

<i>SERFF Tracking Number:</i>	<i>HUMA-127851210</i>	<i>State:</i>	<i>District of Columbia</i>
<i>Filing Company:</i>	<i>Kanawha Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H07I Individual Health - Specified Disease - Limited Benefit</i>	<i>Sub-TOI:</i>	<i>H07I.001 Critical Illness</i>
<i>Product Name:</i>	<i>Critical Illness</i>		
<i>Project Name/Number:</i>	/		

Filing at a Glance

Company: Kanawha Insurance Company		
Product Name: Critical Illness	SERFF Tr Num: HUMA-127851210	State: District of Columbia
TOI: H07I Individual Health - Specified Disease - Limited Benefit	SERFF Status: Assigned	State Tr Num:
Sub-TOI: H07I.001 Critical Illness	Co Tr Num:	State Status:
Filing Type: Rate		Reviewer(s): Monica Myers, Carolyn King
	Author: Lindsay Wendlandt	Disposition Date:
	Date Submitted: 12/06/2011	Disposition Status:
Implementation Date Requested: 04/01/2012		Implementation Date:
State Filing Description:		

General Information

Project Name:	Status of Filing in Domicile: Pending
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments: Filing in domicile state submitted 12/1/2011
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact: 19%	Filing Status Changed: 01/18/2012
	State Status Changed:
Deemer Date:	Created By: Lindsay Wendlandt
Submitted By: Lindsay Wendlandt	Corresponding Filing Tracking Number:
Filing Description:	

This filing is for a rate increase for the Critical Illness Policy form number 70620 and 70622. This is the first rate change for this policy. This change is for new business issued on or after 4/1/2012 or as soon as system modifications are available. Current in force business will not be impacted by this change.

There are two modifications to the rates. The current premiums are set up in 10 year age bands. The first change is to break these age bands into 5 year age bands. This results in a decrease for the first 5 years of the 10 age band and an increase for the last 5 years of the 10 year age band.

The second change is to add a flat \$30 to each policy. This change is being added to ensure expense coverage at all face amounts.

SERFF Tracking Number: HUMA-127851210 State: District of Columbia
Filing Company: Kanawha Insurance Company State Tracking Number:
Company Tracking Number:
TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.001 Critical Illness
Limited Benefit
Product Name: Critical Illness
Project Name/Number: /

Company and Contact

Filing Contact Information

Lindsay Wendlandt, Associate Actuary
1100 Employers Blvd
Green Bay, WI 54344

lwendlandt@humana.com
920-337-8572 [Phone]

Filing Company Information

Kanawha Insurance Company
210 South White Street
Lancaster, SC 29721
(800) 635-4252 ext. [Phone]

CoCode: 65110
Group Code: 119
Group Name:
FEIN Number: 57-0380426

State of Domicile: South Carolina
Company Type:
State ID Number:

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Kanawha Insurance Company	\$0.00		

SERFF Tracking Number:	HUMA-127851210	State:	District of Columbia
Filing Company:	Kanawha Insurance Company	State Tracking Number:	
Company Tracking Number:			
TOI:	H071 Individual Health - Specified Disease - Limited Benefit	Sub-TOI:	H071.001 Critical Illness
Product Name:	Critical Illness		
Project Name/Number:	/		

Rate Information

Rate data applies to filing.

Filing Method:	SERFF
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	SERFF

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Kanawha Insurance Company	%	%				%	%

SERFF Tracking Number: HUMA-127851210 State: District of Columbia

Filing Company: Kanawha Insurance Company State Tracking Number:

Company Tracking Number:

TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.001 Critical Illness
Limited Benefit

Product Name: Critical Illness

Project Name/Number: /

Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Critical Illness 20111201_rates	70620, 70622	New		Critical Illness 20111201_rates. pdf

