

<i>SERFF Tracking Number:</i>	<i>MRKC-127663136</i>	<i>State:</i>	<i>District of Columbia</i>
<i>Filing Company:</i>	<i>Markel Insurance Company</i>	<i>State Tracking Number:</i>	
<i>Company Tracking Number:</i>	<i>MSTM200-DC (11/11)</i>		
<i>TOI:</i>	<i>H16G Group Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16G.004 Short Term</i>
<i>Product Name:</i>	<i>Short Term Medical Amendatory Endorsement</i>		
<i>Project Name/Number:</i>	<i>MSTM200-DC (11/11)/MSTM200-DC (11/11)</i>		

Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Rate Manual	MSTM100 et. al.	Revised	Previous State Filing Number: Percent Rate Change Request:	Markel STM RM - Med Pay 20110923.pdf

Markel Insurance Company

Rate Manual

Short Term Medical Form MSTM100

Effective November 1, 2011

Experience Rating Methodology

Partial credibility may be applied to a new program that has prior experience with a similar product or to an existing segment of the short-term medical block of business (such as business sold through multiple distribution sources).

To apply partial credibility, the historical claims experience would be trended, normalized, and loaded for expenses, using the pricing target loss ratio, to arrive at an indicated premium rate (PI).

The rate manual age, gender, plan, and zip code factors would be used to normalize the experience.

The indicated premium rate would be weighted with the manual premium rate (PM) based on the credibility factors (CF) below to produce a credibility weighted premium (PW).

$$PW = PI \times CF + PM \times (1 - CF)$$

Issued Policies	Credibility Factor
0-4,999	0%
5,000-9,999	15%
10,000-14,999	30%
15,000-19,999	45%
20,000-24,999	60%
25,000-29,999	70%
30,000-34,999	80%
35,000-39,999	90%
40,000 and up	100%



Markel Insurance Company

Rate Manual

Short Term Medical Form MSTM100

Effective November 1, 2011

Premium Rate Algorithm			
Step 1.	Payment option	Single Payment	Monthly Payment
Step 2.	Daily Adult Rate Applicant Spouse Subtotal	+ =	Table 1
Step 3.	Daily Child Rate Per child rate Number of children Subtotal	x =	Table 1
Step 4.	Subtotal Daily Rate	=	Step 2 + Step 3
Step 5.	Intensive Care Adjustment	x	Table 2
Step 6.	Plan Option Adjustment	x	Table 3
Step 7.	Zip Code Factor	x	Table 4
Step 8.	Medical and Experience Trend Factor	x	Table 5
Step 9.	Payment Option Factor	x	1.0 1.2
Step 10.	Number of Days of Coverage Single - 30-185 days Monthly - actual number of days in each month	x	
Step 11.	Total Premium Before Fees	=	Step 4 x Step 5 x Step 6 x Step 7 x (1 + Step 8) x Step 9 x Step 10



Markel Insurance Company

Rate Manual

Short Term Medical Form MSTM100

Effective November 1, 2011

Table 1 - Base Daily Rates		
Age	Male	Female
00-24	1.54	1.73
25-29	1.64	2.04
30-34	1.73	2.35
35-39	2.20	2.75
40-44	2.60	2.99
45-49	3.06	3.51
50-54	4.60	4.31
55-59	6.33	5.36
60-64	9.08	6.40
Per Child	0.90	0.90

Table 2 - Intensive Care Limit Adjustment Factors	
Multiple of Average Semi-Private Room Rate	Adjustment Factor
1	0.97
2	0.98
3	1.00



