

SERFF Tracking Number: MCHX-G128352160 State: District of Columbia
 Filing Company: 4 Ever Life Insurance Company State Tracking Number:
 Company Tracking Number: FORM 28.1322
 TOI: H04 Health - Blanket Accident /Sickness Sub-TOI: H04.001 Student
 Product Name: Form 28.1322 Blanket Student Study Abroad Accident
 Project Name/Number: Form 28.1322 Blanket Student Study Abroad Accident & Sickness - 4 Ever Life Insurance Company /Form 28.1322 Blanket Student Study Abroad Accident & Sickness - 4 Ever Life Insurance Company

Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: %
Overall Percentage of Last Rate Revision: %
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change:	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):
4 Ever Life Insurance Company	New Product	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Rate Review Details

COMPANY:

Company Name:	4 Ever Life Insurance Company
HHS Issuer Id:	00000
Product Names:	Blanket Short Term Student Accident and Sickness
Trend Factors:	

FORMS:

New Policy Forms:	Form 28.1322 et al
Affected Forms:	
Other Affected Forms:	

REQUESTED RATE CHANGE

INFORMATION:

Change Period:	Other
Member Months:	0
Benefit Change:	None
Percent Change Requested:	Min: Max: Avg:

PRIOR RATE:

Total Earned Premium:	0.00
Total Incurred Claims:	0.00
Annual \$:	Min: Max: Avg:

REQUESTED RATE:

Projected Earned Premium:	0.00
Projected Incurred Claims:	0.00

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Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

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Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Outbound Rates	Form 28.1322 et al	New		DC HTH-4EL Study Abroad Act Memo RATES.PDF

4 Ever Life Insurance Company
ACTUARIAL MEMORANDUM

Blanket Student Accident and Sickness Policy - Study Abroad

BASE RATE	\$21.00
Monthly Factor	1.000
Weekly Factor = Monthly times	0.257
Daily Factor = Weekly times	0.145

ADJUSTMENT FACTORS AND RATE DETERMINATION:

Retention Factors by Group Size

Number of Participants		Retention %	
From	To	From	To
1	200	0.55	0.55
201	300	0.49	0.52
301	450	0.46	0.49
451	600	0.42	0.45
601	750	0.39	0.42
751	1000	0.35	0.38
1001	or more	0.30	0.35

UNDERWRITERS DISCRETION

Rates may increase or decrease by: 20%

Changing the Lifetime Maximums (000's) Per Accident or Illness - Same Plan Design

FROM	TO-->	\$25	50	100	150	200	250	300	350	400	450	500	1000
\$25		0	0.06	0.09	0.11	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.22
50		-0.06	0	0.03	0.05	0.07	0.08	0.09	0.10	0.11	0.14	0.15	0.18
100		-0.09	-0.03	0	0.02	0.04	0.05	0.06	0.07	0.08	0.11	0.12	0.15
150		-0.11	-0.05	-0.02	0	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.11
200		-0.13	-0.07	-0.04	-0.02	0	0.01	0.02	0.03	0.04	0.05	0.06	0.09
250		-0.14	-0.08	-0.05	-0.03	-0.01	0	0.01	0.02	0.03	0.04	0.05	0.08
300		-0.15	-0.09	-0.06	-0.04	-0.02	-0.01	0	0.01	0.02	0.03	0.04	0.07
350		-0.16	-0.10	-0.07	-0.05	-0.03	-0.02	-0.01	0	0.01	0.02	0.03	0.06
400		-0.17	-0.11	-0.08	-0.06	-0.04	-0.03	-0.02	-0.01	0	0.01	0.02	0.05
450		-0.18	-0.12	-0.09	-0.07	-0.05	-0.04	-0.03	-0.02	-0.01	0	0.01	0.04
500		-0.19	-0.13	-0.10	-0.08	-0.06	-0.05	-0.04	-0.03	-0.02	-0.01	0	0.03
1000		-0.22	-0.16	-0.13	-0.11	-0.09	-0.08	-0.07	-0.06	-0.05	-0.04	-0.03	0

