
State:	District of Columbia	Filing Company:	Physicians Mutual Insurance Company
TOI/Sub-TOI:	H20G Group Health - Vision/H20G.000 Health - Vision		
Product Name:	B424 Vision Benefit Rider-RATE		
Project Name/Number:	B424 Vision Benefit Rider-RATE/		

Filing at a Glance

Company:	Physicians Mutual Insurance Company
Product Name:	B424 Vision Benefit Rider-RATE
State:	District of Columbia
TOI:	H20G Group Health - Vision
Sub-TOI:	H20G.000 Health - Vision
Filing Type:	Rate
Date Submitted:	07/01/2014
SERFF Tr Num:	PHYS-129618713
SERFF Status:	Assigned
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation	On Approval
Date Requested:	
Author(s):	Deb Knowlton
Reviewer(s):	Darniece Shirley (primary), Alula Selassie, John Morgan
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	

State: District of Columbia **Filing Company:** Physicians Mutual Insurance Company
TOI/Sub-TOI: H20G Group Health - Vision/H20G.000 Health - Vision
Product Name: B424 Vision Benefit Rider-RATE
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General Information

Project Name: B424 Vision Benefit Rider-RATE Status of Filing in Domicile: Pending
Project Number: Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments:
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Large
Group Market Type: Discretionary, Trust Overall Rate Impact:
Filing Status Changed: 07/03/2014
State Status Changed: Deemer Date:
Created By: Deb Knowlton Submitted By: Deb Knowlton
Corresponding Filing Tracking Number: PHYS-129618714

Filing Description:

RE: Physicians Mutual Insurance Company – NAIC 80578, FEIN 47-0270450
Group Supplemental Health
B424 – Vision Benefit Rider
Actuarial Memorandum
Rates: B424-STD-070114

The above-captioned rates are submitted for your review and approval. The rider form is being submitted under the Corresponding Filing Tracking Number. This is a new form and does not replace any forms previously filed with your Department. The rider will be used with Group Dental Certificate Form C250A, filed by your Department on 08/11/2014. Certificate Form C250A is issued to the Delaware Group Insurance Trust, a Discretionary Group, which is situated in the state of Delaware, to insureds residing in the District of Columbia. To the best of my knowledge, this form complies with all applicable state laws and regulations.

B424 is an optional rider that will be marketed through our agency and direct response distribution channels. It will be sold at issue and as add-ons.

We reserve the right to alter the format of the forms submitted without refiling due to future technology changes, i.e. paper size, font, font type, line ending or page ending changes. Be assured that any minimum font-size requirements will be met. Any changes to wording or content would be filed for prior approval.

If you have any questions, please contact me via SERFF, or at the phone number or e-mail listed below.

Sincerely,

Debbie Knowlton
Product Approval and Compliance Coordinator
Government and Industry
Voice: (402) 633-1115
Fax: (402) 633-1096
E-mail: deb.knowlton@physiciansmutual.com

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Company and Contact

Filing Contact Information

Deb Knowlton, Policy Approval & Compliance Coordinator deb.knowlton@physiciansmutual.com
2600 Dodge Street 402-633-1115 [Phone]
Omaha, NE 68131 402-633-1096 [FAX]

Filing Company Information

Physicians Mutual Insurance Company	CoCode: 80578	State of Domicile: Nebraska
2600 Dodge Street	Group Code: 367	Company Type:
Omaha, NE 68131	Group Name:	State ID Number:
(402) 633-1188 ext. [Phone]	FEIN Number: 47-0270450	

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		B424 Actuarial Memorandum	B424	New		B424 Actuarial Memorandum.pdf,
2		B424 Rates	B424	New		B424-STD-070114.pdf,

Physicians Mutual Insurance Company

2600 Dodge Street
Omaha, NE 68131

Rider Form B424 ACTUARIAL MEMORANDUM July 1, 2014

This memorandum has been developed for submission to state regulators to support the premium rate development for this rider. It may not be appropriate for any other purpose. This rider form is new to your state.

BENEFIT SUMMARY

This rider pays the expense incurred amount for covered vision examinations and vision correction materials up to a scheduled amount, subject to the terms of the rider contract. Please refer to the rider form for a detailed description of benefits and limitations. The rider issue ages are 18 and up. The rider will be marketed on a direct response basis and through an Agency distribution system.

PRICING ASSUMPTIONS

Premium

The premium rates were developed using financial modeling software and the assumptions listed below. Premium rates vary by coverage plan, benefit level and payment mode. These rates are shown on the Table of Rates enclosed with this memorandum. The anticipated average annual premium for this rider is 95.64.

Claim Costs

Expected claim costs were developed using historical experience for other vision products, adjusted for differences in benefits and sales methods. Additional guidance was provided by a consultant's database. Expected loss ratios by rider duration are listed below.

Rider Year	Loss Ratio
1	34.8%
2	43.2%
3	67.1%
4	67.1%
5	67.1%
6	67.1%
7	67.1%
8	67.1%
9	67.1%
10+	67.1%

Persistency

Anticipated persistency rates were developed using historical experience for products marketed and sold in a similar manner, and reflect both voluntary lapse rates and mortality. Following are the average expected persistency rates by rider duration.

