

SERFF Tracking #:

DMND-128973551

State Tracking #:**Company Tracking #:****State:** District of Columbia**First Filing Company:** Dominion Dental Services, Inc., ...**TOI/Sub-TOI:** H10I Individual Health - Dental/H10I.000 Health Dental**Product Name:** Health Insurer Fee Rate Filing**Project Name/Number:** /

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Avalon HCR Fee	DC 11IVCOC	New		Avalon-HCR Insurer Fee Memorandum Addendum (Individual-DC).pdf,
2		Dominion HCR Fee	DC 12PICOC	New		Dominion-HCR Insurer Fee Memorandum Addendum (Individual-DC).pdf,

Avalon Insurance Company
VISION INSURANCE POLICIES
INDIVIDUAL PLANS
ACTUARIAL MEMORANDUM
ADDENDUM

Policy Form Numbers:
DC 11IVCOC

Scope and purpose

The purpose of this addendum is to amend the previously filed actuarial memorandum and describe the updates to benefits and assumptions and to certify that this product is in compliance with applicable laws and regulations of the state. This memorandum is not intended to be used for any other purpose.

Proposed Effective Date

We request an effective date of July 1, 2013. Marketing will commence immediately upon approval of this filing.

Premium Change Rationale

Under section 9010 of PPACA and Section 1406 of the Reconciliation Act there is a health insurer fee ("HIF") that will be distributed to all entities providing health insurance for any U.S. health risk starting in 2014. Stand-alone vision policies are not excluded from the definition of health insurance, and therefore, Avalon Insurance Company ("Avalon") will be among the entities that will pay the HIF. The distribution of the HIF to each entity is based on market share. Our market share analysis supports that Avalon will pay a HIF of approximately 2% of total premiums in 2014.

In an effort to prepare for this fee, we are phasing it into our 2013 rates based on the percentage of premium that will be paid in 2014. The rates will be increased by an amount that will result in an additional 1.5% to the final premium for individuals who enroll or renew beginning July 1, 2013; the new rates will be calculated as the previously approved rates divided by 0.985.

In summary, the following plans/rates will be increased by approximately 1.52%, from our currently filed and approved rates, for effective dates beginning July 1, 2013:

Individual Vision Plan

Approved on February 24, 2012 under Serff Tracking # DMND-127841187

Reasonableness of Assumptions

In the actuary's best judgment, the assumptions made in determining these premium rates are reasonable.

ACTUARIAL CERTIFICATION

I, Mark Spitler, am a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries. I certify that to the best of my knowledge and judgment, this filing is in compliance with the applicable laws of this State and with the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", as adopted by the Actuarial Standards Board, December 2005. The premiums are neither excessive, inadequate, nor unfairly discriminatory, and the benefits provided are reasonable in relation to the premiums.

A handwritten signature in black ink, appearing to read 'M. Spitler', written in a cursive style.

Mark Spitler, FSA, MAAA

Senior Director, Actuarial Services
Capital BlueCross
(717) 541-6613

April 5, 2013

Dominion Dental
DENTAL INSURANCE POLICIES
ACCESS PPO INDIVIDUAL PLANS
ACTUARIAL MEMORANDUM
ADDENDUM

Policy Form Numbers:
DC 12PICOC

Scope and purpose

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Proposed Effective Date

We request an effective date of July 1, 2013. Marketing will commence immediately upon approval of this filing.

Premium Change Rationale

Under section 9010 of PPACA and Section 1406 of the Reconciliation Act there is a health insurer fee ("HIF") that will be distributed to all entities providing health insurance for any U.S. health risk starting in 2014. Stand-alone dental policies are not excluded from the definition of health insurance, and therefore, Dominion Dental Services, Inc. ("Dominion") will be among the entities that will pay the HIF. The distribution of the HIF to each entity is based on market share. Our market share analysis supports that Dominion will pay a HIF of approximately 2% of total premiums in 2014.

In an effort to prepare for this fee, we are phasing it into our 2013 rates based on the percentage of premium that will be paid in 2014. The rates will be increased by an amount that will result in an additional 1.5% to the final premium for individuals who enroll or renew beginning July 1, 2013; the new rates will be calculated as the previously approved rates divided by 0.985.

In summary, the following plans/rates will be increased by approximately 1.52%, from our currently filed and approved rates, for effective dates beginning July 1, 2013:

Access PPO

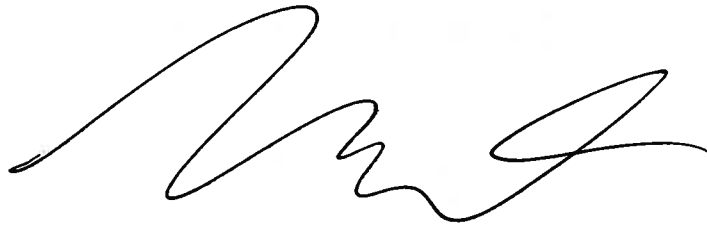
Approved on January 6, 2011 under Serff Tracking #DMND-126933401

Reasonableness of Assumptions

In the actuary's best judgment, the assumptions made in determining these premium rates are reasonable.

ACTUARIAL CERTIFICATION

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Mark Spitler, FSA, MAAA

Senior Director, Actuarial Services
Capital BlueCross
(717) 541-6613

April 4, 2013

SERFF Tracking #:

DMND-128973551

State Tracking #:

Company Tracking #:

State: District of Columbia

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental

Product Name: Health Insurer Fee Rate Filing

Project Name/Number: /

First Filing Company: Dominion Dental Services, Inc., ...

Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	Please see cover letter in general information tab filing description.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Dominion-HCR Insurer Fee Memorandum Addendum (Individual-DC).pdf Avalon-HCR Insurer Fee Memorandum Addendum (Individual-DC).pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	See Actuarial Memoradum, attached in section above.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Comments:	Please see previously approved rates under supporting documentation.
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

DMND-128973551

State Tracking #:

Company Tracking #:

State: District of Columbia

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental

Product Name: Health Insurer Fee Rate Filing

Project Name/Number: /

First Filing Company: Dominion Dental Services, Inc., ...

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Comments:	Please see previously approved rates under supporting documentation.
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Previous Approved Rate Filings (Dominion and Avalon)
Comments:	

SERFF Tracking #:

DMND-128973551

State Tracking #:

Company Tracking #:

State:

District of Columbia

First Filing Company:

Dominion Dental Services, Inc., ...

TOI/Sub-TOI:

H10I Individual Health - Dental/H10I.000 Health Dental

Product Name:

Health Insurer Fee Rate Filing

Project Name/Number:

/

Attachment(s):	Avalon Individual Filing DMND-127841187 (Approved 2-24-12).pdf Access PPO Plan Memorandum Filing DMND-126933401 (Approved 1-6-11).pdf
Item Status:	
Status Date:	

Dominion Dental
DENTAL INSURANCE POLICIES
ACCESS PPO INDIVIDUAL PLANS
ACTUARIAL MEMORANDUM
ADDENDUM

Policy Form Numbers:
DC 12PICOC

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In an effort to prepare for this fee, we are phasing it into our 2013 rates based on the percentage of premium that will be paid in 2014. The rates will be increased by an amount that will result in an additional 1.5% to the final premium for individuals who enroll or renew beginning July 1, 2013; the new rates will be calculated as the previously approved rates divided by 0.985.

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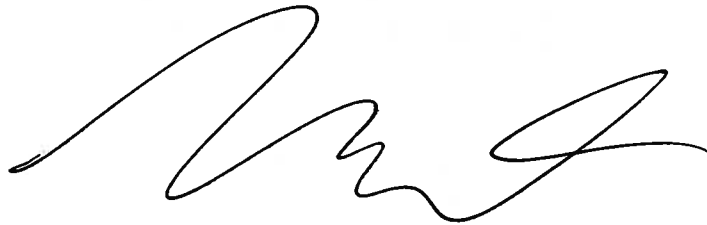
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Mark Spitler, FSA, MAAA

Senior Director, Actuarial Services
Capital BlueCross
(717) 541-6613

April 4, 2013

Avalon Insurance Company
VISION INSURANCE POLICIES
INDIVIDUAL PLANS
ACTUARIAL MEMORANDUM
ADDENDUM

Policy Form Numbers:
DC 11IVCOC

Scope and purpose

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In an effort to prepare for this fee, we are phasing it into our 2013 rates based on the percentage of premium that will be paid in 2014. The rates will be increased by an amount that will result in an additional 1.5% to the final premium for individuals who enroll or renew beginning July 1, 2013; the new rates will be calculated as the previously approved rates divided by 0.985.

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Approved on February 24, 2012 under Serff Tracking # DMND-127841187

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A handwritten signature in black ink, appearing to read 'M. Spitler', written in a cursive style.

Mark Spitler, FSA, MAAA

Senior Director, Actuarial Services
Capital BlueCross
(717) 541-6613

April 5, 2013

State: District of Columbia **Filing Company:** Avalon Insurance Company
TOI/Sub-TOI: H20I Individual Health - Vision/H20I.000 Health - Vision
Product Name: Avalon Individual Vision Plan Forms/Rates
Project Name/Number: /

Filing at a Glance

Company: Avalon Insurance Company
Product Name: Avalon Individual Vision Plan Forms/Rates
State: District of Columbia
TOI: H20I Individual Health - Vision
Sub-TOI: H20I.000 Health - Vision
Filing Type: Rate
Date Submitted: 11/29/2011
SERFF Tr Num: DMND-127841187
SERFF Status: Closed-APPROVED
State Tr Num:
State Status:
Co Tr Num:
Co Status:
Implementation On Approval
Date Requested:
Author(s): Melissa Guffey
Reviewer(s): Efren Tanhehco (primary), Carolyn King
Disposition Date: 02/24/2012
Disposition Status: APPROVED
Implementation Date:

State: District of Columbia **Filing Company:** Avalon Insurance Company
TOI/Sub-TOI: H201 Individual Health - Vision/H201.000 Health - Vision
Product Name: Avalon Individual Vision Plan Forms/Rates
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile: Pending
 Project Number: Date Approved in Domicile:
 Requested Filing Mode: Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Individual Market Type:
 Overall Rate Impact: Filing Status Changed: 02/24/2012
 Company Status Changed: State Status Changed:
 Deemer Date: Created By: Melissa Guffey
 Submitted By: Melissa Guffey Corresponding Filing Tracking Number:

Filing Description:
 Avalon Individual Vision Plan Form/Rate

Company and Contact

Filing Contact Information

Melissa Guffey, Senior Regulatory Analyst mguffey@dominiondental.com
 115 S. Union Street 703-518-5000 [Phone] 3005 [Ext]
 Suite 300 703-859-7716 [FAX]
 Alexandria, VA 22314

Filing Company Information

Avalon Insurance Company	CoCode: 12358	State of Domicile:
2500 Elmerton Avenue	Group Code: 1230	Pennsylvania
Harrisburg, PA 17177	Group Name: Capital BlueCross	Company Type: Life & Health
(717) 541-7577 ext. [Phone]	FEIN Number: 76-0801682	Insurer
		State ID Number:

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

DMND-127841187

State Tracking #:

Company Tracking #:

State:

District of Columbia

Filing Company:

Avalon Insurance Company

TOI/Sub-TOI:

H201 Individual Health - Vision/H201.000 Health - Vision

Product Name:

Avalon Individual Vision Plan Forms/Rates

Project Name/Number:

/

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	02/24/2012	02/24/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Review Status	Note To Filer	Efren Tanhehco	01/30/2012	01/30/2012

SERFF Tracking #:

DMND-127841187

State Tracking #:

Company Tracking #:

State: District of Columbia

Filing Company:

Avalon Insurance Company

TOI/Sub-TOI: H201 Individual Health - Vision/H201.000 Health - Vision

Product Name: Avalon Individual Vision Plan Forms/Rates

Project Name/Number: /

Disposition

Disposition Date: 02/24/2012

Implementation Date:

Status: APPROVED

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Justification		Yes
Supporting Document	Transmittal Letter		Yes
Form	Vision Plan Coverage Schedule		Yes
Form	Individual Vision Policy		Yes
Form	Change in Coverage Form		Yes
Form	Vision Plan Enrollment Form		Yes
Form	Dental/Vision Enrollment Form		Yes

State: District of Columbia **Filing Company:** Avalon Insurance Company
TOI/Sub-TOI: H201 Individual Health - Vision/H201.000 Health - Vision
Product Name: Avalon Individual Vision Plan Forms/Rates
Project Name/Number: /

Note To Filer

Created By:

Efren Tanhehco on 01/30/2012 09:36 AM

Last Edited By:

Efren Tanhehco

Submitted On:

01/30/2012 09:36 AM

Subject:

Review Status

Comments:

Still in progress

State: District of Columbia

Filing Company:

Avalon Insurance Company

TOI/Sub-TOI: H201 Individual Health - Vision/H201.000 Health - Vision

Product Name: Avalon Individual Vision Plan Forms/Rates

Project Name/Number: /

Form Schedule

Lead Form Number:

Item No.	Schedule Item Status	Form Name	Form Number	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1		Vision Plan Coverage Schedule	11VPCOV	OUT	Initial		37.000	11VPCOV.pdf Explanation of Variability Statement Coverage Schedule.pdf
2		Individual Vision Policy	DC 11IVCOC	POL	Initial		36.400	Explanation of Variability Statement all documents other than Coverage Schedule (DC)- Individual.pdf DC 11IVCOC.pdf
3		Change in Coverage Form	CICD-V11	OTH	Initial			CICD-V11.pdf
4		Vision Plan Enrollment Form	SGVISION1 1	AEF	Initial			SGVISION11.pdf
5		Dental/Vision Enrollment Form	TCD-V11TK	AEF	Initial			TCD-V11 TK.pdf

Form Type Legend:

ADV	Advertising	AEF	Application/Enrollment Form
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SERFF Tracking #:

DMND-127841187

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

District of Columbia

Filing Company:

Avalon Insurance Company

TOI/Sub-TOI:

H201 Individual Health - Vision/H201.000 Health - Vision

Product Name:

Avalon Individual Vision Plan Forms/Rates

Project Name/Number:

/

CER	Certificate	CERA	Certificate Amendment, Insert Page, Endorsement or Rider
DDP	Data/Declaration Pages	FND	Funding Agreement (Annuity, Individual and Group)
MTX	Matrix	NOC	Notice of Coverage
OTH	Other	OUT	Outline of Coverage
PJK	Policy Jacket	POL	Policy/Contract/Fraternal Certificate
POLA	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	SCH	Schedule Pages

[Vision Plan]

Benefit Summary

	<u>Copayments</u>	<u>Frequency</u>
Exam	[\$10]	[12 months]
Lenses	[\$20]	[24 months]
Frames	[None]	[24 months]
Contact Lenses	[None]	[24 months]

Lenses Benefit Options (in-network)

(in addition to lenses copayment above)

UV Coating	[\$15]
Tint	[\$15]
Scratch Resistance	[\$15]
Polycarbonate	[\$40]
Anti-Reflective	[\$45]
Standard Progressive	[\$65]
Other Add Ons	[20%] Retail Discount

Maximum Allowances¹

Preferred Provider:

Frame	[\$100]
Contact Lenses	[\$100]

[(instead of glasses)]

Non-Preferred Provider:

Exam	[\$25]
Frames	[\$40]
Single Vision Lenses	[\$20]
Bifocal Lenses	[\$30]
Trifocal Lenses	[\$40]
Contact Lenses	[\$60]

LASIK Discount

[15%] Retail Discount

[5%] Promotional Price Discount

¹ The scheduled amounts shown are the maximum allowable amount. The actual amount to be paid for any service or material will be the lesser of the scheduled amount for such service rendered and/or materials purchased, or the actual amount charged. There is no assurance that the scheduled amount will be sufficient to pay the full cost of the service rendered or the materials selected.

Plan will pay for eligible expenses (subject to benefit coverage) incurred by or on behalf of Subscriber and/or their Dependents while covered under the Policy including:

A. **Services:** Include, but are not limited to:

1. Vision Examinations - Each Subscriber and eligible Dependent(s) is entitled to a complete analysis of the eyes and related structures to determine vision problems and other abnormalities. Plan will cover such service once every [12 months]. Where the vision examination shows new lenses or frames or both are necessary for proper visual health, such materials will be covered, together with certain services as necessary.
2. Prescribing and ordering proper lenses.
3. Assisting with selection of frames.
4. Verifying accuracy of finished lenses.
5. Proper fitting and adjustments.