Changing Deductibles per Accident or Illness

FROM	TO-->	\$0	25	50	100	200	500	1000
\$0		0	-0.04	-0.07	-0.12	-0.2	-0.32	-0.44
25		0.04	0	-0.03	-0.08	-0.16	-0.28	-0.40
50		0.07	0.03	0	-0.05	-0.13	-0.25	-0.37
100		0.12	0.08	0.05	0	-0.08	-0.20	-0.32
200		0.20	0.16	0.13	0.08	0	-0.12	-0.24
500		0.32	0.28	0.25	0.20	0.12	0	-0.12
1000		0.44	0.40	0.37	0.32	0.24	0.12	0

Changing Coinsurance (amounts between are interpolated)

100%	1.000
90%	0.125
80%	0.250
70%	0.350
60%	0.300

Specific Benefit Adjustments

Evacuation Benefit

\$10,000	-0.0156
15,000	-0.0137
20,000	-0.0117
25,000	-0.0098
30,000	-0.0078
50,000	-0.0039
75,000	-0.0020
100,000	0.0000
250,000	0.0117
500,000	0.0234

Repatriation Benefit

\$7,500	-0.0054
10,000	-0.0041
15,000	-0.0027
20,000	-0.0014
25,000	0.0000
30,000	0.0014
35,000	0.0027
500,000	0.0068
1,000,000	0.0150

Prescription Drugs

	HealthSelect	Platinum
Standard 50% to 80%	0.005	0.015
Standard 50% to 100%	0.015	0.040

Dental Benefit

Injury to a sound natural tooth	0.0015 Per \$250 Change
Alleviation of dental pain	0.0025 Per \$250 Change

Bedside Visit Benefit

One Person Air & Hotel	0.0025 Per \$500 Change
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Mental Health Benefit

Outpatient Services	0.0035 Per \$500 Change
Inpatient \$2,500 to \$5,000	0.0250
Inpatient \$5,000 to \$10,000	0.0150
Inpatient \$10,000 to \$25,000	0.0100

Mental Health Parity Benefit

Plan Max	\$100,000	0.075 Per \$500 Change
Plan Max	250,000	0.100
Plan Max	500,000	0.120

Area Factors - None

**Average Age and Tier Factors - For large groups a composite may be calculated
The number of subscribers age 60 or over is expected to be only 2-3%**

From	Thru	Partic Factor	Spouse	Child	Children
0	59	0.950	3	1.5	3
60	100	2.845	3	0.5	3
0	100	1.000	3	1.5	3

Experience Rating Methodology

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

Number of Participants		Range of Credibility	
From	To	Low	High
101	110	0%	20%
111	143	0%	25%
144	200	0%	30%
201	300	10%	40%
301	450	20%	50%
451	600	30%	60%
601	750	40%	75%
751	1000	50%	90%
1001	or more	60%	100%

SAMPLE RATE CALCULATION - 250 participant Group Contract Effective July 1, 2011, Monthly Rates

1. times 2. times [1.00 + 3. + 4. + 5. + 6. + 7.] divided by 8.

		HealthSelect		HealthSelect Platinum	
1. Base Rate		\$21.00	\$100k Plan	\$21.00	\$100k Plan
2. Trend From 7/1/2011 at 12% Annual Trend to Start of Contract Period		1.000	July 1 contract, no trend factor	1.000	July 1 contract, no trend factor
3. Lifetime Maximums (000's) Factor		0	\$100k, no change	0.05	\$250k
4. Deductible Factor		0	\$0 deductible assumed in base rate	0	\$0 deductible assumed in base rate
5. Coinsurance Factor		0	100% assumed in base rate	0	100% assumed in base rate
6. Specific Benefit Adjustments		0	None	0.0285	Change M&N for inpatient from \$2,500 to \$5,000; outpatient from \$500 to \$1,000
7. Underwriters Discretion		0.00	Assumed base rate	0.00	Assumed base rate
8. Target Loss Ratio (equals 1.00 - retention)		0.50	Calc	0.5	Calc
9. Participant Rate = 1. times 2. times [1.00 + 3. + 4. + 5. + 6. + 7.] divided by 8.		\$42.00		\$45.30	
10. Age Factor (or weighted age factor) if age categories		1.000	No Age Categories, rate applies to all ages	1.000	
11. Modal Rate if rates are weekly or daily		1.000	No Modal factor, rates are monthly	1.000	
A. Participant Rate Round up or down to cents ending in "5" (or "0")		\$42.00		\$45.50	12A. Participants Enrolled
B. Spouse Factor with/without Rounding	3.0	\$126.00		\$136.50	12B. Spouse Enrolled
C. Child Factor with/without Rounding	1.5	\$63.00		\$68.25	12C. Child Enrolled
D. Children Factor with/without Rounding	3.0	\$126.00		\$136.50	12D. Children Enrolled
12A. Participants Enrolled		250	Assumed size of participant group		
12B. Spouse Enrolled		4	This enrollment is usually less than 2% of participant enrollment		
12C. Child Enrolled		3	This enrollment is usually less than 2% of participant enrollment		
12D. Children Enrolled		3	This enrollment is usually less than 2% of participant enrollment		