Markel Insurance Company

Rate Manual

Short Term Medical Form MSTM100

Effective November 1, 2011

Table 3 - Plan Option Adjustment Factors							
A. 100% of Medicare Payment Levels							
Deductible per Coverage Period							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.124	1.066	0.921	0.672
90%	3.220	1.975	1.506	1.046	1.012	0.871	0.647
80%	2.863	1.772	1.332	0.950	0.892	0.776	0.581
70%	2.577	1.593	1.207	0.855	0.801	0.705	0.515
60%	2.353	1.456	1.104	0.780	0.747	0.635	0.469
50%	2.129	1.328	1.004	0.705	0.676	0.585	0.427
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.257	1.174	1.029	0.755
90%	3.577	2.203	1.664	1.178	1.120	0.954	0.705
80%	3.183	1.954	1.490	1.058	1.000	0.859	0.639
70%	2.859	1.772	1.340	0.959	0.905	0.788	0.577
60%	2.631	1.614	1.232	0.863	0.809	0.718	0.531
50%	2.373	1.456	1.108	0.788	0.739	0.647	0.485
Deductible per Cause							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	0.971	0.913	0.772	0.552
90%	3.124	1.884	1.369	0.917	0.859	0.743	0.527
80%	2.801	1.680	1.224	0.842	0.768	0.651	0.461
70%	2.515	1.523	1.120	0.747	0.693	0.602	0.415
60%	2.290	1.390	1.017	0.693	0.643	0.552	0.394
50%	2.100	1.261	0.938	0.622	0.593	0.506	0.349
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.079	1.000	0.855	0.589
90%	3.448	2.066	1.527	1.025	0.946	0.805	0.564
80%	3.087	1.863	1.357	0.905	0.851	0.734	0.502
70%	2.797	1.680	1.228	0.830	0.780	0.664	0.456
60%	2.539	1.548	1.124	0.759	0.726	0.614	0.432
50%	2.311	1.390	1.046	0.705	0.656	0.564	0.386

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Short Term Medical Form MSTM100

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Table 3 - Plan Option Adjustment Factors							
B. 110% of Medicare Payment Levels							
Deductible per Coverage Period							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.191	1.129	0.979	0.718
90%	3.394	2.083	1.593	1.112	1.075	0.925	0.693
80%	3.021	1.871	1.411	1.008	0.950	0.826	0.622
70%	2.722	1.685	1.278	0.909	0.851	0.751	0.552
60%	2.485	1.544	1.174	0.830	0.797	0.680	0.506
50%	2.257	1.407	1.066	0.751	0.722	0.627	0.456
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.332	1.245	1.091	0.805
90%	3.768	2.328	1.759	1.249	1.187	1.017	0.755
80%	3.357	2.062	1.577	1.124	1.062	0.917	0.685
70%	3.017	1.871	1.419	1.021	0.963	0.842	0.618
60%	2.780	1.710	1.311	0.917	0.863	0.768	0.568
50%	2.515	1.548	1.178	0.842	0.788	0.693	0.523
Deductible per Cause							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.029	0.967	0.822	0.589
90%	3.290	1.988	1.448	0.971	0.913	0.788	0.560
80%	2.954	1.776	1.295	0.892	0.813	0.693	0.494
70%	2.656	1.614	1.187	0.793	0.739	0.643	0.448
60%	2.423	1.473	1.079	0.739	0.685	0.589	0.419
50%	2.224	1.340	0.996	0.664	0.635	0.539	0.373
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.145	1.062	0.913	0.631
90%	3.631	2.183	1.614	1.087	1.004	0.859	0.606
80%	3.257	1.967	1.436	0.963	0.905	0.784	0.535
70%	2.950	1.780	1.303	0.884	0.830	0.710	0.490
60%	2.685	1.639	1.195	0.805	0.776	0.656	0.465
50%	2.448	1.477	1.112	0.751	0.701	0.606	0.415

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Short Term Medical Form MSTM100