B. **Materials:**

1. Lenses: [Plan will pay for lenses on a new prescription for standard lenses once every [24 months]. The lens allowance equals two (2) lenses. If only one (1) lens is needed the allowance will be half (1/2) the lens allowance.]
2. Frames: [Plan will pay for frames once every [24 months].]
3. Contact Lenses: [Plan will pay for contact lenses once every [12 months].]

C. **Benefits:**

Participating Provider shall mean a licensed provider who has contracted to accept, as full payment, Member's copayment and the contracted payment from Plan. Plan will pay benefits if the services are rendered or materials are furnished by a Participating Provider.

Use of a Participating Provider does not guarantee that all expenses will be covered under the Policy. Participating Provider locations are identified by contacting the Plan's Member Services Department or the website.

Services and materials will be covered at the benefit levels for a Non-Participating Provider when: a) the provider rendering the service or furnishing the materials is no longer a Participating Provider; or b) the Member elects not to use the services or materials of the Participating Provider.

Non-Participating Provider shall mean a licensed provider NOT under contract with Plan. After the applicable copayment, Plan will pay the reasonable and customary charge for services and materials, up to the scheduled amount shown in this document.

Benefits will be payable the same as for a Participating Provider when: a) a Participating Provider refers the Member to a Non- Participating Provider because the Participating Provider is unable to render the necessary service or furnish the necessary materials; or b) a Non- Participating Provider is on call in the absence of the Participating Provider.

Plan Limitations: In no event will payment exceed the lesser of:

1. The actual cost of covered services or materials; or
2. The limits of the Policy, shown in this schedule.

Plan Exclusions:

1. Treatment required for conditions resulting while on active duty as a member of the armed forces of any nation or from war or acts of war, whether declared or undeclared.
2. Services which are covered under Medicare, worker's compensation, employer's liability laws, or the Pennsylvania Motor Vehicle Financial Responsibility Law.
3. Services and treatment provided without charge or for which there would be no charge in the absence of insurance.
4. Services not listed as covered.
5. Hospitalization for any vision procedure.
6. Services and treatment for which Member is eligible for coverage under his or her hospital, medical/surgical or major medical plan.
7. Orthoptic or vision training and any associated supplemental testing.
8. Plano lenses.
9. Two pair of glasses, in lieu of bifocals or trifocals.
10. Medical or surgical treatment of the eyes.
11. Any eye examination, or any corrective eyewear, required by an employer as a condition of employment.
12. Customization of bifocal lenses to a progressive or no-line lens.
13. Photo-chromatic lenses.
14. Sub-normal vision aids or non-prescription lenses.
15. Services rendered or materials purchased outside the U.S. or Canada, unless: a) the Member resides in the U.S. or Canada; and b) the charges are incurred while on a business or pleasure trip.
16. Charges in excess of the usual and customary charge for the service or materials.
17. Charges incurred after: a) the Policy ends; or b) the Member's coverage under the Policy ends, except as stated in the Policy.

18. Experimental or non-conventional treatment or device.
19. Spectacle lens treatments or "add-ons," except solid tints (#1 & #2), and oversize lenses.
20. High Index lenses of any material type.
21. Lost or broken materials, except when replaced at normal intervals when services are available.
22. Maryland policyholders only: Any bill, or demand for payment, for a vision service that the appropriate regulatory board determines was provided as a result of a prohibited referral. "Prohibited referral" means a referral prohibited by Section 1-302 of the Maryland Health Occupations Article.

Underwritten by
Avalon Insurance Company
Administered and Marketed by
[Dominion Dental Services USA, Inc.]



AVALONSM
Insurance Company



[Vision Plan] Coverage Schedule

[Dominion Dental Services USA, Inc.]
[115 South Union Street]
[Suite 300]
[Alexandria • Virginia • 22314]
Toll Free [(888) 518-5338]
[DominionDental.com]
[PID 101]

Explanation of Variability Statement
Avalon Insurance Company (“Avalon”) – NAIC #12358
Form Name: Vision Plan Coverage Schedule
Form Number: 11VPCOV

The following explanations of the variable data (bracketed) pertain to the Vision Plan Coverage Schedule (Form No. 11VPCOV).

Cover page

1. Number in bottom right corner is an internal number used for plan administration. The number will vary for each unique plan design. We may or may not use this internal code but have added it for the option of including it.
2. Dominion Dental Services USA, Inc. is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.
3. Dominion Dental Services USA, Inc. logo is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.
4. Dominion Dental Services USA, Inc.’s (“Dominion”) office address is bracketed so filing is not required if address changes.
5. “Vision Plan” is bracketed so that we have some flexibility concerning the brand name of the product/plan. For example, we may use names such as Precision Plan, Focus Plan and Plus Plan and may also use a numeric extension.

Shaded bordered area titled “Vision Plan”

1. The plan name “Vision Plan” will vary depending on the benefit coverage (amount paid by Dominion) for each benefit(s) for the particular plan.
2. The benefit summary copayments, frequency, allowances and discounts will vary depending on the particular vision plan selected. If a benefit is not offered for a particular plan, “N/A” will be displayed. Approximately 16 vision plan options will be offered.

Section listing the Services:

1. Vision examinations Plan coverage frequency “[12 months]” will vary depending on which vision plan is selected.

Section listing the Materials:

1. Items: Lenses, Frames and Contact Lenses will vary depending on the particular vision plan selected. If a benefit is not offered for a particular plan, “N/A” will be displayed. Approximately 16 vision plan options will be offered.
2. Items: Lenses, Frames and Contact Lenses Plan coverage frequency “[24 months]” will vary depending on which vision plan is selected.

Explanation of Variability Statement
Avalon Insurance Company (“Avalon”) – NAIC #12358

This includes all forms except 11VPCOV (Vision Coverage Schedule). Please refer to separate Explanation of Variability Statement for this form.

<u>Form</u>	<u>Form #</u>	<u>Form Location</u>	<u>Bracketed Language</u>	<u>Explanation</u>
Individual Vision Policy	DC 11VICOC	Cover page	[Dominion Dental Services USA, Inc.]	“Dominion Dental Services USA, Inc.” is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.
Individual Vision Policy	DC 11VICOC	Cover page	[Dominion Dental Services USA, Inc. logo]	“Dominion Dental Services USA, Inc.” logo is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.
Individual Vision Policy	DC 11VICOC	Cover page	[115 S. Union Street, Suite 300, Alexandria, Virginia 22314]	Any address may be inserted. Allows us to change office location.
Individual Vision Policy	DC 11VICOC	Cover page	[(703) 518-5000], [(888) 518-5338]	Any phone number may be inserted. Allows us to change phone numbers.
Individual Vision Policy	DC 11VICOC	Intro. – 2 nd paragraph	[Dominion Dental Services USA, Inc.]	“Dominion Dental Services USA, Inc.” is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.

Form	Form #	Form Location	Bracketed Language	Explanation
Individual Vision Policy	DC 11VICOC	Intro. – 2 nd paragraph	[115 S. Union Street, Suite 300, Alexandria, Virginia 22314]	Any address may be inserted. Allows us to change office location.
Individual Vision Policy	DC 11VICOC	Intro. – 2 nd paragraph	[(703) 518-5000]	Any phone number may be inserted. Allows us to change phone numbers.
Individual Vision Policy	DC 11VICOC	Part I-A. Dependent	[26 th]	Dependent age limit max is 26 years of age. This allows flexibility in the event the age limit requested is less than 26.
Individual Vision Policy	DC 11VICOC	Part III-B. TERMINATION OR CANCELLATION	[26]	Dependent age limit max is 26 years of age. This allows flexibility in the event the age limit requested is less than 26.
Individual Vision Policy	DC 11VICOC	Part IV-B. PREMIUMS	[Dominion Dental Services USA, Inc.]	“Dominion Dental Services USA, Inc.” is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.
Individual Vision Policy	DC 11VICOC	Part IV-B. PREMIUMS	[P.O. Box 75314, Charlotte, NC 28275-0314]	Any address may be used. Allows us to change the address for premium remittance.
Individual Vision Policy	DC 11VICOC	Part X. COMPLAINTS AND GRIEVANCES	[Dominion Dental Services USA, Inc.]	“Dominion Dental Services USA, Inc.” is bracketed so that we have flexibility if we change the name, or create a DBA (i.e., Dominion Vision Services), for the marketer and administrator of the vision products.

Form	Form #	Form Location	Bracketed Language	Explanation
Individual Vision Policy	DC 11VICOC	Part X. COMPLAINTS AND GRIEVANCES	[115 S. Union Street, Suite 300, Alexandria, Virginia 22314]	Any address may be inserted. This allows us to change office location or address for sending written complaints.
Individual Vision Policy	DC 11VICOC	Part X. COMPLAINTS AND GRIEVANCES	[(800) 672-7723]	Any phone number may be inserted. Allows us to change phone numbers.
Individual Vision Policy	DC 11VICOC	Attachments	[(888) 518-5338]	Any phone number may be inserted. Allows us to change phone numbers.

Avalon Insurance Company (hereinafter referred to as "Plan") certifies that the Subscriber and eligible enrolled Dependent(s), if any, are covered under and subject to all the provisions, definitions, limitations and conditions of this Individual Vision Policy for the Benefits approved herein, and is eligible for Benefits stated in the attachments hereto (Coverage Schedule) as of the date indicated in the letter accompanying the Membership Identification Card.

The address of the principal administrative office of Plan is: [Dominion Dental Services USA, Inc.], [115 South Union Street, Suite 300, Alexandria, Virginia 22314]. The telephone number is [(703) 518-5000].

Part I. DEFINITIONS

- A. **Benefits** shall mean a service or material listed and the amount payable by the Plan, as set forth in the Coverage Schedule.
- B. **Calendar Year** shall mean January 1st through December 31st.
- C. **Copayment** shall mean the dollar amount a Member is required to pay, if any, when a Service is rendered or Materials purchased.
- D. **Dependent** shall mean lawful spouse of Subscriber and/or unmarried natural, step or adopted children, or children under the Subscriber's legal guardianship, from and after birth up to his/her [26th] birthday. Dependent coverage may include a Domestic Partner of Subscriber and/or children of a Domestic Partner. When a child has been placed with a Subscriber for the purpose of adoption, that child is eligible for Dependent coverage from the date of such adoptive or parental placement. However, application for coverage must be submitted within 31 days from date of eligibility, along with proof that the adoption is pending. If a newborn infant is placed for adoption with Subscriber within 31 days of birth, such child shall be considered a newborn child of the Subscriber to the same extent as if that child had been a newborn natural child of the Subscriber. Upon the attainment of limiting age, coverage as a Dependent shall be extended if the child is and continues to be both: (1) incapable of self-sustaining employment by reason of mental or physical incapacity and (2) chiefly dependent upon the Subscriber for support and maintenance. Proof of such incapacity and dependency shall be furnished to Plan by Subscriber within 31 days of the child's attainment of limiting age and subsequently as may be required by the Plan; however, not more than annually after the two-year period following the child's attainment of limiting age.

- E. **Domestic Partner** shall mean a person who is at least 18 years old, is not related to Subscriber by blood or marriage within four degrees of consanguinity under civil law rule, is not married or in a civil union or domestic partnership with another individual. In order to obtain coverage for a Domestic Partner, Subscriber must provide a registration of Domestic Partnership as required by DC ST § 32-702.
- F. **Eligible Expenses** shall mean covered vision care expenses.
- G. **Materials** shall mean lenses, frames and contact lenses.
- H. **Member** shall mean any individual Subscriber or eligible family Dependent entitled to receive services by reason of the Contract.
- I. **Necessary** shall mean that Services rendered or Materials furnished are necessary and appropriate based on general accepted current practice. A service or supply will not be considered Necessary if: a) provided only as a convenience to the Member or provider; or b) not appropriate for the diagnosis or symptoms.
- J. **Premiums** shall mean amounts payable on a regular prepayment basis by or for the Subscriber to the Plan.
- K. **Subscriber** shall mean an individual in good standing who has paid the Premiums for services of the Plan prior to the period of eligibility, including payments for Dependents as hereinafter defined. In the event of the Subscriber's death, the spouse or Domestic Partner of the Subscriber, if covered under the policy, shall become the Subscriber.
- L. **Reasonable and Customary** shall mean the usual, customary and regular charges for the area where such expenses are incurred.

Part II. EFFECTIVE DATE OF BENEFITS

- A. All persons, who have enrolled in the Plan and paid the appropriate Premiums on or before the 17th day of the month, shall be eligible for Benefits commencing on the 1st day of the following month or on any date mutually agreed upon by Plan and Subscriber.
- B. All persons who have enrolled in the Plan and paid the appropriate Premiums between the 17th day of the month and the last day of the month shall be eligible for Benefits commencing on the 1st day of the second month or on any date mutually agreed upon by Plan and Subscriber.
- C. All Subscribers and enrolled Dependents become eligible for services on the effective date indicated in the letter accompanying their Membership Identification Card.

Part III. TERMINATION OR CANCELLATION

Benefits shall cease upon the earliest of the following events:

- A. On the date of expiration of the period for which the last payment of Premiums was made to Plan. If payment is not made in full on or prior to the date due, as specified in Part IV-A, a grace period of 31 days from the last date of coverage shall be granted to the Subscriber after the first payment. If notice of intention to terminate the Contract is received during the grace period, the Plan may collect Premiums for the period beginning the first day of the grace period until the date on which notice is received or the date of termination stated in the notice, whichever is later. The Contract shall remain in full force and effect during the grace period.
- B. **CANCELLATION BY THE SUBSCRIBER:** Upon receipt by Plan of written notice by Subscriber delivered or mailed to the Plan effective upon receipt or on such later date as may be specified in the notice. In the event of cancellation, the Plan shall return promptly the unearned Premiums paid, computed on a pro rata basis. Cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation.
- C. Upon the date of Dependents attaining the age of [26] years or marriage prior to that date (Subject to Part I-D).

Part IV. PREMIUMS

- A. Monthly Premiums are payable on or before the 17th day of the month preceding the month in which services may be rendered. Annual Premiums are payable on or before the 17th day of the month preceding the first month of the Plan year in which services may be rendered. Member Copayments (as listed in the attached Coverage Schedule) are payable to the Participating Provider at the time services are rendered.
- B. Premiums must be received in the administrative office of the Plan no later than the 17th day of the month before eligibility is desired. If Electronic Funds Transfers is not utilized, payments should be mailed to: [Dominion Dental Services USA, Inc.], [P.O. Box 75314, Charlotte, NC 28275-5314]. Monthly Premiums must be debited from either a bank or credit card account.

Part V. REINSTATEMENT

If any renewal Premiums are not received by the due date, subject to the grace period provision in Part III-A, and if payment is received within 60 days from the last date of coverage, the policy will be reinstated upon receipt of the Premiums due without the submission of a new enrollment form or approval by the Plan. If payment is not received within 60 days, Subscriber will be required to wait 12 months from the last date of coverage to re-enroll in the Plan.

Part VI. COORDINATION OF BENEFITS

All covered procedures are listed under the attached Coverage Schedule and subject to coordination.

The following definitions apply only to this Coordination of Benefits section:

- A. **Plan** shall mean coverage providing hospital, medical or vision Benefits or services by: i) group or blanket insurance coverage except school accident coverage; ii) group Blue Cross and Blue Shield, group practice or other pre-payment coverage on a group basis; or iii) labor-management trusted plans, union welfare plans, employer organization plans or employee benefit plans. Plan will be construed separately for a policy, contract, or other arrangement for Benefits or services that reserves the right to take the Benefits or services of their Plans into consideration in determining its Benefits, or separately for that portion which does not reserve the right.
- B. **Eligible Expenses** shall mean any necessary, reasonable and customary item of expense all or part of which is covered under one of the Plans. When a Plan provides Benefits in the form of services rather than cash payments, the reasonable cash value of each service rendered will be considered to be both an Eligible Expense and a benefit paid.
- C. **Claim Period** shall mean a Calendar Year or portion of a Calendar Year for a claim on a Member covered under this Plan.

