$1,000
Fractures	\$1,000	15%	\$1,000
Concussions	\$50	15%	\$50
DI Rider	\$100/Month	15%	\$2,000/Month

AME By Product Distribution	
24-Hour	75.0%
Non-Occ	25.0%
Primary	60.0%
Excess-of-Rich	14.0%
Excess-of-Mod	10.0%
Excess-of-Limited	16.0%
Basic	100.0%
Opt1 (Rehab)	15.0%
Opt2	10.0%

Exhibit D

Anticipated Durational Loss Ratios

				Cumulative
Policy	Earned	Incurred	Loss	Loss
<u>Year</u>	<u>Prem+ Fees</u>	<u>Claims</u>	<u>Ratio</u>	<u>Ratio</u>
1	470,355	233,342	49.6%	49.6%
2	329,238	163,355	49.6%	49.6%
3	261,999	129,864	49.6%	49.6%
4	216,725	107,395	49.6%	49.6%
5	183,624	91,038	49.6%	49.6%
6	159,264	79,063	49.6%	49.6%
7	141,002	70,130	49.7%	49.6%
8	125,816	63,025	50.1%	49.6%
9	112,074	56,236	50.2%	49.7%
10	99,823	50,203	50.3%	49.7%
11	88,901	44,839	50.4%	49.7%
12	78,992	39,974	50.6%	49.8%
13	69,906	35,669	51.0%	49.8%
14	61,751	31,608	51.2%	49.8%
15	54,528	28,013	51.4%	49.9%
16	48,131	24,832	51.6%	49.9%
17	42,382	21,968	51.8%	49.9%
18	37,164	19,443	52.3%	50.0%
19	32,517	17,091	52.6%	50.0%
20	28,428	15,019	52.8%	50.0%
21	24,832	13,194	53.1%	50.1%
22	21,593	11,544	53.5%	50.1%
23	18,632	10,100	54.2%	50.1%
24	16,005	8,727	54.5%	50.1%
25	13,716	7,527	54.9%	50.2%
26	11,726	6,479	55.3%	50.2%
27	9,945	5,537	55.7%	50.2%
28	8,324	4,722	56.7%	50.2%
29	6,899	3,943	57.2%	50.2%
30	5,676	3,270	57.6%	50.3%

Anticipated Durational Loss Ratios (continued)

Policy	Earned	Incurred	Loss	Cumulative
Year	Premis+Fees	Claims	Ratio	Loss Ratio
31	4,813	2,944	61.2%	50.3%
32	4,093	2,679	65.4%	50.3%
33	3,331	2,162	64.9%	50.3%
34	2,715	1,765	65.0%	50.3%
35	2,204	1,460	66.3%	50.3%
36	1,767	1,198	67.8%	50.4%
37	1,404	976	69.5%	50.4%
38	1,119	750	67.1%	50.4%
39	905	597	66.0%	50.4%
40	734	496	67.5%	50.4%
41	589	409	69.3%	50.4%
42	465	333	71.6%	50.4%
43	357	272	76.4%	50.4%
44	262	215	82.3%	50.4%
45	181	162	90.0%	50.4%
46	114	118	103.7%	50.4%
47	60	78	130.0%	50.4%
48	23	45	189.8%	50.4%
49	5	11	238.1%	50.4%
Total:	2,805,106	1,413,823	50.40%	
Discounted lifetime loss ratio:			50.10%	