Exhibit 1

Annual Premium Per \$1,000

Issue Age	All Conditions				All conditions Except Cancer			
	Non-Smoker		Smoker		Non-Smoker		Smoker	
	Base	ROP	Base	ROP	Base	ROP	Base	ROP
18-24	5.88	29.21	9.74	48.79	3.85	19.26	6.95	34.66
25-29	7.32	36.33	12.11	60.69	4.79	23.96	8.65	43.12
30-34	9.95	36.85	18.01	66.59	6.60	24.39	11.83	43.97
35-39	12.87	47.69	23.30	86.17	8.54	31.57	15.31	56.91
40-44	20.42	40.84	36.42	72.74	12.84	25.69	22.95	45.79
45-49	26.19	52.39	46.72	93.30	16.47	32.95	29.43	58.73
50-54	36.94	51.72	65.50	91.63	22.16	30.99	39.26	55.02
55-59	43.55	60.97	77.22	108.03	26.13	36.53	46.28	64.87
60-64	50.40	65.52	89.16	115.80	31.32	40.68	53.52	69.48
65-69	56.64	68.88	102.84	125.04	33.96	41.40	61.68	75.00
Children Rider	3.12	6.24	3.12	6.24	2.16	4.32	2.16	4.32

Issue Age	Cancer Only			
	Non-Smoker		Smoker	
	Base	ROP	Base	ROP
18-24	4.07	20.44	6.85	34.02
25-29	5.06	25.42	8.52	42.32
30-34	5.13	19.05	9.32	34.45
35-39	6.64	24.66	12.06	44.58
40-44	9.26	18.63	16.53	33.05
45-49	11.88	23.90	21.20	42.40
50-54	16.54	23.16	29.44	41.13
55-59	19.50	27.30	34.71	48.49
60-64	23.52	30.60	45.60	59.28
65-69	27.00	32.88	52.80	64.32
Children Rider	2.28	4.56	2.28	4.56

Issue Age	50% Other Conditions Option							
	All Conditions				All conditions Except Cancer			
	Non-Smoker		Smoker		Non-Smoker		Smoker	
	Base	ROP	Base	ROP	Base	ROP	Base	ROP
18-24	5.56	27.82	9.31	46.33	3.64	17.97	6.42	32.20
25-29	6.92	34.60	11.58	57.63	4.53	22.36	7.99	40.06
30-34	9.53	35.07	17.07	63.24	6.18	22.61	11.10	40.83
35-39	12.33	45.39	22.08	81.84	7.99	29.27	14.36	52.84
40-44	19.37	38.84	34.53	69.16	12.00	23.90	21.37	42.63
45-49	24.84	49.82	44.29	88.71	15.39	30.65	27.41	54.68
50-54	35.07	49.18	62.19	87.11	20.62	28.89	36.50	51.17
55-59	41.34	57.98	73.32	102.70	24.31	34.06	43.03	60.32
60-64	47.88	62.28	84.60	110.04	29.16	37.80	49.68	64.68
65-69	53.76	65.52	97.68	118.80	31.56	38.40	57.36	69.84
Children Rider	3.00	5.88	3.00	5.88	2.04	4.08	2.04	4.08

Premium rates for Family Coverage are appropriate combinations of the annual premium rates above.

A \$30 flat amount per policy will be added to these rates.

SERFF Tracking Number: HUMA-127851210 State: District of Columbia
Filing Company: Kanawha Insurance Company State Tracking Number:
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TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.001 Critical Illness
Limited Benefit
Product Name: Critical Illness
Project Name/Number: /

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Actuarial Justification		
Comments:		
Attachments:		
Critical Illness 20111201_memo.pdf		
CI Exhibits 20111201_exhibit.pdf		

Kanawha Insurance Company

Actuarial Memorandum

Critical Illness Policy Form 70620

A. Scope and Purpose of Filing

This filing is for a re-pricing of Critical Illness Policy form number 70620. This product was originally priced by an outside consultant. The assumptions used for expenses and the distribution of business have not materialized and a change is warranted to meet the desired financial outcomes. This filing is for new business going forward. Current premiums will not be affected by this change. This change represents a higher premium than currently exists. The changes are so significant that we believe it would be less disruptive if these changes are not applied to the current block of business.

B. Benefit Description

This policy is an individually underwritten critical illness policy that provides a lump sum benefit for certain critical illness conditions. The conditions are categorized in the following Benefit Groups.

Benefit Group 1 – Vascular Conditions:

- Heart Attack
- Stroke
- Heart Transplant
- Coronary Artery Bypass Surgery

Benefit Group 2 – Cancer Conditions:

- Invasive Cancer
- Malignant Melanoma
- Carcinoma in Situ

Benefit Group 3 – Other Conditions:

- Major Organ Transplant (Other than Heart)
- End Stage Renal Failure
- Loss of Vision or Speech (Other than Cancer)
- Coma
- Permanent Paralysis due to Accidental Injury

Coronary Artery Bypass Surgery and Carcinoma in Situ are payable at 25% of the face amount of the insured. These benefits reduce the remaining face amount payable in each respective group. The face amount of the policy reduces by half at the policy anniversary at attained age 70 and thereafter. The policyholder has the option at issue of selecting Benefit Group 3 that is payable at 50% or 100% of the face amount.