If Member is also covered under one or more other Plans, the Benefits under this Plan will be coordinated with Benefits payable under all other Plans. The coordination will apply in determining the Benefits payable for any Claim Period if the sum of: i) the Benefits that would be payable under this Plan in absence of the coordination; and ii) the Benefits that would be payable under all other Plans without provisions for coordination in those Plans, would exceed such Benefits.

Except as provided in the following paragraph, when Coordination of Benefits applied to the Benefits payable for any Claim Period, the Benefits that would be payable for Eligible Expenses under this Plan in the absence of Coordination of Benefits will be reduced to the extent necessary so that the sum of those reduced Benefits and all the Benefits payable for those Eligible Expenses under all other Plans will not exceed the total of those Eligible Expenses. Benefits payable under all other Plans include the Benefits that would have been payable had a claim been properly made for them.

The rules establishing the order of benefit determination are:

1. The Benefits of a plan covering a person for whom claim is made other than as a dependent will be determined before the Benefits of a plan covering such person as a dependent.

2. Except as stated in (3) below, when this Plan and another Plan cover the same child as a dependent of different persons, called "parents":
 - a. the Benefits of the Plan of the parent whose birthday falls earlier in a year are determined before those of the Plan of the parent whose birthday falls later in that year; but
 - b. if both parents have the same birthday, the Benefits of the Plan covering the parent longer are determined before Benefits of the Plan covering the other parent for the shorter period of time. However, if the other Plan does not have the rule described in (a) above, but instead uses a different method, and if, as a result, the Plans do not agree on the order of Benefits, the rule in the other Plan will determine the order of Benefits.
3. If two or more Plans cover a person as a dependent child of divorced or separated parents, Benefits for such child are determined in this order:
 - a. first, the Plan of the parent with custody of the child;
 - b. then, the Plan of the spouse of the parent with custody of the child; and
 - c. finally, the Plan of the parent not having custody of the child.

However, if the specific terms of a court decree state that one of the parents is responsible for the health care expenses of the child, and the entity obligated to pay or provide the Benefits of the Plan of such parent has actual knowledge of those terms, the Benefits of that Plan are determined first. This does not apply with respect to any Claim Period or Plan Year during which any Benefits are actually paid or provided before the entity has that actual knowledge.
4. The Benefits of a Plan covering a person as an employee who is neither laid-off nor retired (or as that employee's dependent) are determined before those of a Plan which covers that person as a laid-off or retired employee (or as the employee's dependent). If the other Plan does not have this rule, and if, as a result, the Plans do not agree on the order of Benefits, this rule (4) is ignored.
5. If none of the above rules determines the order of Benefits, the Benefits of a Plan which has covered the person for whom claim is made for the longer period of time will be determined before the Benefits of a Plan covering the person the shorter period of time.

If this Plan is responsible for secondary coverage for Eligible Expenses, this Plan will not deny coverage or payment of the amount it owes as secondary payer solely on the basis of the

(Go to next column labeled 7)

Underwritten by
Avalon Insurance Company
Administered and Marketed by
[Dominion Dental Services USA, Inc.]



AVALONSM
Insurance Company



Individual Vision Policy

Limited Benefit
Please Read Carefully

THIS POLICY MAY NOT APPLY WHEN YOU HAVE A CLAIM! PLEASE READ! This policy was issued based on the information entered in your application. If you know of any misstatement in your application, you should advise the Plan immediately regarding the incorrect or omitted information; otherwise, your policy may not be a valid contract.

THIS POLICY IS GUARANTEED RENEWABLE subject to timely payment of premiums. Premiums are subject to change on a uniform basis for all subscribers covered under this policy form.

RIGHT TO RETURN POLICY WITHIN TEN DAYS: If for any reason you are not satisfied with your policy, you may return this policy to the Plan within 10 days of the date you received it and the premium you paid will be promptly refunded.

[Dominion Dental Services USA, Inc.]
[115 S. Union Street]
[Suite 300]
[Alexandria • Virginia • 22314]
[(703) 518-5338]
[Toll Free (888) 518-5338]

failure of another contract, which is responsible as the primary payer, to pay for such Eligible Expenses. This Plan will not be required to pay the obligations of the primary payer.

For the purposes of administering the above provisions of this Contract or any similar provisions of other Plans, this Plan may, without consent or notice to any person, release to or obtain from any other insurance company, organizations or person, any information concerning any individual which is considered necessary. Any person claiming Benefit will furnish the Plan with any information necessary.

Whenever payments which should have been made under this Contract in accordance with the above provisions have been made under any other Plans, this Plan has the right to pay any organizations making these payments any amount this Plan determines to be due. Amounts paid in this manner will be considered to be Benefits paid under this Contract and, to the extent of these payments, Plan will be fully discharged from liability under this Contract. Whenever payments have been made by this Plan, for Eligible Expenses in a total amount in excess of the maximum amount of payment necessary to satisfy the intent of the above provisions, this Plan will have the right to recover the excess from one or more of the following: (i) other insurance companies; (ii) other organizations; or (iii) persons to or for whom payments were made. The Department of Medical Assistance Services shall be the payor of last resort for services provided under this Contract.

Part VII. VISION RECORDS

The vision records of all Members concerning services performed hereunder shall remain the property of the treating provider. Information related to these records may be made available to the Plan by providers for purposes of review, investigation, or evaluation of care.

Part VIII. CHANGE IN SERVICE

Plan reserves the right to change the Premiums or Benefits after completion of the term of the Contract. Premiums will be changed only when the then-effective rates have been in effect for at least twelve (12) months. No change will be made without giving the Subscriber sixty (60) days prior written notice.

Part IX. CLAIMS

PAYMENT OF CLAIMS: If Plan provides coverage of a Member as a Dependent of a parent who has legal responsibility for the Dependent's vision care, and such parent does not have custody of the Dependent, the Plan may, upon request of the custodial parent, make the payments directly to the treating provider. Any payments so made will release Plan from all further liability to the Member to the extent of the payments made. Benefits for other losses are paid to the Member. However, the Plan has the right to pay all or part of the Benefits due to the treating provider. This is true whether or not

the Member is alive. If the Member has died and the Plan does not pay accrued Benefits to the treating provider, Benefits will be paid to the Member's estate.

CLAIM FORMS/NOTICE OF CLAIM: If Plan receives a notice of claim it will provide claim forms for filing proof of loss. Instructions for submitting notice of claim to Plan can be found on the Membership Identification Card.

PROOF OF LOSS: Plan must receive written proof of loss within 180 days of treatment. Failure to provide proof of loss within the time required does not invalidate or reduce a claim if it was not reasonably possible to submit the proof within the required time, if the proof is furnished as soon as reasonably possible and, except in the absence of legal capacity of the claimant, not later than one year from the time proof is otherwise required. Instructions for submitting proof of loss to Plan can be found on the Membership Identification Card.

TIME OF PAYMENT OF CLAIM: Benefits payable under this Contract for any loss will be paid immediately or within 30 days after receipt of proof of loss. If Plan fails to pay claim within the time required by state regulations, it will pay interest from the date on which payment is required to the date the claim is paid.

INCONTESTABILITY CLAUSE: In the absence of fraud, all statements made by a Subscriber shall be considered representations and not warranties. No statement shall be the basis for voiding coverage or denying a claim after the Contract has been in force for two years from its effective date, unless the statement was material to the risk and was contained in a written application. No written statement made by any Member shall be used in any contest unless a copy of the statement is furnished to the Member or the Member's beneficiary or personal representative.

LEGAL ACTIONS: No action at law or in equity shall be brought to recover on this Contract prior to the expiration of 60 days after written proof of loss has been furnished in accordance with this Contract. No such action will be brought after the expiration of three years after written proof of loss is required to be furnished.

Part X. COMPLAINTS AND GRIEVANCES

IMPORTANT INFORMATION REGARDING YOUR INSURANCE Complaints involving patient care should initially be brought to the attention of the Participating Provider. If the issue is not resolved to the Member's satisfaction, or if the Member has grievances or questions regarding issues other than patient care, they may contact Member Services at [Dominion Dental Services USA, Inc.] c/o NVA, Attn: Member Complaints, [1200 Route 46 West, Clifton, NJ 07013], [(800) 672-7723]. It is recommended that all Members familiarize themselves with the Complaint Procedures, and make use of it before taking any other action. NVA will respond to a Member's grievance, complaint or appeal within thirty (30) days

of the date it is received. An appeal of a claim decision must be received by NVA within 180 days of receipt of the claim decision.

If Member is dissatisfied with the resolution reached by NVA regarding medical necessity, Member may contact the Director, Office of the Health Care Ombudsman and Bill of Rights at the following: FOR MEDICAL NECESSITY CASES: District of Columbia Department of Health Care Finance, Office of the Health Care Ombudsman and Bill of Rights, [825 North Capital Street, N.E., 6th Floor, Washington, D.C. 20002], [(877) 685-6391], Fax: [(202) 478-1397].

If Member is dissatisfied with the resolution reached by NVA regarding a non-medical necessity case, Member may contact the Commission at the following: [Gennet Purcell], Commissioner, Department of Insurance, Securities and Banking, [810 First St. N.E., 7th Floor, Washington, D.C. 20002], [(202) 727-8000], Fax: [(202) 354-1085].

Part XI. CONFORMITY WITH STATE STATUTES

Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date hereby is amended to conform to the minimum requirements of such statutes.

Part XII. ENTIRE CONTRACT

The Enrollment Application and this Individual Vision Policy (including any attachments thereto) constitute the entire Contract. No portion of the charter, bylaws, or other corporate documents of Avalon Insurance Company will constitute part of the Contract. No change in this Contract shall be valid until approved by an executive officer of the Plan and unless such approval is endorsed hereon or attached hereto. No agent has authority to change this Contract or to waive any of its provisions.

Part XIII. DISTRICT OF COLUMBIA LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION ACT OF 1992

Summary of General Purposes and Current Limitations of Coverage

Residents of the District of Columbia who purchase health insurance, life insurance, and annuities should know that the insurance companies licensed in the District of Columbia to write these types of insurance are members of the District of Columbia Life and Health Insurance Guaranty Association ("Guaranty Association"). The purpose of the Guaranty Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty

Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in the District of Columbia and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Guaranty Association is limited, however, as noted on the other side of this page.

Disclaimer

The District of Columbia Life and Health Insurance Guaranty Association provides coverage of claims under some types of policies if the insurer becomes impaired or insolvent. COVERAGE MAY NOT BE AVAILABLE FOR YOUR POLICY. Even if coverage is provided, there are significant limits and exclusions. Coverage is generally conditioned on residence in the District of Columbia. Other conditions may also preclude coverage.

The District of Columbia Life and Health Guaranty Association or the District of Columbia Insurance Commissioner will respond to any question, you may have which are not answered by this document. Your insurer and agent are prohibited by law from using the existence of the association or its coverage to sell you an insurance policy. You should not rely on availability of coverage under the Life and Health Insurance Guaranty Association Act of 1992 when selecting an insurer. Policyholders with additional questions may contact:

[Ms. Gennet Purcell], Commissioner, District of Columbia Department of Insurance, Securities and Banking, [810 First Street, N.E., Suite 701, Washington, D.C. 20002], [(202) 727-8000] or [Mr. Robert M. Willis], [Executive Director], District of Columbia Department of Insurance, Securities and Banking, [810 First Street, N.E., Suite 701, Washington, D.C. 20002], [(202) 434-8771], Fax: [(202) 347-2990].

The District of Columbia law that provides for this safety-net coverage is called the Life and Health Insurance guaranty Association Act of 1992. This page contains a brief summary of the law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the Guaranty Association. If you have obtained this document from an agent in connection with the purchase of a policy, you should be aware that its delivery to you does not guarantee that your policy is covered by the Guaranty Association.

Coverage

Generally, individuals will be protected by the District of Columbia Life and Health Insurance Guaranty Association if they live in the District of Columbia and are insured under a health insurance, life insurance, or annuity contract issued by a member insurer, or they are insured under a group insurance contract issued by a member insurer. Beneficiaries, payees, or assignees of insured persons are protected as well, even if they live in another state.

Exclusions from Coverage

However, persons holding such policies are not protected by this Guaranty Association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside of that state of incorporation);
- Their insurer was not authorized to do business in the District of Columbia; or
- Their policy was issued by a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, a non-profit hospital or medical service organization, a health maintenance organization, or a risk retention group.

The Guaranty Association also does not provide coverage for:

- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk;
- Any policy of reinsurance (unless an assumption certificate was issued);
- Any plan or program of an employer or association that provides life, health, or annuity Benefits to its employees or members to the extent the plan is self-funded or uninsured;
- Interest rate guarantees which exceed certain statutory limitations;
- Dividends, experience rating credits or fees for services in connection with a policy;
- Credits given in connection with the administration of a policy by a group contract holder; or
- Unallocated annuity contracts.

Limits on amount of Coverage

The Act also limits the amount the Guaranty Association is obligated to pay. The Benefits for which the Guaranty Association may become liable shall be limited to the lesser of:

- *the contractual obligations for which the insurer is liable or for which the insurer would have been liable if it were not an impaired or insolvent insurer; or*
- *with respect to any one life, regardless of the number of policies, contracts, or certificates:*
 - *\$300,000 in life insurance death Benefits but not more than \$100,000 in net cash surrender or net cash withdrawal values for life insurance; or*
 - *\$100,000 in health insurance Benefits, including net cash surrender or net cash withdrawal values; or*
 - *\$300,000 in the present value of annuity Benefits, including net cash surrender or net cash withdrawal values.*

Finally, in no event is the Guaranty Association liable for more than \$300,000 with respect to any one individual.

ATTACHMENTS

Coverage Schedule
Membership Identification Card
Notice of Privacy Practices

These attachments contain other terms, including important exclusions and limitations. Subscribers may request additional copies by contacting Member Services at [(888) 518-5338].

CHANGE IN COVERAGE FORM

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Change Plans: | <input type="checkbox"/> Address/Name Change | <input checked="" type="checkbox"/> Add Dependents |
| <input checked="" type="checkbox"/> [Select Plan ¹] | <input type="checkbox"/> Terminate Subscriber | <input type="checkbox"/> Delete Dependents |
| <input type="checkbox"/> [Access PPO Plan ¹] | <input type="checkbox"/> Split Dental Centers | <input type="checkbox"/> Change Dental Office |
| <input type="checkbox"/> [Avalon Vision ²] | | ([SELECT PLAN] ONLY) |

Changes to Subscriber Information						
Last Name [Smith]			First Name [Mary]			M.I. [J]
Plan Number [54321]			Sex <input type="checkbox"/> M <input checked="" type="checkbox"/> F		Birthdate (MM/DD/YY) [01/01/01]	
Home Address [123 West Avenue]					Home Phone [703-123-3456]	
City [Alexandria]		State [VA]	ZIP [22314]	Work Phone [703-518-5000]		
Changes to Selected Dental Office ([SELECT PLAN] ONLY)						
Dental Office Code [3456]		Dental Office Name [Smile Now Dental]				
Changes to Spouse Information						
	Sex (M/F)	Last Name (if different)	First Name	M.I.	Date of Birth	[SELECT PLAN] ONLY: Dental Office (if different)
<input type="checkbox"/> Add <input checked="" type="checkbox"/> Delete	[M]	[Smith]	[Michael]	[D]	[02/02/02]	[Smile Now Dental]
Changes to Dependent Information						
	Sex (M/F)	Last Name (if different)	First Name	M.I.	Date of Birth	[SELECT PLAN] ONLY: Dental Office (if different)
<input checked="" type="checkbox"/> Add <input type="checkbox"/> Delete	[M]	[Smith]	[Joe]	[M]	[03/03/03]	[Smile Now Dental]
<input checked="" type="checkbox"/> Add <input type="checkbox"/> Delete	[F]	[Smith]	[Jane]	[J]	[04/04/04]	[Smile Now Dental]
<input checked="" type="checkbox"/> Add <input type="checkbox"/> Delete	[F]	[Smith]	[Erin]	[B]	[05/05/05]	[Smile Now Dental]
<input checked="" type="checkbox"/> Add <input type="checkbox"/> Delete	[M]	[Smith]	[Ryan]	[R]	[06/06/06]	[Smile Now Dental]
Authorization						
Subscriber's Signature _____					Date _____	
To Be Completed By Benefits Administrator						
Group Number [56789]		Group Name [Offsite Construction]			Effective Date of Change	[11] / [01] / [11] Mo. Day Yr.