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Table 3 - Plan Option Adjustment Factors							
C. 120% of Medicare Payment Levels							
Deductible per Coverage Period							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.257	1.195	1.033	0.763
90%	3.560	2.191	1.676	1.170	1.137	0.979	0.734
80%	3.170	1.967	1.485	1.066	1.004	0.876	0.660
70%	2.859	1.772	1.349	0.959	0.900	0.797	0.589
60%	2.618	1.627	1.237	0.880	0.846	0.722	0.539
50%	2.378	1.485	1.124	0.797	0.768	0.668	0.490
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.402	1.315	1.154	0.855
90%	3.950	2.444	1.851	1.320	1.257	1.075	0.805
80%	3.523	2.170	1.660	1.187	1.124	0.971	0.730
70%	3.170	1.971	1.498	1.079	1.021	0.892	0.656
60%	2.925	1.801	1.382	0.971	0.917	0.813	0.606
50%	2.651	1.631	1.245	0.892	0.834	0.734	0.556
Deductible per Cause							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.083	1.021	0.867	0.627
90%	3.452	2.087	1.527	1.025	0.967	0.834	0.598
80%	3.100	1.867	1.361	0.946	0.863	0.734	0.523
70%	2.788	1.697	1.249	0.838	0.784	0.680	0.473
60%	2.548	1.552	1.141	0.784	0.726	0.627	0.448
50%	2.344	1.411	1.054	0.705	0.672	0.573	0.398
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.207	1.120	0.963	0.672
90%	3.809	2.290	1.701	1.149	1.062	0.909	0.643
80%	3.419	2.066	1.510	1.017	0.959	0.830	0.568
70%	3.104	1.871	1.373	0.934	0.876	0.751	0.519
60%	2.822	1.726	1.261	0.855	0.822	0.697	0.494
50%	2.581	1.556	1.174	0.797	0.743	0.643	0.444

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Rate Manual

Short Term Medical Form MSTM100

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Table 3 - Plan Option Adjustment Factors							
D. 130% of Medicare Payment Levels							
Deductible per Coverage Period							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.324	1.257	1.095	0.809
90%	3.730	2.299	1.763	1.237	1.199	1.037	0.780
80%	3.328	2.066	1.564	1.124	1.062	0.925	0.701
70%	3.004	1.863	1.423	1.012	0.954	0.846	0.627
60%	2.751	1.714	1.307	0.929	0.896	0.763	0.573
50%	2.506	1.564	1.191	0.842	0.813	0.705	0.519
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.477	1.386	1.220	0.909
90%	4.141	2.564	1.946	1.390	1.328	1.137	0.855
80%	3.697	2.278	1.747	1.253	1.191	1.029	0.776
70%	3.332	2.075	1.577	1.141	1.079	0.946	0.697
60%	3.079	1.896	1.461	1.029	0.971	0.863	0.643
50%	2.793	1.718	1.315	0.942	0.884	0.780	0.593
Deductible per Cause							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.141	1.079	0.917	0.664
90%	3.618	2.191	1.606	1.083	1.021	0.884	0.635
80%	3.253	1.959	1.436	0.996	0.913	0.776	0.556
70%	2.929	1.784	1.320	0.888	0.830	0.722	0.506
60%	2.680	1.635	1.203	0.830	0.772	0.664	0.477
50%	2.469	1.490	1.112	0.747	0.714	0.610	0.427
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.270	1.183	1.017	0.710
90%	3.992	2.407	1.788	1.212	1.120	0.959	0.685
80%	3.585	2.174	1.589	1.075	1.012	0.876	0.606
70%	3.257	1.967	1.448	0.988	0.929	0.797	0.552
60%	2.971	1.817	1.332	0.905	0.871	0.739	0.527
50%	2.718	1.643	1.241	0.842	0.788	0.685	0.473

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Table 3 - Plan Option Adjustment Factors							
E. 140% of Medicare Payment Levels							
Deductible per Coverage Period							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.390	1.324	1.154	0.855
90%	3.905	2.407	1.851	1.299	1.261	1.091	0.826
80%	3.485	2.166	1.643	1.183	1.120	0.979	0.743
70%	3.145	1.954	1.494	1.066	1.004	0.892	0.664
60%	2.888	1.801	1.373	0.979	0.946	0.805	0.606
50%	2.631	1.647	1.253	0.892	0.859	0.747	0.552
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.556	1.461	1.286	0.959
90%	4.332	2.689	2.041	1.465	1.398	1.199	0.905
80%	3.871	2.390	1.834	1.320	1.253	1.083	0.822
70%	3.494	2.174	1.656	1.199	1.137	0.996	0.739
60%	3.232	1.992	1.535	1.083	1.025	0.913	0.685
50%	2.934	1.809	1.386	0.996	0.938	0.826	0.627
Deductible per Cause							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.199	1.137	0.963	0.701
90%	3.788	2.295	1.685	1.137	1.075	0.934	0.672
80%	3.407	2.054	1.506	1.050	0.959	0.822	0.589
70%	3.071	1.871	1.386	0.934	0.871	0.759	0.535
60%	2.813	1.718	1.266	0.871	0.813	0.701	0.506
50%	2.593	1.564	1.174	0.788	0.755	0.643	0.452
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.336	1.245	1.071	0.751
90%	4.178	2.519	1.876	1.274	1.183	1.012	0.722
80%	3.755	2.278	1.672	1.129	1.066	0.925	0.643
70%	3.415	2.066	1.523	1.041	0.979	0.838	0.585
60%	3.116	1.909	1.398	0.954	0.917	0.780	0.556
50%	2.859	1.726	1.307	0.892	0.834	0.722	0.502