A policyholder can select the following combinations of Benefit Groups:

Benefit Groups 1,2 and 3,
Benefit Groups 1 and 3, or
Benefit Group 2 only.

If there is more than one group, the benefit is payable for the first occurrence of a condition within each of the Benefit Groups. The policy will terminate once benefits are paid for 100% of the face amount within each of the Benefit Group. No benefit is payable if the condition occurred during the first thirty day period beginning on the date of issue.

An optional rider (Form 70622) will return total premiums paid at the end of every twenty year policy period, provided that no benefit has been paid. Once a critical illness benefit has been paid, the rider terminates and premium payment for the rider ceases.

C. Renewability Clause

This form is guaranteed renewable for life, subject to the timely payment of premiums. Premiums may be changed on a class basis.

D. Applicability

This policy is available to any insured in the issue age range, subject to underwriting.

E. History of Past Rate Increases

No rate increases have been implemented in the past.

F. Past Experience

At this time there is not enough claims experience. However the distribution of current business sold does not reflect the assumptions of business sold. These differences in distribution are causing deviations in the anticipated lifetime loss ratio that was originally assumed. These rate changes will return the plan, with the new assumptions, to the original anticipated lifetime loss ratio.

G. Assumptions

1. Morbidity

Expected annual incidence rates were developed by Bob Yee of Strategic Health Management Corporation as defined in the original product filing. Annual incidence rates were developed using the general US population data and used the following major sources of expected rates:

Vascular

- Cardiovascular diseases from 1980-2003 Farmington Heart Study
- Coronary Artery Bypass Surgeries from American Heart Association 2009 Statistical Update

Cancer

- CDC Us Cancer Statistics Data 1999-2004 by major site and age group
- Estimates of Stage 1 incidence, Stage 2+ incidence and trends by major site from National Cancer Institute, Surveillance Epidemiology and End Results (SEER) Statistics Fact Sheets

Renal Failure

- US Renal Data Systems 2009 Annual Report

Organ Transplant

- Transplants performed by type and by age group from report of Organ Procurement and Transplantation Network 1988-2008

Expected incidence rates are gender-distinct and estimated for smokers and non-smokers. Expected annual claim costs are the expected annual incidence rates times the specific benefit amounts.

2. Mortality

Mortality was based on the 1990-1995 select and ultimate gender-distinct table, age last birthday.

3. Interest

The lifetime loss ratio calculation and the pricing assume an interest rate of 4%.

4. Voluntary Lapses

The following assumed voluntary lapse rates are based on company experience for similar plans:

Policy Year	Policy without Return of Premium Option	Policy with Return of Premium Option
1	25%	10%
2	15%	8%
3	12%	6%
4	11%	4%
5	10%	2%
6	9%	2%
7	8%	1%
8	7%	0%
9	6%	0%
10+	5%	0%

5. Commissions

Based on existing sales by different commission levels, we are anticipating more sales at a lower level. The new assumptions for commissions reflect the new level of commissions.

Policy Year	Original Assumption	New Assumption
1	70%	63%
2-10	10%	7.5%
11+	5%	2.5%

6. Other Expenses

New expenses are now being utilized that reflect more realistic assumptions. Since the product was initially priced by an outside consultant, high level expense assumptions were made that do not reflect actual expenses. Expenses have been revised to reflect more realistic assumptions. Premiums include an 8% of claims for claim administrative expenses for all years. General administrative expenses in the first-year are \$37 per policy and 16% of

first-year premium. General administrative expenses for all other years are \$13 per policy and 8% of premium.

7. Trend

Claim trend has not been assumed in the pricing of this product.

8. Distribution of Business

The original priced for mix of business has not materialized with the actual sales. The average issue age has been lower than originally expected at 41 versus the original assumption of 51. The average face amount of policies sold is significantly less than originally assumed. The originally assumed an average face amount was \$30,000. Based on actual sales the average face amount has been \$12,000. These lower issue ages and the lower face amounts are not providing adequate coverage for expenses. An additional \$30 per policy per year is being added to ensure adequate expense coverage.