¹ The dental plans are underwritten by Dominion Dental Services, Inc.

² The vision plans are underwritten by Avalon Insurance Company and administered by [Dominion Dental Services USA, Inc.]

[Dominion Dental Services USA, Inc.] • [115 South Union Street, Suite 300] • [Alexandria, VA 22314]
[(703) 518-5338] • Toll Free [(888) 518-5338] • Fax [(703) 518-0627]

SELECT ONE: I choose [the Avalon vision¹ plan 1]
 I choose [the Avalon vision¹ plan 2]
 I choose [the Avalon vision¹ plan 3]

Enrollment Information

Last Name [Smith]		First Name [Mary]		M.I. [J]
Sex <input type="checkbox"/> M <input checked="" type="checkbox"/> F		Birthdate (MM/DD/YY) [01/01/01]		
Home Address [123 West Avenue]			Home Phone [703-123-3456]	
City [Alexandria]	State [VA]	ZIP [22314]	Work Phone [703-518-5000]	
Email Address [msmith528@email.com]			Does this plan replace other dental coverage? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

List All Your Eligible Dependents Below

Last Name (if different)	First Name	M.I.	Sex (M/F)	Birthdate (MM/DD/YY)
Spouse [Smith]	[Michael]	[D]	[M]	[02/02/02]
Child [Smith]	[Joe]	[M]	[M]	[03/03/03]
Child [Smith]	[Jane]	[J]	[F]	[04/04/04]
Child [Smith]	[Erin]	[B]	[F]	[05/05/05]
Child [Smith]	[Ryan]	[R]	[M]	[06/06/06]
Child [Smith]	[Bob]	[A]	[M]	[07/07/07]
Child [Smith]	[Ali]	[K]	[F]	[08/08/08]

I understand and agree that my signature on this enrollment form serves as my legal commitment to the plan and its terms. Further, this signature represents my authorization for the release of information regarding services provided to me or my covered dependents by providers of vision services. Information will be released to Avalon Insurance Company for the purposes of quality assurance and/or utilization review. Authorization will be limited to the term of coverage of this contract. A copy of this form will be made available to subscriber or their authorized representative upon request.

Signature _____ Date _____

Administrative Use Only

Group Name [Offsite Construction]	Group # [56789]	Coverage Eff. Date [11/01/11]	Plan # [54321]	Agent/Broker # [1234]
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[Dominion Dental Services USA Inc.], [P.O. Box 75314 Charlotte, NC 28275-5314]

¹ The vision plans are underwritten by Avalon Insurance Company and administered by [Dominion Dental Services USA, Inc.]

Delaware - Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony. District of Columbia - WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant. Maryland - Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. Pennsylvania - Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. Virginia - It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Dental/Vision Enrollment Card

DENTAL I choose [the Dominion Discount Program¹]
SELECT ONE: I choose [the Dominion Select Plan²]
 I choose [the Dominion Access PPO²]

VISION I choose [the Avalon vision³ plan 1]
SELECT ONE: I choose [the Avalon vision³ plan 2]]

Enrollment Information

Last Name [Smith]		First Name [Mary]		M.I. [J]
Sex <input type="checkbox"/> M <input checked="" type="checkbox"/> F	Birthdate (MM/DD/YY) [01/01/01]			
Home Address [123 West Avenue]			Home Phone [703-123-3456]	
City [Alexandria]	State [VA]	ZIP [22314]	Work Phone [703-518-5000]	
Email Address [msmith528@email.com]				
Does this plan replace other dental coverage? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				

List All Your Eligible Dependents Below

Last Name (if different)	First Name	M.I.	Sex (M/F)	Birthdate (MM/DD/YY)
Spouse [Smith]	[Michael]	[D]	[M]	[02/02/02]
Child [Smith]	[Joe]	[M]	[M]	[03/03/03]
Child [Smith]	[Jane]	[J]	[F]	[04/04/04]
Child [Smith]	[Erin]	[B]	[F]	[05/05/05]
Child [Smith]	[Ryan]	[R]	[M]	[06/06/06]
Child [Smith]	[Bob]	[A]	[M]	[07/07/07]
Child [Smith]	[Ali]	[K]	[F]	[08/08/08]

[SELECT PLAN] Provider Selection	Dental Office Name & Code # (As Indicated on Your Dentist Directory) [Smile Now Dental] [3456]
--	---

If I am enrolling in the [Select Plan] and I am voluntarily paying 100% of the cost of this plan, without employer contribution, I agree to remain in plan a minimum of twelve (12) months. If I cancel before the end of the 12 month period, I may be responsible for the usual, customary and reasonable charges for services received, reduced by the sum of the subscription dues and copayments paid. By my selection(s) above, I understand and agree that my signature on this enrollment form serves as my legal commitment to the plan(s) and its terms. Further, this signature represents my authorization for the release of information regarding services provided to me or my covered dependents by providers of dental and/or vision services. Information will be released to Dominion Dental Services, Inc., if enrolled in the dental plan and Avalon Insurance Company if enrolled in vision plan, for the purposes of quality assurance and/or utilization review. Authorization will be limited to the term of coverage of this contract. A copy of this form will be made available to subscriber or their authorized representative upon request.

Signature _____ Date _____

Agent/Broker # [1234]	Group # [56789]	Group Name [Offsite Construction]	Coverage Eff. Date [11/01/11]
--------------------------	--------------------	--------------------------------------	----------------------------------

[Dominion Dental Services USA, Inc.], [P.O. Box 75314 Charlotte, NC 28275-5314]

¹ This is a reduced fee-for-service program designed specifically for individuals. It is not an insurance product, regulated by the State Insurance Department, or covered by any state's guarantee fund or corporation. The discount program is marketed and administered by Dominion Dental Services USA, Inc.

² The dental plans are underwritten by Dominion Dental Services, Inc.

³ The vision plans are underwritten by Avalon Insurance Company and administered by [Dominion Dental Services USA, Inc.]

Delaware - Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony. District of Columbia - WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant. Maryland - Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. Pennsylvania - Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties. Virginia - It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

TCD-V11TK

SERFF Tracking #:

DMND-127841187

State Tracking #:

Company Tracking #:

State:

District of Columbia

Filing Company:

Avalon Insurance Company

TOI/Sub-TOI:

H201 Individual Health - Vision/H201.000 Health - Vision

Product Name:

Avalon Individual Vision Plan Forms/Rates

Project Name/Number:

/

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:			
Attachment(s):			
Avalon Insurance Company Actuarial Memorandum - DC.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Transmittal Letter		
Comments:			
Attachment(s):			
Transmittal Letter-Individual.pdf			

EXHIBIT I

Avalon Insurance Company VISION INSURANCE POLICY ACTUARIAL MEMORANDUM

Policy Form Numbers

Group: DC 11GVSC and 11GVSCa1

Individual: DC 11IVCOC

Scope and Purpose

The purpose of this actuarial memorandum is to describe the benefits and assumptions for the attached vision insurance policy and to certify that this product is in compliance with applicable laws and regulations of the state. This memorandum is not intended to be used for any other purpose.

Description of Benefits

This Policy has an initial contract period of 12 or 24 months. It is designed to provide vision insurance benefits to individuals or employees of groups and their dependents through a Preferred Provider Organization (PPO), defined as follows:

There is a network panel of preferred providers. However, the insured person can still receive benefits under this Policy for vision services from any provider, network or non-network. The difference being that network providers have agreed to accept the network reimbursement schedule as payment in full, while non-network providers are reimbursed from a schedule of maximum allowable amounts. Benefits include reimbursement of expenses incurred for all covered vision procedures and equipment, subject to any plan copays, coinsurance, and maximum allowance limits. In addition, some procedures may have certain frequency limits as described in the benefits summary of the Certificate of Coverage or Individual Vision Policy.

The premiums may be paid by the individual, the employer, the employee, or a combination of both.

Renewability Clause

A Policy with a 12-month contract period is renewable annually. A Policy with a 24-month contract period is renewable biennially.

Marketing Method

This Policy is intended to be distributed primarily to employer type groups through independent agents and brokers. It may also be offered to individuals or members of association groups.

Underwriting

There is no individual underwriting of this Policy. There is no pre-existing conditions exclusion. Premium rates vary by plan design, effective date, employer contribution percentage, and whether the Policy is sold through an employer group or to individuals.

Trend

Current annual trend is assumed to be 3%. This factor includes 2% for annual provider price increases and 1% for provider cost shifting, copay leveraging and utilization increases.

Morbidity

The utilization, unit cost, and demographic assumptions used in developing premium rates are based on vision insurance industry data and experience of similar programs and coverages.

Claim Liability and Reserves

No policy reserves are required for this Policy. However, an incurred but not reported claim reserve will be held for this form. This reserve will be estimated based on standard actuarial methods.

Expenses and Profit

The expense assumptions are based on the Company's actual expected costs. The risk charge is sufficient to meet the Company's Return on Investment target, based on the level of required risk based capital.

Anticipated Loss Ratio

The anticipated loss ratio for this Policy will be 60% or greater in all durations.

Proposed Effective Date

It is requested that this Policy become effective immediately upon approval by the Department of Insurance.

Actuarial Certification

I, Mark Spitler, am an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries. I certify that to the best of my knowledge and judgment, this filing is in compliance with the applicable laws of this State and with the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", as adopted by the Actuarial Standards Board, December 2005. The premiums are neither excessive, inadequate, nor unfairly discriminatory; and the benefits provided are reasonable in relation to the premiums.



Mark Spitler, ASA, MAAA
Director, Actuarial Services
Capital BlueCross
717-541-6613

November 16, 2011

EXHIBIT II

RATING METHODOLOGY

Rating begins with starting cost and utilization. The attached starting cost and utilization assumptions were developed using data from a large population that remained relatively stable over a 3-year period. Cost and utilization data were extracted by procedure code. Cost is represented as average cost per service; utilization is shown per 1000 members per year. Separate in-network and out-of-network cost and utilization are used in the rating methodology.

Starting cost and utilization are then adjusted based on the selected plan designs.

Utilization is adjusted based on the chosen benefit period (12 months or 24 months), copay, and the maximum allowance levels. Shorter benefit periods, lower copays, and higher maximums will increase utilization; a longer benefit period, higher copays, and lower maximums decrease utilization.

Starting cost is adjusted based on copays, coinsurance, and maximums. Final cost per service is calculated as the minimum of the max for that service category and the starting cost, minus the copay, and multiplied by the coinsurance. For example: assume that, for exams, the starting cost is \$38 per service subject to a \$50 max and a \$10 copay. Then the final cost would be calculated as the minimum of \$38 and \$50 minus the \$10 copay, which equals \$28 per service.

The final cost and utilization are multiplied together and divided by 12,000 to determine the per member per month (PMPM) cost for each service type. The sum of the PMPM cost per service across all services is then trended from the midpoint of the experience period to the midpoint of the contract period; this is the estimated claim PMPM amount for the desired contract period.

This claim PMPM is then adjusted based on the desired low vision aid benefits (see table g for a more detailed description). The claim PMPM is also adjusted based on the employee contribution amount. A plan where the employer contributes 50% or more to the employee premium or where the employer contributes 25% or more towards all tiers is considered to be non-voluntary. Voluntary group vision plans are subject to an additional rating factor (table h). The last adjustment to the claim PMPM is based on how the product is sold. Policies sold to individuals (not through an employer group or association) are subject to an additional rating factor (table i).

Finally, retention is added to the claim PMPM to determine the PMPM premium. The PMPM premium is converted to a per contract per month (PCPM) premium by multiplying the PMPM premium by the number of members and dividing by the number of contracts. The PCPM premium can then be tiered across whatever tier structure is desired.

EXHIBIT III
CONFIDENTIAL AND PROPRIETARY
TABLES

a.) In-network starting cost and utilization

Grouping	Procedure Code	Category	Utilization per 1000	Starting Cost
Exam	92002	Exam	18.5916	37.07
Exam	92004	Exam	68.9251	37.49
Exam	92012	Exam	20.4055	38.00
Exam	92014	Exam	185.2363	37.45
Exam	92015	Exam	16.7778	38.00
Exam	99204	Exam	0.2267	38.00
Exam	99213	Exam	0.4535	44.00
Exam	99214	Exam	0.9069	38.00
Exam	S0620	Exam	27.6607	37.54
Exam	S0621	Exam	98.1730	37.05
Contact Lens Eval/Fitting	92310	Contact Lens Eval/Fitting	155.5350	26.49
Frame	V2020	Frame	204.5081	23.03
Frame	V2025	Frame	3.8544	9.88
Eyeglass Lenses	V2100	Eyeglass Lenses - Single Vision	73.2329	33.97
Eyeglass Lenses	V2101	Eyeglass Lenses - Single Vision	2.2673	24.40
Eyeglass Lenses	V2102	Eyeglass Lenses - Single Vision	1.3604	36.00
Eyeglass Lenses	V2103	Eyeglass Lenses - Single Vision	41.0377	31.84
Eyeglass Lenses	V2104	Eyeglass Lenses - Single Vision	1.3604	34.00
Eyeglass Lenses	V2105	Eyeglass Lenses - Single Vision	0.2267	29.00
Eyeglass Lenses	V2106	Eyeglass Lenses - Single Vision	0.2267	36.00
Eyeglass Lenses	V2107	Eyeglass Lenses - Single Vision	3.4009	24.60
Eyeglass Lenses	V2108	Eyeglass Lenses - Single Vision	0.2267	36.00
Eyeglass Lenses	V2110	Eyeglass Lenses - Single Vision	0.2267	36.00
Eyeglass Lenses	V2111	Eyeglass Lenses - Single Vision	2.4940	26.64
Eyeglass Lenses	V2200	Eyeglass Lenses - Bifocal	14.0571	47.84
Eyeglass Lenses	V2201	Eyeglass Lenses - Bifocal	0.2267	48.00
Eyeglass Lenses	V2203	Eyeglass Lenses - Bifocal	5.6682	46.92
Eyeglass Lenses	V2204	Eyeglass Lenses - Bifocal	0.2267	48.00

Eyeglass Lenses	V2205	Eyeglass Lenses - Bifocal	0.2267	48.00
Eyeglass Lenses	V2207	Eyeglass Lenses - Bifocal	0.4535	48.00
Eyeglass Lenses	V2212	Eyeglass Lenses - Bifocal	0.2267	48.00
Eyeglass Lenses	V2300	Eyeglass Lenses - Trifocal	63.2569	54.68
Eyeglass Lenses	V2301	Eyeglass Lenses - Trifocal	0.6802	58.00
Eyeglass Lenses	V2303	Eyeglass Lenses - Trifocal	12.2433	55.85
Eyeglass Lenses	V2311	Eyeglass Lenses - Trifocal	0.2267	58.00
Eyeglass Lenses	V2312	Eyeglass Lenses - Trifocal	2.2673	58.00
Eyeglass Lenses	V2313	Eyeglass Lenses - Trifocal	0.2267	58.00
Eyeglass Lenses	V2115	Eyeglass Lenses - Lenticular	0.2267	64.00
Eyeglass Lenses	V2784	Eyeglass Lenses - Specialty	62.3500	72.00
Contact Lenses	S0500	Contact Lenses	21.3124	49.60
Contact Lenses	V2500	Contact Lenses	55.7749	54.77
Contact Lenses	V2501	Contact Lenses	0.2267	48.00
Contact Lenses	V2510	Contact Lenses	1.5871	48.00
Contact Lenses	V2513	Contact Lenses	0.2267	48.00
Contact Lenses	V2520	Contact Lenses	14.5106	45.88
Contact Lenses	V2521	Contact Lenses	4.0811	48.08
Contact Lenses	V2522	Contact Lenses	0.6802	48.00
Contact Lenses	V2523	Contact Lenses	8.6156	44.59
Contact Lenses	V2599	Contact Lenses	1.3604	41.38
Lens Option	V2750	Lens Option - Anti-reflective	43.9851	40.00
Lens Option	V2781	Lens Option - Progressive	76.1804	50.00
Lens Option	V2760	Lens Option - Scratch Resistant	34.6893	10.00
Lens Option	V2715	Lens Option - Tint	1.8138	10.00
Lens Option	V2740	Lens Option - Tint	0.2267	10.00
Lens Option	V2744	Lens Option - Tint	31.7418	10.00
Lens Option	V2745	Lens Option - Tint	1.5871	10.00
Lens Option	V2762	Lens Option - Tint	1.1336	10.00
Lens Option	V2782	Lens Option - Tint	31.5151	10.00
Lens Option	V2783	Lens Option - Tint	7.9355	10.00
Lens Option	V2799	Lens Option - Tint	23.5796	10.00
Lens Option	V2755	Lens Option - UV	3.4009	12.00