Experience Rated (optional)

1.) Annual Premium based on Manual	\$138,852
2.) Annualized Incurred Claims Trended to Midpoint of Rating Period	\$50,000
3.) Target Loss Ratio	0.50
4) Annual Premium based on Experience (2 divided by 3)	\$100,000
5) Credibility Assumed	40%
6) Annual Premium Required = 5.*4. + (1.00 - 5.)*1.	\$123,311

Final Rates = Ratio 6. to 1. times 12A through 12D times Modal Factor

Ratio of Required Premium to Manual Premium	0.8881	Item 6. divided by Item 1.
Modal Factor	1.00000	No Modal factor, rates are monthly
Participant Rate	\$37.30	
Spouse Rate	\$111.90	
Child Rate	\$55.95	
Children Rate	\$111.90	

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Actuarial Justification		
Comments:		
Attachment: DC Study_Abroad_actuarial_memorandum.PDF		

	Item Status:	Status Date:
Bypassed - Item: Rate Summary Worksheet		
Bypass Reason: N/A		
Comments:		

	Item Status:	Status Date:
Bypassed - Item: Consumer Disclosure Form		
Bypass Reason: N/A		
Comments:		

	Item Status:	Status Date:
Satisfied - Item: Authorization Letter		
Comments:		
Attachment: 4 Ever Life 2012 MCR Authorization Letter.PDF		

BCS Insurance Company (BCS)

**ACTUARIAL MEMORANDUM – WASHINGTON, DC
Blanket Student Accident and Sickness Policy**

“Private, Confidential and Proprietary Information – Do Not Distribute”

Form Numbers Policy Forms Student Study Abroad Policy 28.1322, Student Study Abroad Certificate 28.1323, Student Study Abroad Application 28.1321 and Student Study Abroad Enrollment Form 28.1324. Blanket Insurance policy providing student accident and sickness insurance, Non-participating - Dividends are not payable.

I. Statement of Purpose of Filing - This Actuarial Memorandum has been prepared for the purpose of demonstrating the reasonableness of the proposed rate levels.

II. Description of Benefits - The policy represents a basic medical plan with several deductible and maximum options.

In addition, the plans may be adjusted for several other factors and benefits as seen in the attached EXCEL worksheet of the accompanying documents.

III. Renewability - There is no renewability. The Policy will continue in force while the required premiums are paid until the Policy End Date or the Policy is terminated by either the Policyholder or by the Insurer.

IV. Applicability - The policy and corresponding rates apply to the writing of new business.

V. Morbidity - Claims costs are based on the experience of similar student accident and sickness plans. The methodology used to calculate premiums is shown in the attached EXCEL worksheet.

VI. Mortality - Not applicable

VII. Persistency - Not applicable. One year term insurance.

VIII. Percentage of Premium Expenses – The average is assumed to be 50%. However, the retention does vary by the size of the group as shown in the attached EXCEL worksheet. The average length of these policies is about 3 months and covers students in over 150 countries.

Administrative Expense	36.0%
Agent Compensation	6.0%
Premium Taxes	2.0%
Profit Margin	6.0%
Total	50.0%

IX. Marketing Method - Marketing will be through brokers and direct solicitation to schools, universities and study abroad programs. We expect approximately 50% of premium will be attributed to direct sales and 50% from brokers/agents.

X. Underwriting Method - The coverage is Guaranteed Issue. The policies may be experience rated. The method is shown in the attached EXCEL worksheet. There is no minimum size group.