Premium rates were originally set in ten year age bands with claim assumptions set in five year age bands. The result is higher loss ratios in the last five years of the ten year age band. Actual sales have been higher than expected in the last five years driving up the overall loss ratio. To correct this problem, the age band have been reduced to five year age bands to align the premiums with the claim assumptions.

Below is the distribution of business by issue age for the both the original and the new assumptions:

Issue Age	Original Assumption	New Assumption
18-24	2.0%	9.6%
25-29	3.0%	13.4%
30-34	6.0%	11.2%
35-39	9.0%	12.2%
40-44	12.5%	10.3%
45-49	12.5%	13.3%
50-54	12.5%	10.5%
55-59	12.5%	11.2%
60-64	15.0%	6.4%
65-69	15.0%	1.9%

H. Underwriting

Underwriting will be based on a simplified application form and underwriting tools including MIB, prescription drug information, medical records, paramedical examination, etc. Applications will be accepted or rejected with no substandard rating.

I. Marketing

This policy will be marketed through varies channels including career agents, independent agents and direct to consumer marketing.

J. Premium

Premiums are level and payable for life. Premiums vary by issue age group, face amount, tobacco use, Benefit Group combination, Benefit Group 3 benefit amount, and family member group. Family member groups are:

Primary Insured,
Primary Insured and Children,
Primary Insured and Spouse, and
Primary Insured, Spouse and Children.

There are no modal premium loads for premium payments more frequent than annual. Exhibit 1 contains the premium rates per \$1,000 face amount. A flat amount of \$30 is added to these rates to cover fixed expenses at all premium groupings.

K. Issue Ages

The issue age range is 18 through 69, age last birthday. Children of a primary insured are generally covered through age 18 as described in the contract.

Face amounts range from \$5,000 to \$100,000 in units of \$5,000. The Spouse's face amount generally equals the Primary Insured's face amount and cannot exceed the Primary Insured's face amount. Each Child's face amount is 20% of the Primary Insured's face amount but cannot exceed \$10,000.

L. Average Annual Premium

The average annual premium is \$375.

M. Active Life Reserves

The valuation basis is the two-year preliminary term method using 105% of pricing claim costs, the 1994 Group Annuity Mortality Table, a valuation interest rate of 4% for 2011, and pricing voluntary lapse rates. The resulting reserves adequately cover reasonable experience variances from pricing expected.

N. Anticipated Loss Ratio

The projected lifetime loss ratio is 58%. Exhibit 2 shows the annual loss ratios for a block of issued policies.

O. Data Reliance

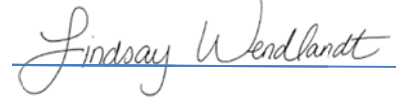
In preparing this filing, I have relied on historical data for similar forms provided by senior staff members at Kanawha as well as work done by the prior consultant in deriving expected claim experience. I have reviewed the data for reasonableness, but I have not audited the data in detail.

P. Actuarial Certification

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualifications standards for preparing health rate filings.

I certify that to the best of my knowledge the benefits as defined by the policy are reasonable in relation to the premiums. The lifetime loss ratio is based on projected results and is expected to

develop over time. This filing conforms to all applicable state laws and appropriate Standards of Practice as defined by the Actuarial Standards Board.

A handwritten signature in blue ink that reads "Lindsay Wendlandt". The signature is written in a cursive style and is positioned above a solid blue horizontal line.

Lindsay Wendlandt, ASA, MAAA
Associate Actuary, Humana Inc.

Exhibit 1

Annual Premium Per \$1,000

Issue Age	All Conditions				All conditions Except Cancer			
	Non-Smoker		Smoker		Non-Smoker		Smoker	
	Base	ROP	Base	ROP	Base	ROP	Base	ROP
18-24	5.88	29.21	9.74	48.79	3.85	19.26	6.95	34.66
25-29	7.32	36.33	12.11	60.69	4.79	23.96	8.65	43.12
30-34	9.95	36.85	18.01	66.59	6.60	24.39	11.83	43.97
35-39	12.87	47.69	23.30	86.17	8.54	31.57	15.31	56.91
40-44	20.42	40.84	36.42	72.74	12.84	25.69	22.95	45.79
45-49	26.19	52.39	46.72	93.30	16.47	32.95	29.43	58.73
50-54	36.94	51.72	65.50	91.63	22.16	30.99	39.26	55.02
55-59	43.55	60.97	77.22	108.03	26.13	36.53	46.28	64.87
60-64	50.40	65.52	89.16	115.80	31.32	40.68	53.52	69.48
65-69	56.64	68.88	102.84	125.04	33.96	41.40	61.68	75.00
Children Rider	3.12	6.24	3.12	6.24	2.16	4.32	2.16	4.32