Value Added Benefits	S0508	Value Added Benefits - Safety Glasses	0.2267	58.00
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b.) Out-of-network starting cost and utilization

Grouping	Procedure Code	Category	Utilization per 1000	Starting Cost
Exam	92002	Exam	2.0405	32.00
Exam	92004	Exam	1.1336	32.00
Exam	92012	Exam	2.4940	32.00
Exam	92014	Exam	8.1622	32.00
Exam	92015	Exam	3.1742	32.00
Exam	99204	Exam	0.0000	32.00
Exam	99213	Exam	0.4535	32.00
Exam	99214	Exam	0.6802	32.00
Exam	S0620	Exam	0.0000	32.00
Exam	S0621	Exam	1.1336	32.00
Contact Lens Eval/Fitting	92310	Contact Lens Eval/Fitting	6.1216	23.89
Frame	V2020	Frame	20.1787	30.00
Eyeglass Lenses	V2100	Eyeglass Lenses - Single Vision	9.7493	18.79
Eyeglass Lenses	V2103	Eyeglass Lenses - Single Vision	1.3604	20.00
Eyeglass Lenses	V2104	Eyeglass Lenses - Single Vision	0.2267	24.00
Eyeglass Lenses	V2200	Eyeglass Lenses - Bifocal	1.3604	30.00
Eyeglass Lenses	V2202	Eyeglass Lenses - Bifocal	0.2267	36.00
Eyeglass Lenses	V2203	Eyeglass Lenses - Bifocal	0.2267	36.00
Eyeglass Lenses	V2204	Eyeglass Lenses - Bifocal	0.2267	36.00
Eyeglass Lenses	V2205	Eyeglass Lenses - Bifocal	0.2267	36.00
Eyeglass Lenses	V2300	Eyeglass Lenses - Trifocal	6.3484	41.07
Eyeglass Lenses	V2784	Eyeglass Lenses - Specialty	2.4940	72.00
Contact Lenses	S0500	Contact Lenses	1.1336	27.20
Contact Lenses	V2500	Contact Lenses	7.9355	29.94
Contact Lenses	V2520	Contact Lenses	0.4535	48.00
Contact Lenses	V2523	Contact Lenses	0.4535	24.00

c.) Benefit period adjustment

Benefit Period	Frames Adjustment	All Others
12 months	1.00	1.00
24 months	0.70	0.82
Not Covered	0.00	0.00

d.) Copay utilization adjustment

Copay Amount	Adjustment
\$0	1.030
\$5	1.015
\$10	1.000
\$15	0.985
\$20	0.970
\$25	0.955
\$30	0.940
\$35	0.925
\$40	0.910
\$45	0.895
\$50	0.880
\$55	0.865
\$60	0.850
\$65	0.835
\$70	0.820
\$75	0.805
\$80	0.790
\$85	0.775
\$90	0.760
\$95	0.745
\$100	0.730

e.) In-network benefit maximum utilization adjustment

Category	In-network Adj Calc
Frames	$\text{=if}(\text{Maximum} < \text{Cost per Svc}, \text{Max}(0.5, (\text{Maximum}-\text{Cost per Svc})/35 - 0.06), 1)$
Contacts	$\text{=if}(\text{Maximum} < \text{Cost per Svc}, \text{Max}(0.5, (\text{Maximum}-\text{Cost per Svc})/35 + 0.53), 1)$
All Others	$\text{=if}(\text{Maximum} < \text{Cost per Svc}, (\text{Maximum}-\text{Cost per Svc})/50 + 1, 1)$

f.) OON benefit maximum utilization adjustment

Category	OON Adj Calc
Frames	$\text{=if}(\text{Maximum} < \text{Cost per Svc}, (\text{Maximum}-\text{Cost per Svc})/35 + 1, 1)$
Contacts	$\text{=if}(\text{Maximum} < \text{Cost per Svc}, \text{Max}(0.5, (\text{Maximum}-\text{Cost per Svc})/35 + 0.2), 1)$
All Others	$\text{=if}(\text{Maximum} < \text{Cost per Svc}, (\text{Maximum}-\text{Cost per Svc})/50 + 1, 1)$

g.) Low vision aids adjustment (applied to the final PMPM claims cost)

	Min	Max
Per Aid	\$0	\$1000
Factor	1.00	1.05
Per Life	\$0	\$5000
Factor	1.00	1.05

The factor that is applied to the final PMPM claim cost is linearly interpolated between the min and max factors. For example: if a \$500 per aid and \$1500 per lifetime limits are selected, the per aid factor would be 1.025 and the per lifetime factor would be 1.015.

h.) Voluntary adjustment

Voluntary?	Factor
Voluntary	1.35
Non-voluntary	1.00

This factor is also applied to the final PMPM claim cost.

i.) Individual adjustment

Group/Individual	Factor
Individual	1.45
Group	1.00

This factor is also applied to the final PMPM claim cost.



November 22, 2011

District of Columbia
 Department of Insurance
 Securities and Banking
 Jamai Fontaine
 Life & Health Licensing Section
 810 First Street, NE, #701
 Washington, DC 20002

Avalon Insurance Company ("Avalon") - NAIC #12358– Submission for Approval of Individual Policy Forms

Dear Ms. Fontaine:

Please find enclosed the initial filing of Avalon's forms and rates for its individual vision products following the issuance of its group accident and health and individual accident and health on September 13, 2011. The forms are listed in the table below in their final format.

Form Number	Name of Form	Intended Use
11VPCOV	Vision Plan Coverage Schedule	Describes coverage for policyholders in the Avalon vision plan. Attached to the Individual Vision Policy.
DC 11IVCOC	Individual Vision Policy	Describes coverage for policyholders in the Avalon vision plan. Delivered after receipt of enrollment form and plan premium and before effective date of coverage.
CICD-V11	Change in Coverage Form	Used for changing coverage level of a subscriber (i.e., add dependents to coverage).
SGVISION11	Vision Plan Enrollment Form	Individual enrollment for coverage under the vision plan. Form is attached to a brochure that provides information about the program.
TCD-V11TK	Dental/Vision Enrollment Form	Individual enrollment for coverage under the dental, vision, and discount programs. Form is attached to a brochure that provides information about the programs.

The dental coverage listed in the dental/vision enrollment forms is underwritten by Dominion Dental Services, Inc. ("DDS"). DDS has submitted the following form filing for these enrollment forms - SERFF #DMND-127841138.

See attached Explanations of Variability for all of the above forms.

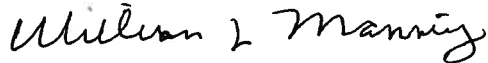
Avalon Insurance Company has reviewed the enclosed policy forms and certifies that, to the best of its knowledge and belief, each form submitted is consistent and complies with the requirements of the Code of the District of Columbia and the regulations promulgated pursuant thereto.

In addition to the forms enclosed, please find the Vision Plan Rate Actuarial Memorandum for group and individual rates. These rates will be effective upon approval.

Avalon Insurance Company markets to large and small employer groups, associations, trade unions, fraternal organizations, and individuals. These forms and rates will be used in the District of Columbia.

If you have any questions concerning this submission, please feel free to contact me at (717) 541-6320 or Melissa Guffey at (703) 518-5000, ext. 3005.

Sincerely,

A handwritten signature in cursive script that reads "William L. Manning".

William Manning
Senior Counsel

Enclosures

State: District of Columbia **Filing Company:** Dominion Dental Services, Inc.
TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental
Product Name: DC Individual Rate Filing
Project Name/Number: /

Filing at a Glance

Company: Dominion Dental Services, Inc.
Product Name: DC Individual Rate Filing
State: District of Columbia
TOI: H10I Individual Health - Dental
Sub-TOI: H10I.000 Health Dental
Filing Type: Rate
Date Submitted: 12/06/2010
SERFF Tr Num: DMND-126933401
SERFF Status: Closed-APPROVED
State Tr Num:
State Status:
Co Tr Num: 12310
Co Status:
Implementation: On Approval
Date Requested:
Author(s): Melissa Guffey
Reviewer(s): Monica Myers (primary)
Disposition Date: 01/06/2011
Disposition Status: APPROVED
Implementation Date:

State: District of Columbia **Filing Company:** Dominion Dental Services, Inc.
TOI/Sub-TOI: H101 Individual Health - Dental/H101.000 Health Dental
Product Name: DC Individual Rate Filing
Project Name/Number: /

General Information

Project Name:	Status of Filing in Domicile: Authorized
Project Number:	Date Approved in Domicile: 07/29/2010
Requested Filing Mode:	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 01/06/2011
Company Status Changed:	State Status Changed:
Deemer Date:	Created By: Melissa Guffey
Submitted By: Melissa Guffey	Corresponding Filing Tracking Number:

Filing Description:
DC Individual Rate Filing. Please see attached transmittal letter for further explanation.

Company and Contact

Filing Contact Information

Melissa Guffey, Senior Regulatory Analyst mguffey@dominiondental.com
 115 S. Union Street 703-518-5000 [Phone] 3005 [Ext]
 Suite 300 703-859-7716 [FAX]
 Alexandria, VA 22314

Filing Company Information

Dominion Dental Services, Inc.	CoCode: 95657	State of Domicile: Virginia
115 S. Union Street	Group Code: 1230	Company Type: Dental Plan
Suite 300	Group Name: Capital Blue Cross	Organizatoion
Alexandria, VA 22314	FEIN Number: 54-1808292	State ID Number:
(703) 518-5000 ext. 3047[Phone]		

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

DMND-126933401

State Tracking #:

Company Tracking #:

12310

State: District of Columbia

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental

Product Name: DC Individual Rate Filing

Project Name/Number: /

Filing Company:

Dominion Dental Services, Inc.

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Monica Myers	01/06/2011	01/06/2011

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Monica Myers	12/13/2010	12/13/2010

Response Letters

Responded By	Created On	Date Submitted
Melissa Guffey	12/14/2010	01/04/2011

SERFF Tracking #:

DMND-126933401

State Tracking #:

Company Tracking #:

12310

State: District of Columbia

Filing Company: Dominion Dental Services, Inc.

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental

Product Name: DC Individual Rate Filing

Project Name/Number: /

Disposition

Disposition Date: 01/06/2011

Implementation Date:

Status: APPROVED

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Actuarial Justification		Yes
Supporting Document	Actuarial Justification		Yes
Supporting Document	Transmittal Letter		Yes
Rate	Select Plan 603x		Yes
Rate	Access PPO Application Fee		Yes

State: District of Columbia **Filing Company:** Dominion Dental Services, Inc.
TOI/Sub-TOI: H101 Individual Health - Dental/H101.000 Health Dental
Product Name: DC Individual Rate Filing
Project Name/Number: /

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	12/13/2010
Submitted Date	12/13/2010
Respond By Date	12/27/2010

Dear Melissa Guffey,

Introduction:

What is the SERFF tracking number of your currently approved filing?

What would be the overall premium impact of your proposed changes on DC policyholders?

How do you determine Usual and Customary Compensation?

Please justify your expectation for the first year of enrollment being 50% of your providers Usual and Customary Compensation.

Please justify your 38% Administration and Marketing costs.

How many DC policyholders do you currently have?

Please justify your 5% trend factor for annual provider price increases.

Please justify your 2% trend factor for provider cost shifting, deductible leveraging and utilization increases.

Conclusion:

Sincerely,
Monica Myers

SERFF Tracking #:

DMND-126933401

State Tracking #:

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12310

State:

District of Columbia

Filing Company:

Dominion Dental Services, Inc.

TOI/Sub-TOI:

H10I Individual Health - Dental/H10I.000 Health Dental

Product Name:

DC Individual Rate Filing

Project Name/Number:

/

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/14/2010
Submitted Date	01/04/2011

Dear Monica Myers,

Introduction:

In response to your questions, please see below.

What is the SERFF tracking number of your currently approved filing?

What would be the overall premium impact of your proposed changes on DC policyholders?

How do you determine Usual and Customary Compensation?

Please justify your expectation for the first year of enrollment being 50% of your providers Usual and Customary Compensation.

Please justify your 38% Administration and Marketing costs.

How many DC policyholders do you currently have?

Please justify your 5% trend factor for annual provider price increases.

Please justify your 2% trend factor for provider cost shifting, deductible leveraging and utilization increases.

Response 1

Comments:

SERFF Tracking #:

DMND-126933401

State Tracking #:

Company Tracking #:

12310

State: District of Columbia

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental

Product Name: DC Individual Rate Filing

Project Name/Number: /

Filing Company:

Dominion Dental Services, Inc.

What is the SERFF tracking number of your currently approved filing?

This is our first form and rate filing in DC. We just received our DC Life and Health License on November 17, 2010. These forms/rates were approved in our state of domicile on July 29, 2010. The SERFF tracking number for the corresponding forms that are still pending approval in DC is: DMND-126933402.

What would be the overall premium impact of your proposed changes on DC policyholders?

Again, this is our first filing.

How do you determine Usual and Customary Compensation?

Dominions UCR is based on Captivas Context Dental UCR Fee Schedule Tables. Captivas UCR databases were constructed using hundreds of millions of actual submitted charges evenly distributed through the United States. To ensure accuracy, charge data was obtained from a variety of sources including third party payers, clearinghouses, practice management system vendors, billing services, dental practices and universities. The methodology behind the dental UCR fee database is statistically sound, with data arrayed in percentiles and divided by more than 250 geo-zip regions with 2 annual updates to refresh existing data. Backing in the 50th percentile of the nation, making a more market driven and defensible database derives Contexts relative values. To further ensure accuracy and reliability, this charge data was subjected to additional validation using a variety of sources including mandated dental fee schedules, relative value scales and contracted preferred provider rates.

The Context Dental UCR database provides payment data for services across the complete spectrum of procedures performed by dental practitioners. Fees are listed for diagnostic and preventative services, palliative emergency care, basic restorative services, crowns and casts, oral examinations, endodontics (root canal treatment), periodontics (treatment of gum disease), oral and maxillofacial surgery, prosthodontics (bridges and dentures) and other orthodontics (braces). Fee values are defined for 95 percent of all services that can logically be assigned percentiles.

Please justify your expectation for the first year of enrollment being 50% of your providers Usual and Customary Compensation.

This is the formula we have been using since the inception of the company based on our studies of capitation reimbursement. This methodology for capitated DHMO plans is also filed and approved in the four other states in which we are licensed. As you know with the capitated plan the carrier is not at risk; the participating provider is at risk.

Please justify your 38% Administration and Marketing costs.

Our Administration and Marketing expenses are 38% of premium as reported on our 2009 Annual Statement filing.

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

Dominion Dental Services, Inc.

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental**Product Name:** DC Individual Rate Filing**Project Name/Number:** /

How many DC policyholders do you currently have?

This is our first filing, as we just received our license on November 17, 2010.

Please justify your 5% trend factor for annual provider price increases.

This trend factor was developed based on previous experience with provider increases, in addition trend surveys for this area related to dental plans.

Please justify your 2% trend factor for provider cost shifting, deductible leveraging and utilization increases.

This trend factor was developed based on data from national trend surveys, in addition to experience on our own block of business after adjusting for price increase trends.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Actuarial Justification
Comments:	We amended the DC premium rate tax table from 0% to 2% to be consistent with DC Code requirements.
Attachment(s):	
Actuarial Memorandum Addendum-Individual.pdf	
Actuarial Memo-Individual.pdf	
<i>Previous Version</i>	
<i>Satisfied - Item:</i>	<i>Actuarial Justification</i>
<i>Comments:</i>	
<i>Attachment(s):</i>	
<i>Actuarial Memorandum Addendum-Individual.pdf</i>	
<i>Actuarial Memo-Individual.pdf</i>	

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

SERFF Tracking #:

DMND-126933401

State Tracking #:

Company Tracking #:

12310

State:

District of Columbia

Filing Company:

Dominion Dental Services, Inc.