XI. Premium Classes - Not applicable. There are no premium classes.

XII. Premium Tiers – Although about 98% of this business is single, students with spouses and children coverage is sometimes made available on a voluntary basis. Since the participant can elect coverage at will with no pre-existing conditions, the tier factor for a spouse is 3.0 to absorb the anti-selection. The tier factor for a child is .5 and 3.0 for children. If a large number of spouses join or other anti-selection occurs, an underwriting discretion factor may be applied.

XIII. Issue Age Range - Issue age ranges may be used, or a composite rate based on the age factors shown in the attached EXCEL worksheet. Age range selection is at the discretion of group.

XIV. Area Factors – No area factors are used.

XV. Average Monthly Premium – For the HealthSelect Overseas plan the monthly base rate is \$21.00. The Base plan has no deductible, coinsurance at 100% including prescription drugs, no copays and no exclusion for pre-existing conditions and a \$100,000 maximum benefit.

The final premium rate equals the Base Rate trended times the following: 1.00 plus the adjustment factors for any difference in lifetime maximum, deductible, coinsurance and other adjustments. That result is divided by the target loss ratio which is 1.00 minus the retention, i.e., the percentage of premium expenses. Finally, tier factors, age factors and modal factors are applied and the result rounded.

XVI. Premium Modalization Rules – Weekly rates are calculated by taking .257 times the monthly rate, Daily rates are .145 times the weekly rate.

XVII. Claim Liability and Reserves - Standard industry reserving methods for one year term insurance

XVIII. Active Live Reserves - Not applicable

XIX. Trend - 12% annual trend. Rates are trended from July 1, 2011. This factor will not be applied until this filing is approved and only for future rate calculations.

XX. Minimum Loss Ratio - N/A

XXI. Anticipated Loss Ratio- 50%. This policy requires special consideration in regard to minimum loss ratios. Given the guarantee issue with no restriction on benefits, these policies can exhibit extreme claims experience if a single large claim occurs as well as significantly higher month-to-month claim fluctuations. Monthly claims may vary significantly from average claims over a 12-month period. Also, 100% of the business will be students studying abroad that will require significantly higher administrative expenses requiring hiring customer service foreign language speakers and hiring translators to process claims. Finally, given the short term duration of the policies which results in a smaller premium per certificate holder, expenses would normally be a higher percentage of premium than standard accident and sickness policies. We estimate the loss ratio differential due to higher expenses, unanticipated losses due to higher random fluctuations and smaller premium size to be in the range of 20% to 30%. A lower loss ratio may be used since this plan is most often offered as a convenience to current groups that cover their resident students whereas this plan would have very little premium volume.

XXII. Distribution – N/A - New policy.

XXIII. Number of Covered Lives, Experience and Rate Adjustments – N/A - New Policy.

XXIV. Contingency and Risk Margins – Margins are built into the 6.0% profit margin found in section VIII above.

XXV. Lifetime Loss Ratio - The anticipated lifetime loss ratio is 50%.

XXVI. Proposed Effective Date – The later of May 1, 2011 or upon policy approval.

I, Alan Y. Weiner, am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify to the best of my knowledge and judgment, this Actuarial Memorandum and the entire rate filing is in compliance with the applicable laws of the State and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8 “Regulatory Filings for Rates and Financial Projections for Health Plans,” as adopted by the Actuarial Standards Board, and that the benefits provided are reasonable in relation to the proposed premiums based on the standards described above.



Alan Y. Weiner, ASA, MAAA
Actuarial Consultant
ABI, Inc.
3204 18th Street, NW
Washington, DC 20010
202-986-9590
June 22, 2011



Date: January 4, 2012

To: State Insurance Department

From: Linda H. Hickok, Vice President, Compliance
4 Ever Life Insurance Company

Subject: Filing Authorization for McHugh Consulting Resources, Inc.

This is to inform you that McHugh Consulting Resources, Inc., of 2005 S. Easton Road, Suite 207, Doylestown, Pennsylvania 18901, has been retained to act on our behalf as indicated herein.

McHugh Consulting Resources, Inc. is hereby empowered to act on behalf of 4 Ever Life Insurance Company in any governmental jurisdiction of the United States in matters regarding the filing of insurance products, forms, rates, advertising materials, and any other materials incidental to the acceptance of such filing.

Your cooperation in working with McHugh Consulting Resources, Inc. is greatly appreciated. This authorization shall be effective until such time as we notify you otherwise.

Linda H. Hickok