Rider Year	Annual Persistency
1	56%
2	72%
3	81%
4	84%
5	85%
6	87%
7	88%
8	88%
9	88%
10+	88%

Expenses

Following is a summary of marginal expense assumptions associated with this rider, which are based on company estimates of current costs.

Premium Tax	1.8% of Premium
Claims and Maintenance Expense	7.0% of Premium
Acquisition and Overhead Expense	31.4% of Premium

Profit

Expected lifetime profit, based upon an assumed mix by coverage plan, benefit level, age and payment mode, is 5%.

ANTICIPATED LOSS RATIO

The anticipated loss ratio for this rider form is based on the present value of future benefits divided by the present value of future premiums over the lifetime of the rider using the assumptions listed above and attached premium rates. The anticipated lifetime loss ratio meets the minimum requirement of 55%.

ACTUARIAL CERTIFICATION

To the best of my knowledge and judgment, this filing is in compliance with the applicable laws and regulations of the state in which it is filed. The anticipated loss ratio meets or exceeds the benchmark of that state, and the premiums are reasonable in relation to the benefits provided.



Brenton C. Pyle, FSA, MAAA
Pricing Actuary
Physicians Mutual Insurance Company

Physicians Mutual Insurance Company

2600 Dodge Street
Omaha, NE 68131

Rider Form B424 TABLE OF RATES

Monthly Premium Rates Per Unit of Benefit

	Individual	Husband/Wife	One Parent	All Family
Exam Benefit	0.22	0.43	0.41	0.60
Year 1+ Materials Benefit	0.22	0.43	0.41	0.60
Year 2+ Materials Benefit	0.17	0.33	0.33	0.46
Year 3+ Materials Benefit	0.08	0.15	0.15	0.22

One unit of Exam Benefit is defined as \$5 per rider year, available each rider year.

One unit of Year 1+ Materials Benefit is defined as \$5 per year, available each rider year.

One unit of Year 2+ Materials Benefit is defined as \$5 per year, available each rider year beginning with the second rider year.

One unit of Year 3+ Materials Benefit is defined as \$5 per year, available each rider year beginning with the third rider year.

Multiple units of benefit are available.

Modal Factors

Payment Mode	Factor
Monthly	1.00
Quarterly	2.96
Semi-Annual	5.83
Annual	11.43

Rider Rate Calculation Instructions

1. Find the appropriate per-unit premium for each benefit based on coverage plan
2. Multiply per-unit premium by the number of units for each benefit
3. Sum resulting rates for all benefits
4. Round to the nearest cent
5. Multiply by the appropriate modal factor
6. Round to the nearest cent

Sample Rate Calculation

Monthly rate for Individual rider with \$50 Exam Benefit, \$50 Year 1+ Materials Benefit, \$50 Year 2+ Materials Benefit, and \$50 Year 3+ Materials Benefit

1. Individual Exam Benefit per-unit premium: 0.22
Individual Year 1+ Materials Benefit per-unit premium: 0.22
Individual Year 2+ Materials Benefit per-unit premium: 0.17
Individual Year 3+ Materials Benefit per-unit premium: 0.08
2. Individual \$50 Exam Benefit: $0.22 * 10 \text{ units} = 2.20$
Individual \$50 Year 1+ Materials Benefit: $0.22 * 10 \text{ units} = 2.20$
Individual \$50 Year 2+ Materials Benefit: $0.17 * 10 \text{ units} = 1.70$
Individual \$50 Year 3+ Materials Benefit: $0.08 * 10 \text{ units} = 0.80$
3. Total Individual rate: $2.20 + 2.20 + 1.70 + 0.80 = 6.90$
4. Round to the nearest cent: 6.90
5. Multiply by monthly modal factor: $6.90 * 1.00 = 6.90$
6. Round to the nearest cent: 6.90

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Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	See Filing Description under General Information tab.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	No Third Party involved.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	Actuarial Memorandum is attached here.
Attachment(s):	B424 Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Justification
Comments:	See Actuarial Memorandum above.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	Not applicable. This rate filing is for a new rider.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	Not applicable. This rate filing is for a new rider.
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:	PHYS-129618713	State Tracking #:	Company Tracking #:
<hr/>			
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<hr/>			
Bypassed - Item:	Actuarial Memorandum and Certifications		
Bypass Reason:	Not applicable.		
Attachment(s):			
Item Status:			
Status Date:			
<hr/>			
Bypassed - Item:	Unified Rate Review Template		
Bypass Reason:	Not applicable.		
Attachment(s):			
Item Status:			
Status Date:			

Physicians Mutual Insurance Company

2600 Dodge Street
Omaha, NE 68131

Rider Form B424 ACTUARIAL MEMORANDUM July 1, 2014

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Brenton C. Pyle, FSA, MAAA
Pricing Actuary
Physicians Mutual Insurance Company