TOI/Sub-TOI:

H10I Individual Health - Dental/H10I.000 Health Dental

Product Name:

DC Individual Rate Filing

Project Name/Number:

/

We hope that these answers satisfy your request. Please let us know if you require anything further.

Sincerely,

Melissa Guffey

State: District of Columbia

Filing Company:

Dominion Dental Services, Inc.

TOI/Sub-TOI: H10I Individual Health - Dental/H10I.000 Health Dental

Product Name: DC Individual Rate Filing

Project Name/Number: /

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Select Plan 603x	DC 10DICOC	New		Individual Select Plan 603X.pdf DHMO Rating analysis - Individual.pdf
2		Access PPO Application Fee	DC 10PICOC	New		Application Fee-Individual.pdf

DOMINION DENTAL SERVICES

INDIVIDUAL SELECT PLAN 603X

Policy Form Number: DC 10PICOC

Plan	Premium Tier	Monthly Rate
603X	Subscriber	\$16.14
	Subscriber + 1 dependent	\$29.84
	Subscriber + 2 or more dependents	\$44.42

Maximum Application Fee -- \$20.00

This fee is a one-time fee to be paid with the first month's premium.

SELECT (DHMO) PLAN RATING ANALYSIS

SELECT (DHMO) OPTION

The Dominion management team has combined experience in excess of 75 years in designing and rating dental benefits. The proposed series of benefits are formulated on a capitated delivery model. As such, there are no claims or related indemnity liability with these benefits.

Our Select DHMO rates are calculated on the basis of actual cost of care as compared to usual and customary charges. Recognizing the actual cost of chair time and provider expectations per chair hour, we review utilization data to establish actual capitation compensation levels, and then translate the results into a format that allows easy explanation to participating dentists.

On voluntary enrollment plans, with no employer contribution, our expectation for the first year of enrollment is 50% of our providers Usual and Customary Compensation. Our premium figure is then loaded for Administrative and Marketing charges. Capitation compensation versus fee-for-service compensation gradually increases during the second and third years of a contract as more members reach a state of maintenance.

Equilibrium is reached at about 75 to 80% of usual and customary charges as employee turnover and new members offset the balance of preventive and maintenance work. We have learned that this level of compensation is comfortable for providers due to the advantages of our convenient payment system, our lack of billing, (and therefore bad debt), and the absence of claim forms and other costly paperwork. Rate increases will only occur as the cost of dental materials and dental related overhead (staff, labs, etc.) increases.

To meet expected individual and group needs we have designed five basic plans to offer in the group markets. These are

603X	Low Option Group Plan
605X	Medium Option Group Plan
607X	Medium/High Option Group Plan
609X	High Option Group Plan
608X	Medium/High Option Group Plan

Provider Payments. Providers are paid primarily through a combination of copayments and capitation (predetermined monthly payment per member).

This table below shows how premium dollars are distributed in the 600 Select (DHMO) series plans for compensating participating dentists and administration costs.

- 62% Dentist Compensation
- 38% Administrative and Marketing costs

Dependent Age Limits

Dependent children are covered under the dental policy until their 26th birthday. Upon request by the group policyholder, higher age limits will be provided in the policy with the following rate adjustment factors (the rate will be multiplied by the factor in the table below):

Dependent Children and Student Adjustments					
Age in School	Dependent Age				
	26	27	28	29	30
26	1.000	#N/A	#N/A	#N/A	#N/A
27	1.002	1.007	#N/A	#N/A	#N/A
28	1.005	1.010	1.014	#N/A	#N/A
29	1.007	1.012	1.017	1.021	#N/A
30	1.010	1.014	1.019	1.024	1.029

Groups may also request lower age limits. Discounts ranging from 1% to 30% may be applied to standard rates based on underwriting criteria including group size, prior dental experience, dependent age limits (lower than age 26) and employer contribution.

DOMINION DENTAL SERVICES

Application Fee Individual Access PPO Plan

Policy Form Number: DC 10PICOC

Below please find the application fee. This fee is a one-time fee to be paid with the first month's premium.

Maximum Application Fee - \$20.00

SERFF Tracking #:

DMND-126933401

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

12310

State:

District of Columbia

Filing Company:

Dominion Dental Services, Inc.

TOI/Sub-TOI:

H101 Individual Health - Dental/H101.000 Health Dental

Product Name:

DC Individual Rate Filing

Project Name/Number:

/

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Justification		
Comments:	We amended the DC premium rate tax table from 0% to 2% to be consistent with DC Code requirements.		
Attachment(s):			
Actuarial Memorandum Addendum-Individual.pdf			
Actuarial Memo-Individual.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Transmittal Letter		
Comments:			
Attachment(s):			
Transmittal Letter Rates.pdf			

Dominion Dental
INDIVIDUAL DENTAL INSURANCE POLICY
ACTUARIAL MEMORANDUM
ADDENDUM

Policy Form Number: DC 10PICOC

Scope and Purpose

The purpose of this addendum to the previously filed actuarial memorandum is to describe the updates to benefits and assumptions for the previously filed Individual Dental Insurance Policy, and to certify that this product is in compliance with applicable laws and regulations of the state. This memorandum is not intended to be used for any other purpose.

Description of Update

1) Dependent Age: Student Adjustments

Change 1.00 starting point from 19/23 to 26/26, as follows:

Dependent Children and Student Adjustments

Age in School	Dependent Age											
	19	20	21	22	23	24	25	26	27	28	29	30
19	0.975	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
20	0.976	0.977	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
21	0.977	0.980	0.982	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
22	0.978	0.981	0.983	0.985	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
23	0.980	0.982	0.984	0.987	0.989	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
24	0.981	0.983	0.985	0.988	0.990	0.993	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
25	0.982	0.984	0.987	0.989	0.991	0.993	0.996	#N/A	#N/A	#N/A	#N/A	#N/A
26	0.983	0.986	0.988	0.990	0.993	0.995	0.998	1.000	#N/A	#N/A	#N/A	#N/A
27	0.984	0.987	0.989	0.992	0.994	0.996	0.999	1.002	1.007	#N/A	#N/A	#N/A
28	0.986	0.988	0.990	0.993	0.995	0.998	1.000	1.005	1.010	1.014	#N/A	#N/A
29	0.987	0.989	0.992	0.994	0.996	0.999	1.002	1.007	1.012	1.017	1.021	#N/A
30	0.988	0.990	0.993	0.995	0.998	1.000	1.005	1.010	1.014	1.019	1.024	1.029

Anticipated Loss Ratio

The anticipated loss ratio for this Policy and Addendum will be 60% or greater in all durations.

Proposed Effective Date

It is requested that this Addendum become effective January 1, 2011 or upon approval by the Department of Insurance.

Actuarial Certification

I, Gary D. Lake, am a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries. I certify that to the best of my knowledge and judgment, this filing is in compliance with the applicable laws of this State and with the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, 'Regulatory Filings for Rates and Financial Projections for Health Plans', as adopted by the Actuarial Standards Board, January 1989. The premiums are neither excessive, inadequate, nor unfairly discriminatory; and the benefits provided are reasonable in relation to the premiums.



Gary D. Lake, FSA, MAAA
Consulting Actuary
Lake Consulting, Inc.
301-365-1964

October 13, 2010

Dominion Dental
INDIVIDUAL DENTAL INSURANCE POLICY
PPO PLANS
ACTUARIAL MEMORANDUM
Policy Form Number: DC 10PICOC

Scope and Purpose

The purpose of this actuarial memorandum is to describe the benefits and assumptions for the attached Individual Dental Insurance Policy, and to certify that this product is in compliance with applicable laws and regulations of the state. This memorandum is not intended to be used for any other purpose.

Description of Benefits

This Policy has an initial contract period of 12-months. It is designed to provide dental insurance benefits to individuals through either a Preferred Provider Organization (PPO), or Exclusive Provider Organization (EPO). These are defined as follows:

Preferred Provider Organization: There is a network panel of preferred providers. However, the insured person can still receive benefits under this Policy for dental services from any provider, network or non-network. The difference being that network providers have agreed to accept the network reimbursement schedule as payment in full, while non-network providers are reimbursed from a schedule of maximum allowable amounts. Benefits include reimbursement of expenses incurred for all covered dental procedures, subject to the plan deductible, coinsurance, and annual maximum limits. In addition, some procedures may have certain waiting periods or frequency limits as described in the benefits summary of the employee's Certificate.

Exclusive Provider Organization: There is a network panel of providers. However, the insured person must receive dental services from a network provider for those services to be considered for payment. If the insured person does receive covered dental services from a network provider benefits will include reimbursement of expenses incurred, subject to the plan deductible, coinsurance, and annual maximum limits. In addition, some procedures may have certain waiting periods or frequency limits as described in the benefits summary of the employee's Certificate.

Renewability Clause

The Individual Policy is an annually renewable term contract.

Marketing Method

This Individual Policy is intended to be distributed primarily to individuals through independent agents and brokers.

Underwriting

There is no individual underwriting of this Policy. There is no pre-existing conditions exclusion. Premium rates vary by plan design, effective date and area.

Trend

Current annual trend is assumed to be 7%. This factor includes 5% for annual provider price increases and 2% for provider cost shifting, deductible leveraging and utilization increases.

Morbidity

The utilization, unit cost, and demographic assumptions used in developing premium rates are based on actual experience for these coverages for the prior several years.

Area Factors

There are 4 areas based on the zip codes shown on the rate sheet attached.

Age Adjustment

Age adjustments are not currently used, but one alternative is being considered for future introduction. This would decrease rates by 10% for ages under 40 and increase rates by 10% for ages 55 and over. This produces the same level of revenue, but follows more closely the experience of this business by age.

Claim Liability and Reserves

No policy reserves are required for this Policy. However, an incurred but not reported claim reserve will be held for this form. This reserve will be estimated based on claim lag data (i.e., claims by incurred month and by paid month).

Average Annual Premium

See Exhibit II with the premiums by tier for the four areas.

Expenses and Profit

The expense assumptions are based on the Company's actual expected costs. The risk and profit charge is sufficient to meet the Company's Return on Investment target, based on the level of required risk based capital.

Anticipated Loss Ratio

The anticipated loss ratio for this Policy will be 60% or greater in all durations.

Proposed Effective Date

It is requested that this Policy become effective immediately upon approval by the Department of Insurance.

Actuarial Certification

I, Gary D. Lake, am a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries. I certify that to the best of my knowledge and judgment, this filing is in compliance with the applicable laws of this State and with the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", as adopted by the Actuarial Standards Board, January 1989. The premiums are neither excessive, inadequate, nor unfairly discriminatory; and the benefits provided are reasonable in relation to the premiums.

Gary D. Lake, FSA

Gary D. Lake, FSA, MAAA
Consulting Actuary
Lake Consulting, Inc.
301-365-1964

April 6, 2010

RATING METHODOLOGY

(1) PPO - Preferred Provider

The rates for the attached PPO policy were developed by first calculating the starting claims costs by using a blended average of Dominion Dental experience. This starting claims cost is derived by multiplying the average scheduled amount for each dental procedure by the average, expected utilization rate for each procedure, adjusting each product for any applicable waiting period, summing these products, and then adjusting the sum for the annual deductible and annual maximum. The in-network and out-of-network plans are blended for each procedure (based on expected in-network and out-of-network use). The resulting claim cost for this first step is illustrated on Exhibit III.

The starting claim costs were then adjusted by adding the ortho claim costs that applied (as described in the Actuarial Memorandum). That result was then multiplied by other rating factors: annual maximum adjustment, family tier rates. The result is further adjusted by the benefit schedule and plan factors (e.g., coinsurance).

The final step in the rate development was adding commissions, premium tax, administrative costs, and profit and risk. The following tables on Exhibit III demonstrate this general rating process.

(2) EPO - Exclusive Provider

The rates for the attached EPO policy were developed by first calculating the starting claims costs by using a blended average of Dominion Dental experience. This starting claims cost is derived by multiplying the average scheduled amount for each dental procedure by the average, expected utilization rate for each procedure, adjusting each product for any applicable waiting period, summing these products, and then adjusting the sum for the annual deductible and annual maximum. There is no out-of-network benefit for this plan. Thus, there is no blending of in-network and out-of-network costs, like the PPO methodology, to develop the expected claim cost. The resulting claim cost for this first step is illustrated on Exhibit III.

The starting claim costs were then adjusted by adding the ortho claim costs that applied (as described in the Actuarial Memorandum). That result was then multiplied by other rating factors: annual maximum adjustment and family tier rates. The result is further adjusted by the benefit schedule and plan factors (e.g., coinsurance).

The final step in the rate development was adding commissions, premium tax, administrative costs, and profit and risk. The following tables on Exhibit III demonstrate this general rating process.

(3) Graded Benefit Alternative

As an alternative to the standard PPO plan with waiting periods, we will offer a plan with NO waiting periods, but with benefits reduced for Basic Care and Major Restorative Care in the first two years. The benefits and rates are presented on the attached exhibit.

Premiums for this product have been developed based on experience with similar plans offered by Dominion Dental and its competitors.

MONTHLY RATE DEMONSTRATION

1) **Starting Individual premium:** \$29.74 for basic plan

Based on commission of 14%, administration of 14%, margin of 4% and profit of 4%.

2) **Adjustment Factors, Loads and Adjustments:**

a) In-Network Factors							
Class 1		Class 2		Class 3		Class 4	
75%	0.91	25%	0.72	0%	0.80	No Ortho	N/A
80%	0.93	30%	0.75	5%	0.81	25%	1
85%	0.95	35%	0.78	10%	0.82	30%	1
90%	0.97	40%	0.81	15%	0.83	35%	1
95%	0.99	45%	0.84	20%	0.84	40%	1
100%	1.00	50%	0.87	25%	0.85	45%	1
		55%	0.90	30%	0.88	50%	1
		60%	0.92	35%	0.91	55%	1
		65%	0.94	40%	0.94	60%	1
		70%	0.96	45%	0.97	65%	1
		75%	0.98	50%	1.00	70%	1
		80%	1.00	55%	1.03	75%	1
		85%	1.02	60%	1.05	80%	1
		90%	1.04	65%	1.07		
		95%	1.06	70%	1.09		
		100%	1.08	75%	1.11		
				80%	1.13		

b) Out-of-Network Factors							
Class 1		Class 2		Class 3		Class 4	
0%	0.834	0%	0.8672	0%	0.917	No Ortho	N/A
50%	0.917	15%	0.8921	5%	0.9253	25%	1
55%	0.9253	20%	0.9004	10%	0.9336	25%	1
60%	0.9336	25%	0.9087	15%	0.9419	30%	1
65%	0.9419	30%	0.917	20%	0.9502	35%	1
70%	0.9502	35%	0.9253	25%	0.9585	40%	1
75%	0.9585	40%	0.9336	30%	0.9668	45%	1
80%	0.9668	45%	0.9419	35%	0.9751	50%	1
85%	0.9751	50%	0.9502	40%	0.9834	55%	1
90%	0.9834	55%	0.9585	45%	0.9917	60%	1
95%	0.9917	60%	0.9668	50%	1.0000	65%	1
100%	1.0000	65%	0.9751	55%	1.0083	70%	1
		70%	0.9834	60%	1.0166	75%	1
		75%	0.9917	65%	1.0249	80%	1
		80%	1.0000	70%	1.0332		
		85%	1.0083	75%	1.0415		
		90%	1.0166	80%	1.0498		
		95%	1.0249				
		100%	1.0332				

For Class 4 Ortho, assume 60% in network, 40% out of network and assume out of network cost is 120% of in network cost. Starting claim cost: a) per adult for 50% benefit is \$1.39 in and \$1.67 out (\$1.50 total @ 60/40) and b) per child for 50% benefit is \$2.78 in and \$3.33 out (\$3 total @ 60/40).

c) Area Factors for Dental (experience rated)	
Area	Factor
1	1.00
2	1.08
3	1.12
4	1.28

Comment [EB1]: Chart shows relation of Area 2,3 and 4 rates compared to Area 1 rates.