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Short Term Medical Form MSTM100

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Table 3 - Plan Option Adjustment Factors							
F. 150% of Medicare Payment Levels							
Deductible per Coverage Period							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.461	1.390	1.212	0.905
90%	4.075	2.519	1.938	1.365	1.328	1.149	0.871
80%	3.643	2.266	1.722	1.245	1.178	1.029	0.788
70%	3.295	2.050	1.568	1.124	1.058	0.942	0.701
60%	3.025	1.888	1.444	1.029	0.996	0.851	0.643
50%	2.759	1.730	1.320	0.938	0.905	0.793	0.585
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.631	1.531	1.353	1.012
90%	4.523	2.809	2.137	1.535	1.469	1.261	0.954
80%	4.046	2.498	1.925	1.386	1.320	1.141	0.867
70%	3.656	2.278	1.739	1.261	1.199	1.050	0.784
60%	3.386	2.087	1.614	1.141	1.079	0.963	0.722
50%	3.075	1.900	1.461	1.050	0.988	0.871	0.664
Deductible per Cause							
0-93 Days of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	1.257	1.191	1.012	0.739
90%	3.954	2.398	1.763	1.195	1.129	0.979	0.710
80%	3.560	2.149	1.581	1.104	1.008	0.863	0.622
70%	3.212	1.963	1.452	0.983	0.921	0.801	0.568
60%	2.946	1.801	1.328	0.921	0.859	0.743	0.535
50%	2.722	1.643	1.232	0.830	0.797	0.680	0.481
94 Days - 6 Months of Coverage							
Coinsurance	Deductible						
	\$ 250	\$ 500	\$ 1,000	\$ 2,000	\$ 2,500	\$ 3,000	\$ 5,000
100%	N/A	N/A	N/A	0.338	0.315	0.272	0.192
90%	1.051	0.635	0.474	0.322	0.299	0.257	0.184
80%	0.946	0.574	0.422	0.286	0.270	0.235	0.163
70%	0.861	0.521	0.385	0.264	0.248	0.213	0.150
60%	0.787	0.483	0.355	0.242	0.233	0.199	0.142
50%	0.722	0.437	0.331	0.226	0.212	0.184	0.128

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Short Term Medical Form MSTM100

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Table 4 - Zip Code Factors		
State	Zip	Adjustment Factor
Alabama	All	0.946
Alaska	All	0.978
Arizona	All	0.649
Arkansas	All	0.631
California	900-907, 918	1.681
California	908-917, 946-947	1.230
California	All others CA	1.108
Colorado	All	0.793
Connecticut	All	0.798
Delaware	All	0.826
District of Columbia	All	0.736
Florida	330-333, 340	1.362
Florida	All other Florida	1.015
Georgia	All	0.812
Hawaii	NA	1.233
Idaho	All	0.695
Illinois	600-605, 607	0.814
Illinois	606, 608	1.057
Illinois	All others	0.802
Indiana	464	0.924
Indiana	462-463, 465-466	0.686
Indiana	all others	0.588
Iowa	All	0.764
Kansas	All	0.636
Kentucky	402	0.972
Kentucky	Other	0.853
Louisiana	All	1.039
Maine	All	1.145
Maryland	212	0.671
Maryland	All others	0.663
Massachusetts	020-022	0.905
Massachusetts	all others	0.770
Michigan	All	0.723
Minnesota	All	0.624
Mississippi	All	0.947
Missouri	All	0.647
Montana	All	0.960
Nebraska	All	0.673
Nevada	All	1.063
New Hampshire	All	0.788
New Jersey	NA	1.017
New Mexico	All	0.666
New York	100-109,111-114,116	1.083
New York	110,115,117-119	1.053
New York	all others	0.748
North Carolina	All	0.888
North Dakota	All	0.613