Issue Age	Cancer Only			
	Non-Smoker		Smoker	
	Base	ROP	Base	ROP
18-24	4.07	20.44	6.85	34.02
25-29	5.06	25.42	8.52	42.32
30-34	5.13	19.05	9.32	34.45
35-39	6.64	24.66	12.06	44.58
40-44	9.26	18.63	16.53	33.05
45-49	11.88	23.90	21.20	42.40
50-54	16.54	23.16	29.44	41.13
55-59	19.50	27.30	34.71	48.49
60-64	23.52	30.60	45.60	59.28
65-69	27.00	32.88	52.80	64.32
Children Rider	2.28	4.56	2.28	4.56

Issue Age	All Conditions				All conditions Except Cancer			
	Non-Smoker		Smoker		Non-Smoker		Smoker	
	Base	ROP	Base	ROP	Base	ROP	Base	ROP
18-24	5.56	27.82	9.31	46.33	3.64	17.97	6.42	32.20
25-29	6.92	34.60	11.58	57.63	4.53	22.36	7.99	40.06
30-34	9.53	35.07	17.07	63.24	6.18	22.61	11.10	40.83
35-39	12.33	45.39	22.08	81.84	7.99	29.27	14.36	52.84
40-44	19.37	38.84	34.53	69.16	12.00	23.90	21.37	42.63
45-49	24.84	49.82	44.29	88.71	15.39	30.65	27.41	54.68
50-54	35.07	49.18	62.19	87.11	20.62	28.89	36.50	51.17
55-59	41.34	57.98	73.32	102.70	24.31	34.06	43.03	60.32
60-64	47.88	62.28	84.60	110.04	29.16	37.80	49.68	64.68
65-69	53.76	65.52	97.68	118.80	31.56	38.40	57.36	69.84
Children Rider	3.00	5.88	3.00	5.88	2.04	4.08	2.04	4.08

Premium rates for Family Coverage are appropriate combinations of the annual premium rates above.

A \$30 flat amount per policy will be added to these rates.

Exhibit 2

Expected Durational Loss Ratios
(\$000 Omitted)

Average Issued Face Amount

Policy Year	Incurred Claims	Earned Premium	Loss Ratio	Policy Year	Incurred Claims	Earned Premium	Loss Ratio
1	\$61	\$289	21%	26	\$44	\$43	102%
2	\$56	\$231	24%	27	\$43	\$40	108%
3	\$56	\$200	28%	28	\$42	\$37	113%
4	\$55	\$178	31%	29	\$38	\$34	109%
5	\$57	\$160	35%	30	\$37	\$32	115%
6	\$60	\$145	41%	31	\$36	\$29	123%
7	\$63	\$133	47%	32	\$35	\$27	129%
8	\$66	\$124	53%	33	\$34	\$25	136%
9	\$63	\$116	54%	34	\$29	\$23	126%
10	\$67	\$110	61%	35	\$28	\$21	132%
11	\$69	\$104	66%	36	\$27	\$19	141%
12	\$69	\$99	70%	37	\$26	\$18	148%
13	\$70	\$94	74%	38	\$25	\$16	155%
14	\$61	\$89	68%	39	\$22	\$15	146%
15	\$61	\$85	73%	40	\$104	\$14	759%
16	\$63	\$80	79%	41	\$32	\$12	257%
17	\$63	\$76	83%	42	\$19	\$11	168%
18	\$63	\$71	88%	43	\$18	\$10	176%
19	\$57	\$67	85%	44	\$14	\$10	151%
20	\$221	\$63	348%	45	\$14	\$9	156%
21	\$122	\$60	205%	46	\$13	\$8	162%
22	\$53	\$56	95%	47	\$12	\$7	167%
23	\$53	\$53	100%	48	\$11	\$7	173%
24	\$45	\$49	91%	49	\$9	\$6	152%
25	\$44	\$46	96%	50	\$8	\$5	155%
Present Value @ 4%					\$1,236	\$2,121	58%