c) Area Factors - eDental

<u>ST</u>	<u>ZIP3</u>	<u>Area</u>	<u>ST</u>	<u>ZIP3</u>	<u>Area</u>	<u>ST</u>	<u>ZIP3</u>	<u>Area</u>
PA	150	Area 1	PA	182	Area 3	MD	216	Area 3
PA	151	Area 1	PA	183	Area 3	MD	217	Area 3
PA	152	Area 1	PA	184	Area 3	MD	218	Area 3
PA	153	Area 1	PA	185	Area 3	MD	219	Area 3
PA	154	Area 1	PA	186	Area 3	VA	201	Area 2
PA	155	Area 1	PA	187	Area 3	VA	220	Area 2
PA	156	Area 1	PA	188	Area 1	VA	221	Area 2
PA	157	Area 1	PA	189	Area 1	VA	222	Area 4
PA	158	Area 1	PA	190	Area 3	VA	223	Area 4
PA	159	Area 1	PA	191	Area 3	VA	224	Area 1
PA	160	Area 1	PA	192	Area 3	VA	225	Area 1
PA	161	Area 1	PA	193	Area 1	VA	226	Area 3
PA	162	Area 1	PA	194	Area 1	VA	227	Area 3
PA	163	Area 1	PA	195	Area 1	VA	228	Area 3
PA	164	Area 1	PA	196	Area 1	VA	229	Area 3
PA	165	Area 1	DE	197	Area 2	VA	230	Area 1
PA	166	Area 1	DE	198	Area 3	VA	231	Area 1
PA	167	Area 1	DE	199	Area 3	VA	232	Area 1
PA	168	Area 1	DC	200	Area 4	VA	233	Area 2
PA	169	Area 1	DC	202	Area 4	VA	234	Area 2
PA	170	Area 3	DC	203	Area 4	VA	235	Area 2
PA	171	Area 3	DC	204	Area 4	VA	236	Area 2
PA	172	Area 3	DC	205	Area 4	VA	237	Area 2
PA	173	Area 3	MD	206	Area 3	VA	238	Area 3
PA	174	Area 3	MD	207	Area 3	VA	239	NA
PA	175	Area 3	MD	208	Area 3	VA	240	Area 1
PA	176	Area 3	MD	209	Area 3	VA	241	Area 1
PA	177	Area 1	MD	210	Area 3	VA	242	Area 1
PA	178	Area 3	MD	211	Area 3	VA	243	Area 1
PA	179	Area 1	MD	212	Area 3	VA	244	Area 1
PA	180	Area 1	MD	214	Area 3	VA	245	Area 3
PA	181	Area 1	MD	215	Area 3	VA	246	NA

d) Dependent Children and Student Adjustments

Age in School	Dependent Age							26	27	28	29	30
	19	20	21	22	23	24	25					
19	0.990	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	0.993	0.995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	0.995	1.000	1.005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	0.998	1.003	1.007	1.012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	1.000	1.005	1.010	1.015	1.020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1.003	1.007	1.012	1.017	1.022	1.027	N/A	N/A	N/A	N/A	N/A	N/A
25	1.005	1.010	1.015	1.019	1.024	1.029	1.034	N/A	N/A	N/A	N/A	N/A
26	1.008	1.013	1.018	1.023	1.028	1.033	1.038	1.043	N/A	N/A	N/A	N/A
27	1.010	1.015	1.020	1.025	1.030	1.035	1.040	1.045	1.050	N/A	N/A	N/A
28	1.013	1.018	1.023	1.028	1.033	1.038	1.043	1.048	1.053	1.058	N/A	N/A
29	1.015	1.020	1.025	1.030	1.035	1.040	1.045	1.050	1.055	1.060	1.065	N/A
30	1.018	1.023	1.028	1.033	1.038	1.043	1.048	1.053	1.058	1.063	1.068	1.073

e) Annual Maximums

<u>Amount</u>	<u>Factor</u>
\$500	0.80
\$750	0.90
\$1,000	1.00
\$1,250	1.06
\$1,500	1.10
\$1,750	1.13
\$2,000	1.15
\$2,500	1.35
\$3,000	1.55
\$4,000	2.00
Unlimited	2.50

f) Waiting Period		
	Waiting Period Months	Factor
Type 1 - Prevent	0	1
	1	0.99
	3	0.96
	6	0.94
Type 2 - Basic	0	1.03
	3	1
	6	0.97
Type 3 - Major	0	1.15
	6	1.05
	12	1
	15	0.98
	18	0.95
	24	0.9
Type 4 - Ortho	0	1.25
	6	1.13
	12	1.00
	15	0.98
	18	0.95
	24	0.90

Note: Waiting periods do not apply to graded benefit

g) Quarterly Factors @ 7.00% Annual Increase									
Year\Quarter:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	Year\Quarter:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
2010	1.00	1.02	1.03	1.05	2026	2.95	3.00	3.05	3.11
2011	1.07	1.09	1.11	1.13	2027	3.16	3.21	3.27	3.32
2012	1.14	1.16	1.18	1.20	2028	3.38	3.44	3.50	3.56
2013	1.23	1.25	1.27	1.29	2029	3.62	3.68	3.74	3.80
2014	1.31	1.33	1.36	1.38	2030	3.87	3.94	4.00	4.07
2015	1.40	1.43	1.45	1.48	2031	4.14	4.21	4.28	4.36
2016	1.50	1.53	1.55	1.58	2032	4.43	4.51	4.58	4.66
2017	1.61	1.63	1.66	1.69	2033	4.74	4.82	4.90	4.99
2018	1.72	1.75	1.78	1.81	2034	5.07	5.16	5.25	5.34
2019	1.84	1.87	1.90	1.93	2035	5.43	5.52	5.61	5.71
2020	1.97	2.00	2.03	2.07	2036	5.81	5.91	6.01	6.11
2021	2.10	2.14	2.18	2.21	2037	6.21	6.32	6.43	6.54
2022	2.25	2.29	2.33	2.37	2038	6.65	6.76	6.88	6.99
2023	2.41	2.45	2.49	2.54	2039	7.11	7.24	7.36	7.48
2024	2.58	2.62	2.67	2.71	2040	7.61	7.74	7.87	8.01
2025	2.76	2.81	2.85	2.90	2041	8.15	8.28	8.43	8.57

h) Implants	
Ann Max	Factor
\$500	1.00
\$750	1.01
\$1,000	1.02
\$1,250	1.02
\$1,500	1.02
\$1,750	1.05
\$2,000	1.10
\$2,500	1.15
\$3,000	1.20
\$4,000	1.25
Unlimited	1.25

i) Out of Network Percentile	
Percentile	Factor
<i>PPO (45th)</i>	<i>0.8000</i>
35 th	0.7600
40 th	0.7800
45 th	0.8000
50 th	0.8200
55 th	0.8500
60 th	0.8800
65 th	0.9100
70 th	0.9400
75 th	0.9700
80 th	1.00000
85 th	1.05667
90 th	1.11333
95 th	1.17000

j) Tier Factors					
Tier	<u>Choice</u> <u>Factor</u>				
3	<u>Single</u> 1	<u>EE+1</u> 2.147	<u>Family</u> 3.107		
4	<u>Single</u> 1	<u>H/W</u> 2.24	<u>EE+child(ren)</u> 2.33	<u>Family</u> 3.2	
5	<u>Single</u> 1	<u>H/W</u> 2.24	<u>EE+child</u> 1.89	<u>EE+children</u> 2.75	<u>Family</u> 3.2

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k) State Tax	
State	Premium Tax
MD	2.00%
DE	0.00%
VA	2.25%
PA	0.00%
DC	2.00%

l) Other Expense Items		
Level Commission Options 0% to 14%		Administrative Load Options
		Amount by % of Premium 0% to 14%

m) Endo Factors		
No Coverage*	In Class II	In Class III
0.90	$3 * (\text{Class II In Network Coins} - \text{Class III In Network Coins}) / 30$	1

n) Perio Factors		
No Coverage*	In Class II	In Class III
0.93	$3 * (\text{Class II In Network Coins} - \text{Class III In Network Coins}) / 30$	1

o) Oral Surgery Factors		
No Coverage*	In Class II	In Class III
0.95	$3 * (\text{Class II In Network Coins} - \text{Class III In Network Coins}) / 30$	1

* Note: The No Coverage factor will be 1.00 if the Class III In Network Coinsurance is less than 50%.

Deductible Waived for Preventive?	p1) Reduction of In Network Amount	p2) Reduction of Out Network Amount
Yes	$.027 * .65 * \text{In Network Ann Deductible}$	$.018 * .65 * \text{Out of Network Ann Deductible}$
No	$.027 * \text{In Network Ann Deductible}$	$.018 * \text{Out of Network Ann Deductible}$

q) Additional Perio Benefit with Diabetes	
10% Additional Perio Benefit with Diabetes?	Factor
YES:	$1 + 0.01 / (\text{Selected, Class II or Class III, In Network Coins})$
NO:	1

r) Bitewing X-rays	
	Factor
Not Covered:	.96
Covered Under Class I:	1
Covered Under Class II:	$1 + (\text{Class II In Network Coins} - \text{Class I In Network Coins}) / 3$

s) Other X-rays	
	Factor
Not Covered:	.98
Covered Under Class I:	1
Covered Under Class II:	$1+.06*(\text{Class II In Network Coins} - \text{Class I In Network Coins})/3$

Parents	t) Factor
Covered:	1.1
Not Covered:	1

u) Sealants	
	Factor
Not Covered:	0.99
Covered Under Class I:	1
Covered Under Class II:	$1+.01*(\text{Class II In Network Coins} - \text{Class I In Network Coins})/3$

v) Miscellaneous Factors						
	Extra Cleaning for Pregnant Women	Extra Cleaning for Diabetic	Cancer Screenings	Prior Dental	Rollover of Annual Plan Benefits	Two-Year Rate Guarantee
YES:	1.0125	1.0125	1.03	0.98	1.03	1.039
NO:	1	1	1	1	1	1

w) Ortho Premium	
Adult:	$1.5*\text{Adult Ortho Coins}/0.5*\text{Adult Ortho Annual Max}/1000$
Child:	$3*\text{Child Ortho Coins}/0.5*\text{Child Ortho Annual Max}/1000$

x) In Network Coinsurance Factor (see Table a above)	
All Products:	$\text{Class1 Out-of-Network Factor for Class1 Coins} * \text{Class 2 Out-of-Network Factor for Class 2 Coins} * \text{Class 3 Out-of-Network Factor for Class 3 Coins}$

y) Out of Network Coinsurance Factor (see Table b above)	
“EPO - No Out of Network” Product:	$\text{Class1 Out-of-Network Factor for 0\% Coins} * \text{Class 2 Out-of-Network Factor for 0\% Coins} * \text{Class 3 Out-of-Network Factor for 0\% Coins}$
All Other Products:	$\text{Class1 Out-of-Network Factor for Class1 Coins} * \text{Class 2 Out-of-Network Factor for Class 2 Coins} * \text{Class 3 Out-of-Network Factor for Class 3 Coins}$



December 3, 2010

District of Columbia
Department of Insurance
Securities and Banking
Jamai Fontaine
Life & Health Licensing Section
810 First Street, NE, #701
Washington, DC 20002

Dominion Dental Services, Inc. (DDS) - NAIC #95657- Submission for Approval of Rates

Dear Ms. Fontaine:

Enclosed please find the following premium rates for group and individual coverage. These rates are being filed as part of DDS's licensing as a Group/Individual Accident and Health Insurer.

Group rates:

600 Series SELECT Plan Monthly Group Premium Rates (with accompanying rate analysis)
Standard Billing Fees
Application Fee
Non-Sufficient Funds (NSF) Fee
Access PPO Plan Rate Actuarial Memorandum-Group
Access PPO Plan Rate Actuarial Memorandum Addendum-Group

Individual Rates:

Select Plan 603X Rate (with accompanying rate analysis)
Access PPO Plan Rate Actuarial Memorandum-Individual
Access PPO Plan Rate Actuarial Memorandum Addendum-Individual
Access PPO Application Fee

These rates were filed and approved in the Commonwealth of Virginia, our state of domicile. DDS markets to large and small employer groups, associations, trade unions, fraternal organizations, and individuals. These forms will be used in the District of Columbia.

If you have any questions concerning this submission, please feel free to contact me at (703) 518-5000, ext. 3047 or Melissa Guffey at (703) 518-5000, ext. 3506.

Sincerely,

A handwritten signature in cursive script that reads "Kara Greenhouse".

Kara Greenhouse
Vice President of Accounting and Compliance

Enclosures

115 South Union Street • Suite 300 • Alexandria, VA 22314 • DominionDental.com

(703) 518-5000 • (888) 681-5100 (toll free) • (703) 518-8849 (Fax)

State: District of Columbia

TOI/Sub-TOI: H101 Individual Health - Dental/H101.000 Health Dental

Product Name: DC Individual Rate Filing

Project Name/Number: /

Filing Company:

Dominion Dental Services, Inc.

Superseded Schedule Items

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

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
12/04/2010		Supporting Document	Actuarial Justification	01/03/2011	Actuarial Memorandum Addendum-Individual.pdf Actuarial Memo-Individual.pdf (Superseded)

Dominion Dental
INDIVIDUAL DENTAL INSURANCE POLICY
PPO PLANS
ACTUARIAL MEMORANDUM
Policy Form Number: DC 10PICOC

Scope and Purpose

The purpose of this actuarial memorandum is to describe the benefits and assumptions for the attached Individual Dental Insurance Policy, and to certify that this product is in compliance with applicable laws and regulations of the state. This memorandum is not intended to be used for any other purpose.

Description of Benefits

This Policy has an initial contract period of 12-months. It is designed to provide dental insurance benefits to individuals through either a Preferred Provider Organization (PPO), or Exclusive Provider Organization (EPO). These are defined as follows:

Preferred Provider Organization: There is a network panel of preferred providers. However, the insured person can still receive benefits under this Policy for dental services from any provider, network or non-network. The difference being that network providers have agreed to accept the network reimbursement schedule as payment in full, while non-network providers are reimbursed from a schedule of maximum allowable amounts. Benefits include reimbursement of expenses incurred for all covered dental procedures, subject to the plan deductible, coinsurance, and annual maximum limits. In addition, some procedures may have certain waiting periods or frequency limits as described in the benefits summary of the employee's Certificate.

Exclusive Provider Organization: There is a network panel of providers. However, the insured person must receive dental services from a network provider for those services to be considered for payment. If the insured person does receive covered dental services from a network provider benefits will include reimbursement of expenses incurred, subject to the plan deductible, coinsurance, and annual maximum limits. In addition, some procedures may have certain waiting periods or frequency limits as described in the benefits summary of the employee's Certificate.

Renewability Clause

The Individual Policy is an annually renewable term contract.

Marketing Method

This Individual Policy is intended to be distributed primarily to individuals through independent agents and brokers.

Underwriting

There is no individual underwriting of this Policy. There is no pre-existing conditions exclusion. Premium rates vary by plan design, effective date and area.

Trend

Current annual trend is assumed to be 7%. This factor includes 5% for annual provider price increases and 2% for provider cost shifting, deductible leveraging and utilization increases.

Morbidity

The utilization, unit cost, and demographic assumptions used in developing premium rates are based on actual experience for these coverages for the prior several years.

Area Factors

There are 4 areas based on the zip codes shown on the rate sheet attached.

Age Adjustment

Age adjustments are not currently used, but one alternative is being considered for future introduction. This would decrease rates by 10% for ages under 40 and increase rates by 10% for ages 55 and over. This produces the same level of revenue, but follows more closely the experience of this business by age.

Claim Liability and Reserves

No policy reserves are required for this Policy. However, an incurred but not reported claim reserve will be held for this form. This reserve will be estimated based on claim lag data (i.e., claims by incurred month and by paid month).

Average Annual Premium

See Exhibit II with the premiums by tier for the four areas.

Expenses and Profit

The expense assumptions are based on the Company's actual expected costs. The risk and profit charge is sufficient to meet the Company's Return on Investment target, based on the level of required risk based capital.

Anticipated Loss Ratio

The anticipated loss ratio for this Policy will be 60% or greater in all durations.

Proposed Effective Date

It is requested that this Policy become effective immediately upon approval by the Department of Insurance.

Actuarial Certification

I, Gary D. Lake, am a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries. I certify that to the best of my knowledge and judgment, this filing is in compliance with the applicable laws of this State and with the rules of the Department of Insurance, and complies with Actuarial Standards of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", as adopted by the Actuarial Standards Board, January 1989. The premiums are neither excessive, inadequate, nor unfairly discriminatory; and the benefits provided are reasonable in relation to the premiums.