Prepared by CP Risk Solutions, LLC

For Markel Insurance Company and its statutory rate filing purposes only
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9/23/2011



Markel Insurance Company

Rate Manual

Short Term Medical Form MSTM100

Effective November 1, 2011

Table 4 - Zip Code Factors		
State	Zip	Adjustment Factor
Ohio	All	0.650
Oklahoma	All	0.668
Oregon	All	0.699
Pennsylvania	190, 191, 194	0.963
Pennsylvania	All others	0.821
Rhode Island	All	0.951
South Carolina	All	0.762
South Dakota	All	0.534
Tennessee	All	0.635
Texas	750-753, 770-777	1.129
Texas	All other TX	0.957
Utah	All	0.623
Vermont	NA	0.593
Virginia	222, 223	0.945
Virginia	All others	0.753
Washington	All	0.664
West Virginia	250-253, 255-257	0.835
West Virginia	All others WV	0.749
Wisconsin	All	0.972
Wyoming	All	0.993

Table 5 - Trend Factor	
Frequency	Trend
Semi-Annual, beginning April 1, 2012	3.5%



SERFF Tracking Number:	MRKC-127663136	State:	District of Columbia
Filing Company:	Markel Insurance Company	State Tracking Number:	
Company Tracking Number:	MSTM200-DC (11/11)		
TOI:	H16G Group Health - Major Medical	Sub-TOI:	H16G.004 Short Term
Product Name:	Short Term Medical Amendatory Endorsement		
Project Name/Number:	MSTM200-DC (11/11)/MSTM200-DC (11/11)		

Supporting Document Schedules

	Item Status:	Status
		Date:
Satisfied - Item:	Actuarial Justification	
Comments:		
Attachment:		
Markel STM AM - Nat 20110923.pdf		



Markel Insurance Company

Actuarial Memorandum

Effective November 1, 2011

For

Short Term Medical Product
Form MSTM100

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective November 1, 2011

Page 2 of 6

Section 1: Purpose

Short Term Medical Form MSTM100 was introduced in 2007, with specific release dates varying by state. A revised Usual and Customary definition is being filed for Form MSTM100 to allow for a revised claim payment structure.

This actuarial memorandum has been prepared for the purpose of:

- Introducing new, lower cost, benefit options and demonstrating the premium rate development of these options under the existing short term medical product for Markel Insurance Company and
- Introducing experience rating methodology to be applied to business under Short Term Medical Form MSTM100.

This memorandum and the associated rates are appropriate for use with Form MSTM100 and the revised Usual and Customary definition filed in the Fall of 2011.

This memorandum assumes a pricing loss ratio of 45%. This memorandum will not be applicable to states where there is a minimum loss ratio higher than 45%.

Section 2: Product Summary

The policy provides individuals with an opportunity to obtain affordable insurance on a short term basis. Individuals have the option to select from different plans of short term medical. The same level of coverage is available for individual's dependents at additional cost.

The duration of the coverage period ranges from 30 days to 185 days.

The product is not guarantee issued or renewable. Individuals and dependents are underwritten before acceptance.

Issue ages are 2 to 64.

Premiums are payable lump sum or on a monthly basis via check payment or automated fund transfer.

The policy is marketed by licensed agents and brokers.

Benefits are payable after the Per Person Deductible at the Coinsurance Percentage up to the Lifetime maximum, subject to the benefit limits and other insurance details in specified in the policy, certificate, and schedule of benefits.

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective November 1, 2011

Page 3 of 6

Under the new benefit options, inpatient hospital benefit claims are covered up to a multiple of the base Medicare DRG payment schedule in effect at the time of claim incurral. For physician, radiology, and pathology benefits, claims are covered up to a multiple of the Medicare RBRVS payment schedule in effect at the time of claim incurral.