Gary D. Lake, FSA

Gary D. Lake, FSA, MAAA
Consulting Actuary
Lake Consulting, Inc.
301-365-1964

April 6, 2010

RATING METHODOLOGY

(1) PPO - Preferred Provider

The rates for the attached PPO policy were developed by first calculating the starting claims costs by using a blended average of Dominion Dental experience. This starting claims cost is derived by multiplying the average scheduled amount for each dental procedure by the average, expected utilization rate for each procedure, adjusting each product for any applicable waiting period, summing these products, and then adjusting the sum for the annual deductible and annual maximum. The in-network and out-of-network plans are blended for each procedure (based on expected in-network and out-of-network use). The resulting claim cost for this first step is illustrated on Exhibit III.

The starting claim costs were then adjusted by adding the ortho claim costs that applied (as described in the Actuarial Memorandum). That result was then multiplied by other rating factors: annual maximum adjustment, family tier rates. The result is further adjusted by the benefit schedule and plan factors (e.g., coinsurance).

The final step in the rate development was adding commissions, premium tax, administrative costs, and profit and risk. The following tables on Exhibit III demonstrate this general rating process.

(2) EPO - Exclusive Provider

The rates for the attached EPO policy were developed by first calculating the starting claims costs by using a blended average of Dominion Dental experience. This starting claims cost is derived by multiplying the average scheduled amount for each dental procedure by the average, expected utilization rate for each procedure, adjusting each product for any applicable waiting period, summing these products, and then adjusting the sum for the annual deductible and annual maximum. There is no out-of-network benefit for this plan. Thus, there is no blending of in-network and out-of-network costs, like the PPO methodology, to develop the expected claim cost. The resulting claim cost for this first step is illustrated on Exhibit III.

The starting claim costs were then adjusted by adding the ortho claim costs that applied (as described in the Actuarial Memorandum). That result was then multiplied by other rating factors: annual maximum adjustment and family tier rates. The result is further adjusted by the benefit schedule and plan factors (e.g., coinsurance).

The final step in the rate development was adding commissions, premium tax, administrative costs, and profit and risk. The following tables on Exhibit III demonstrate this general rating process.

(3) Graded Benefit Alternative

As an alternative to the standard PPO plan with waiting periods, we will offer a plan with NO waiting periods, but with benefits reduced for Basic Care and Major Restorative Care in the first two years. The benefits and rates are presented on the attached exhibit.

Premiums for this product have been developed based on experience with similar plans offered by Dominion Dental and its competitors.

MONTHLY RATE DEMONSTRATION

1) **Starting Individual premium:** \$29.74 for basic plan

Based on commission of 14%, administration of 14%, margin of 4% and profit of 4%.

2) **Adjustment Factors, Loads and Adjustments:**

a) In-Network Factors							
Class 1		Class 2		Class 3		Class 4	
75%	0.91	25%	0.72	0%	0.80	No Ortho	N/A
80%	0.93	30%	0.75	5%	0.81	25%	1
85%	0.95	35%	0.78	10%	0.82	30%	1
90%	0.97	40%	0.81	15%	0.83	35%	1
95%	0.99	45%	0.84	20%	0.84	40%	1
100%	1.00	50%	0.87	25%	0.85	45%	1
		55%	0.90	30%	0.88	50%	1
		60%	0.92	35%	0.91	55%	1
		65%	0.94	40%	0.94	60%	1
		70%	0.96	45%	0.97	65%	1
		75%	0.98	50%	1.00	70%	1
		80%	1.00	55%	1.03	75%	1
		85%	1.02	60%	1.05	80%	1
		90%	1.04	65%	1.07		
		95%	1.06	70%	1.09		
		100%	1.08	75%	1.11		
				80%	1.13		

b) Out-of-Network Factors							
Class 1		Class 2		Class 3		Class 4	
0%	0.834	0%	0.8672	0%	0.917	No Ortho	N/A
50%	0.917	15%	0.8921	5%	0.9253	25%	1
55%	0.9253	20%	0.9004	10%	0.9336	25%	1
60%	0.9336	25%	0.9087	15%	0.9419	30%	1
65%	0.9419	30%	0.917	20%	0.9502	35%	1
70%	0.9502	35%	0.9253	25%	0.9585	40%	1
75%	0.9585	40%	0.9336	30%	0.9668	45%	1
80%	0.9668	45%	0.9419	35%	0.9751	50%	1
85%	0.9751	50%	0.9502	40%	0.9834	55%	1
90%	0.9834	55%	0.9585	45%	0.9917	60%	1
95%	0.9917	60%	0.9668	50%	1.0000	65%	1
100%	1.0000	65%	0.9751	55%	1.0083	70%	1
		70%	0.9834	60%	1.0166	75%	1
		75%	0.9917	65%	1.0249	80%	1
		80%	1.0000	70%	1.0332		
		85%	1.0083	75%	1.0415		
		90%	1.0166	80%	1.0498		
		95%	1.0249				
		100%	1.0332				

For Class 4 Ortho, assume 60% in network, 40% out of network and assume out of network cost is 120% of in network cost. Starting claim cost: a) per adult for 50% benefit is \$1.39 in and \$1.67 out (\$1.50 total @ 60/40) and b) per child for 50% benefit is \$2.78 in and \$3.33 out (\$3 total @ 60/40).

c) Area Factors for Dental (experience rated)	
Area	Factor
1	1.00
2	1.08
3	1.12
4	1.28

Comment [EB1]: Chart shows relation of Area 2,3 and 4 rates compared to Area 1 rates.

c) Area Factors - eDental

<u>ST</u>	<u>ZIP3</u>	<u>Area</u>	<u>ST</u>	<u>ZIP3</u>	<u>Area</u>	<u>ST</u>	<u>ZIP3</u>	<u>Area</u>
PA	150	Area 1	PA	182	Area 3	MD	216	Area 3
PA	151	Area 1	PA	183	Area 3	MD	217	Area 3
PA	152	Area 1	PA	184	Area 3	MD	218	Area 3
PA	153	Area 1	PA	185	Area 3	MD	219	Area 3
PA	154	Area 1	PA	186	Area 3	VA	201	Area 2
PA	155	Area 1	PA	187	Area 3	VA	220	Area 2
PA	156	Area 1	PA	188	Area 1	VA	221	Area 2
PA	157	Area 1	PA	189	Area 1	VA	222	Area 4
PA	158	Area 1	PA	190	Area 3	VA	223	Area 4
PA	159	Area 1	PA	191	Area 3	VA	224	Area 1
PA	160	Area 1	PA	192	Area 3	VA	225	Area 1
PA	161	Area 1	PA	193	Area 1	VA	226	Area 3
PA	162	Area 1	PA	194	Area 1	VA	227	Area 3
PA	163	Area 1	PA	195	Area 1	VA	228	Area 3
PA	164	Area 1	PA	196	Area 1	VA	229	Area 3
PA	165	Area 1	DE	197	Area 2	VA	230	Area 1
PA	166	Area 1	DE	198	Area 3	VA	231	Area 1
PA	167	Area 1	DE	199	Area 3	VA	232	Area 1
PA	168	Area 1	DC	200	Area 4	VA	233	Area 2
PA	169	Area 1	DC	202	Area 4	VA	234	Area 2
PA	170	Area 3	DC	203	Area 4	VA	235	Area 2
PA	171	Area 3	DC	204	Area 4	VA	236	Area 2
PA	172	Area 3	DC	205	Area 4	VA	237	Area 2
PA	173	Area 3	MD	206	Area 3	VA	238	Area 3
PA	174	Area 3	MD	207	Area 3	VA	239	NA
PA	175	Area 3	MD	208	Area 3	VA	240	Area 1
PA	176	Area 3	MD	209	Area 3	VA	241	Area 1
PA	177	Area 1	MD	210	Area 3	VA	242	Area 1
PA	178	Area 3	MD	211	Area 3	VA	243	Area 1
PA	179	Area 1	MD	212	Area 3	VA	244	Area 1
PA	180	Area 1	MD	214	Area 3	VA	245	Area 3
PA	181	Area 1	MD	215	Area 3	VA	246	NA

d) Dependent Children and Student Adjustments

Age in School	Dependent Age							26	27	28	29	30
	19	20	21	22	23	24	25					
19	0.990	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	0.993	0.995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	0.995	1.000	1.005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	0.998	1.003	1.007	1.012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	1.000	1.005	1.010	1.015	1.020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1.003	1.007	1.012	1.017	1.022	1.027	N/A	N/A	N/A	N/A	N/A	N/A
25	1.005	1.010	1.015	1.019	1.024	1.029	1.034	N/A	N/A	N/A	N/A	N/A
26	1.008	1.013	1.018	1.023	1.028	1.033	1.038	1.043	N/A	N/A	N/A	N/A
27	1.010	1.015	1.020	1.025	1.030	1.035	1.040	1.045	1.050	N/A	N/A	N/A
28	1.013	1.018	1.023	1.028	1.033	1.038	1.043	1.048	1.053	1.058	N/A	N/A
29	1.015	1.020	1.025	1.030	1.035	1.040	1.045	1.050	1.055	1.060	1.065	N/A
30	1.018	1.023	1.028	1.033	1.038	1.043	1.048	1.053	1.058	1.063	1.068	1.073

e) Annual Maximums

<u>Amount</u>	<u>Factor</u>
\$500	0.80
\$750	0.90
\$1,000	1.00
\$1,250	1.06
\$1,500	1.10
\$1,750	1.13
\$2,000	1.15
\$2,500	1.35
\$3,000	1.55
\$4,000	2.00
Unlimited	2.50

f) Waiting Period		
	Waiting Period Months	Factor
Type 1 - Prevent	0	1
	1	0.99
	3	0.96
	6	0.94
Type 2 - Basic	0	1.03
	3	1
	6	0.97
Type 3 - Major	0	1.15
	6	1.05
	12	1
	15	0.98
	18	0.95
Type 4 - Ortho	0	1.25
	6	1.13
	12	1.00
	15	0.98
	18	0.95
	24	0.90

Note: Waiting periods do not apply to graded benefit

g) Quarterly Factors @ 7.00% Annual Increase									
Year\Quarter:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	Year\Quarter:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
2010	1.00	1.02	1.03	1.05	2026	2.95	3.00	3.05	3.11
2011	1.07	1.09	1.11	1.13	2027	3.16	3.21	3.27	3.32
2012	1.14	1.16	1.18	1.20	2028	3.38	3.44	3.50	3.56
2013	1.23	1.25	1.27	1.29	2029	3.62	3.68	3.74	3.80
2014	1.31	1.33	1.36	1.38	2030	3.87	3.94	4.00	4.07
2015	1.40	1.43	1.45	1.48	2031	4.14	4.21	4.28	4.36
2016	1.50	1.53	1.55	1.58	2032	4.43	4.51	4.58	4.66
2017	1.61	1.63	1.66	1.69	2033	4.74	4.82	4.90	4.99
2018	1.72	1.75	1.78	1.81	2034	5.07	5.16	5.25	5.34
2019	1.84	1.87	1.90	1.93	2035	5.43	5.52	5.61	5.71
2020	1.97	2.00	2.03	2.07	2036	5.81	5.91	6.01	6.11
2021	2.10	2.14	2.18	2.21	2037	6.21	6.32	6.43	6.54
2022	2.25	2.29	2.33	2.37	2038	6.65	6.76	6.88	6.99
2023	2.41	2.45	2.49	2.54	2039	7.11	7.24	7.36	7.48
2024	2.58	2.62	2.67	2.71	2040	7.61	7.74	7.87	8.01
2025	2.76	2.81	2.85	2.90	2041	8.15	8.28	8.43	8.57

h) Implants	
Ann Max	Factor
\$500	1.00
\$750	1.01
\$1,000	1.02
\$1,250	1.02
\$1,500	1.02
\$1,750	1.05
\$2,000	1.10
\$2,500	1.15
\$3,000	1.20
\$4,000	1.25
Unlimited	1.25

i) Out of Network Percentile	
Percentile	Factor
<i>PPO (45th)</i>	<i>0.8000</i>
35 th	0.7600
40 th	0.7800
45 th	0.8000
50 th	0.8200
55 th	0.8500
60 th	0.8800
65 th	0.9100
70 th	0.9400
75 th	0.9700
80 th	1.00000
85 th	1.05667
90 th	1.11333
95 th	1.17000

j) Tier Factors					
Tier	<u>Choice</u> <u>Factor</u>				
3	<u>Single</u> 1	<u>EE+1</u> 2.147	<u>Family</u> 3.107		
4	<u>Single</u> 1	<u>H/W</u> 2.24	<u>EE+child(ren)</u> 2.33	<u>Family</u> 3.2	
5	<u>Single</u> 1	<u>H/W</u> 2.24	<u>EE+child</u> 1.89	<u>EE+children</u> 2.75	<u>Family</u> 3.2

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k) State Tax	
State	Premium Tax
MD	2.00%
DE	0.00%
VA	2.25%
PA	0.00%
DC	0.00%

l) Other Expense Items		
Level Commission Options 0% to 14%		Administrative Load Options
		Amount by % of Premium 0% to 14%

m) Endo Factors		
No Coverage*	In Class II	In Class III
0.90	$3 * (\text{Class II In Network Coins} - \text{Class III In Network Coins}) / 30$	1

n) Perio Factors		
No Coverage*	In Class II	In Class III
0.93	$3 * (\text{Class II In Network Coins} - \text{Class III In Network Coins}) / 30$	1

o) Oral Surgery Factors		
No Coverage*	In Class II	In Class III
0.95	$3 * (\text{Class II In Network Coins} - \text{Class III In Network Coins}) / 30$	1

* Note: The No Coverage factor will be 1.00 if the Class III In Network Coinsurance is less than 50%.

Deductible Waived for Preventive?	p1) Reduction of In Network Amount	p2) Reduction of Out Network Amount
Yes	$.027 * .65 * \text{In Network Ann Deductible}$	$.018 * .65 * \text{Out of Network Ann Deductible}$
No	$.027 * \text{In Network Ann Deductible}$	$.018 * \text{Out of Network Ann Deductible}$

q) Additional Perio Benefit with Diabetes	
10% Additional Perio Benefit with Diabetes?	Factor
YES:	$1 + 0.01 / (\text{Selected, Class II or Class III, In Network Coins})$
NO:	1

r) Bitewing X-rays	
	Factor
Not Covered:	.96
Covered Under Class I:	1
Covered Under Class II:	$1 + (\text{Class II In Network Coins} - \text{Class I In Network Coins}) / 3$

s) Other X-rays	
	Factor
Not Covered:	.98
Covered Under Class I:	1
Covered Under Class II:	$1+.06*(\text{Class II In Network Coins} - \text{Class I In Network Coins})/3$

Parents	t) Factor
Covered:	1.1
Not Covered:	1

u) Sealants	
	Factor
Not Covered:	0.99
Covered Under Class I:	1
Covered Under Class II:	$1+.01*(\text{Class II In Network Coins} - \text{Class I In Network Coins})/3$

v) Miscellaneous Factors						
	Extra Cleaning for Pregnant Women	Extra Cleaning for Diabetic	Cancer Screenings	Prior Dental	Rollover of Annual Plan Benefits	Two-Year Rate Guarantee
YES:	1.0125	1.0125	1.03	0.98	1.03	1.039
NO:	1	1	1	1	1	1

w) Ortho Premium	
Adult:	$1.5*\text{Adult Ortho Coins}/0.5*\text{Adult Ortho Annual Max}/1000$
Child:	$3*\text{Child Ortho Coins}/0.5*\text{Child Ortho Annual Max}/1000$

x) In Network Coinsurance Factor (see Table a above)	
All Products:	$\text{Class1 Out-of-Network Factor for Class1 Coins} * \text{Class 2 Out-of-Network Factor for Class 2 Coins} * \text{Class 3 Out-of-Network Factor for Class 3 Coins}$

y) Out of Network Coinsurance Factor (see Table b above)	
“EPO - No Out of Network” Product:	$\text{Class1 Out-of-Network Factor for 0\% Coins} * \text{Class 2 Out-of-Network Factor for 0\% Coins} * \text{Class 3 Out-of-Network Factor for 0\% Coins}$
All Other Products:	$\text{Class1 Out-of-Network Factor for Class1 Coins} * \text{Class 2 Out-of-Network Factor for Class 2 Coins} * \text{Class 3 Out-of-Network Factor for Class 3 Coins}$