Percentage of Medicare Fee Schedules	100%; 110%; 120%; 130%; 140%; 150%
Per Person Per Coverage Period Deductible option:	\$250; \$500; \$1,000; \$2,000; \$2,500; \$3,000; \$5,000
Per Person Per Cause Deductible option:	\$250; \$500; \$1,000; \$2,000; \$2,500; \$3,000; \$5,000
Coinsurance Percentage option:	50%, 60%, 70%, 80%, 90% or 100% up to \$10,000, and 100% thereafter

Premium rates for the new benefit options are attached.

Section 3: Policy Experience

There is no experience for these new plans.

Section 4: History of Previous Rate Revisions

There are no previous rate revisions.

Section 5: Rate Development – Morbidity and Mortality Bases

Rate development for each plan consisted of determining claims costs of the medical benefits provided. To do this, we used

- Apex HRM databases
- Medicare DRG and RBRVS fee schedules and supporting information
- Original pricing assumptions for the other plans under this form
- Industry cost trend studies
- CP Risk Solutions, LLC proprietary information

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective November 1, 2011

Page 4 of 6

The product is priced at a 45% loss ratio. Expenses and underwriting margin are as follows:

Marketing/Sales/Policy Administration	28%
Managing General Underwriter and Claims Administration	6%
Finders' Fee	1%
Premium Taxes, Overhead and Expenses	10%
<u>Underwriting Profit</u>	<u>10%</u>
Total Expenses and Profit	55%
Pricing Loss Ratio	45%

Due to the very short term nature of the product, there are no mortality or persistency assumptions reflected in the pricing.

The rate manual for the Medicare payment method reflects our estimates of claim costs for the various deductible and coinsurance plan options. We have maintained other adjustment factors and relativities, such as the age and gender slope and area factors.

An analysis of the Medicare DRG fee schedules indicates that 100% of Medicare's DRG payment schedule can be expected to result in payment of 23-26% of hospital billed charges. An analysis of the Medicare RBRVS fee schedules indicates that 100% of Medicare's RBRVS payment schedules can be expected to result in payment of 35-39% of physician billed charges (including radiology and pathology in this category). We estimate that 70-75% of billed charges fall into these categories, given the covered services on this form.

Based on this, we estimate that paying at 100% of Medicare charges for the aforementioned categories would reduce claim payments, relative to traditional payment methods by roughly 48% on average, with variations by deductible and coinsurance. Paying at 150% of Medicare charges would reduce payments by roughly 32%.

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective November 1, 2011

Page 5 of 6

Section 6: Average Premium

Because this is a new set of plans, the mix of business is unknown. However, if the demographics and duration of coverage are similar to that of the existing business, the following are expected average premiums for a \$2,500 deductible, 80% coinsurance plan, over the average duration of coverage:

100% of Medicare	\$239
110% of Medicare	\$253
120% of Medicare	\$268
130% of Medicare	\$284
140% of Medicare	\$299
150% of Medicare	\$315

Section 7: Variability of Results and Experience Monitoring

Future experience will invariably be different from projected experience and other knowledgeable individuals could have a different opinion about what the most appropriate assumptions are. Markel should monitor the experience for premium adequacy and make changes, if necessary.

Section 8: Actuarial Certification

I, Valerie A. Lendt, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Academy's qualification standards for preparing health rate filings. I have been retained by Markel Insurance Company to prepare this memorandum. Information in this memorandum may not be appropriate for any other purposes.

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective November 1, 2011

Page 6 of 6

I have reviewed the forms and the supporting material submitted with the filing. To the best of my knowledge and judgment, the benefits are reasonable in relation to the premium charged; and the rates are not unfairly discriminatory.

In preparing this actuarial memorandum, I relied on data Markel Insurance Company provided to me. I did not audit the information. To the extent that this data is incomplete or inaccurate, the contents of this memorandum may be materially affected.



Valerie A. Lendt, FSA, MAAA
Consultant
CP Risk Solutions, LLC
September 23, 2011