

SERFF Tracking Number: AMMS-125841704 State: Arkansas  
Filing Company: Golden Rule Insurance Company State Tracking Number: 41131  
Company Tracking Number:  
TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005C Individual - Other  
Product Name: IG1 Filing  
Project Name/Number: /

## Filing at a Glance

Company: Golden Rule Insurance Company

Product Name: IG1 Filing

TOI: H16I Individual Health - Major Medical

Sub-TOI: H16I.005C Individual - Other

Filing Type: Rate

SERFF Tr Num: AMMS-125841704 State: ArkansasLH

SERFF Status: Closed

State Tr Num: 41131

Co Tr Num:

State Status: Approved-Closed

Co Status:

Reviewer(s): Rosalind Minor

Authors: Patricia Lofton, Brandon McKenzie

Disposition Date: 12/17/2008

Date Submitted: 12/16/2008

Disposition Status: Approved-Closed

Implementation Date Requested: 02/15/2009

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: Submitted on

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact: 8%

Group Market Type:

Filing Status Changed: 12/17/2008

Deemer Date:

State Status Changed: 12/17/2008

Corresponding Filing Tracking Number:

Filing Description:

See Cover Letter.

## Company and Contact

### Filing Contact Information

Thomas Ahmann , Health Actuary

tmahmann@goldenrule.com

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TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005C Individual - Other  
Product Name: IGI Filing  
Project Name/Number: /

7440 Woodland Drive (317) 715-7394 [Phone]  
Indianapolis, IN 46278-1719 (317) 297-0908[FAX]

**Filing Company Information**

Golden Rule Insurance Company CoCode: 62286 State of Domicile: Indiana  
7440 Woodland Drive Group Code: 707 Company Type: Life and Health  
Indianapolis, IN 46278 Group Name: State ID Number:  
(317) 297-0358 ext. [Phone] FEIN Number: 37-6028756  
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SERFF Tracking Number: AMMS-125841704 State: Arkansas  
Filing Company: Golden Rule Insurance Company State Tracking Number: 41131  
Company Tracking Number:  
TOI: H161 Individual Health - Major Medical Sub-TOI: H161.005C Individual - Other  
Product Name: IGI Filing  
Project Name/Number: /

## Filing Fees

Fee Required? Yes  
Fee Amount: \$150.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Golden Rule Insurance Company	\$150.00	12/16/2008	24566022

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Product Name: IGI Filing  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	12/17/2008	12/17/2008

SERFF Tracking Number: AMMS-125841704 State: Arkansas  
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 Project Name/Number: /

## Disposition

Disposition Date: 12/17/2008

Implementation Date:

Status: Approved-Closed

Comment: We have approved your request of an 8% level rate increase on this submission. The approval is subject to the following conditions:

1. Rate increases will not be given prior to the first annual anniversary date of any policy.
2. After the first annual anniversary date of any policy, increases will not be given more frequently than once in a twelve (12) month period.
3. All increases in rates, other than a change in age or an individual moving to another geographical area, must be submitted to our Department for approval.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Golden Rule Insurance Company	8.000%	\$11,621	12	\$145,267	8.000%	8.000%	8.000%

SERFF Tracking Number: AMMS-125841704 State: Arkansas  
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 Company Tracking Number:  
 TOI: H161 Individual Health - Major Medical Sub-TOI: H161.005C Individual - Other  
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 Project Name/Number: /

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Health - Actuarial Justification	Approved-Closed	No
<b>Supporting Document</b>	Loss Ratio Guarantee	Approved-Closed	Yes
<b>Supporting Document</b>	Cover Letter	Approved-Closed	Yes
<b>Rate</b>	IG1	Approved-Closed	No

SERFF Tracking Number: AMMS-125841704

State: Arkansas

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State Tracking Number: 41131

Company Tracking Number:

TOI: H161 Individual Health - Major Medical

Sub-TOI: H161.005C Individual - Other

Product Name: IGI Filing

Project Name/Number: /

## Rate Information

Rate data applies to filing.

**Filing Method:**

SERFF

**Rate Change Type:**

Increase

**Overall Percentage of Last Rate Revision:**

10.000%

**Effective Date of Last Rate Revision:**

02/15/2008

**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:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Golden Rule Insurance Company	8.000%	8.000%	\$11,621	12	\$145,267	8.000%	8.000%

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## Supporting Document Schedules

**Satisfied -Name:** Loss Ratio Guarantee **Review Status:** Approved-Closed 12/17/2008  
**Comments:**  
**Attachment:**  
Loss Ratio Guarantees.pdf

**Satisfied -Name:** Cover Letter **Review Status:** Approved-Closed 12/17/2008  
**Comments:**  
**Attachment:**  
AR Letter.pdf

**ARKANSAS  
LOSS RATIO GUARANTEE**

As a part of its rate filing, Golden Rule will guarantee the combined Golden Rule claims cost incurred for calendar year 2007 (and for each year thereafter until new rates are filed and implemented) on policy form GRI-H-1a for Arkansas policyholders based on the following target loss ratios, as contained in the original actuarial memorandum:

Policy Year	Target Loss Ratio
1	.49
2	.54
3	.58
4	.62
5 and thereafter	.65

The calculation will be made using earned premiums and combined incurred claims for this policy form for each calendar year based upon Golden Rule's loss ratio computer runs for each year, as known after the close of business on March 31 of the following year. The results of the calculation will be reported to the Arkansas Department of Insurance not later than the date for filing the Accident and Health Policy Experience Exhibit in June. The report will be independently audited at Golden Rule's expense.

Small blocks of business are not actuarially credible. If the earned premium on this policy form in Arkansas is less than \$1,000,000 in a given year, the earned premium and incurred claims for this state will be based on the actual nationwide loss ratio for the policy form.

If the combined earned premium on this policy form for all included states is still less than \$1,000,000 in a calendar year, then the results will be accumulated until the end of the calendar year in which \$1,000,000 of earned premium is attained.

If the incurred claims cost for Arkansas is less than the target claims cost, a refund will be made to all Arkansas policyholders. However, if experience from all other included states is combined pursuant to the paragraph above then a refund will be made in Arkansas if the combined incurred claims cost for all included states is less than the target claims cost. In that case, the actual Arkansas refund for your state will be the total refund amount multiplied by the ratio of premium on this form earned during the time period at issue in Arkansas to the total premium on this form earned during that time period in all states whose experience was combined.

An illustration of the calculation of refund is attached as Illustration I.

Any refund will be distributed by check to policyholders whose policies are in force as of the last day of the time period at issue, in proportion to the premium the policyholder paid in the time period at issue, pursuant to the following formula:

$$\begin{array}{rcl} \text{Individual} & & \text{Premium earned} \\ \text{Policyholder's} & & \text{for the time period} \\ \text{Refund.} & = & \text{and paid by} \\ & & \text{the policyholder} \\ & & \text{-----} \\ & & \text{Premium earned for} \\ & & \text{the time period and} \\ & & \text{paid by all Arkansas} \\ & & \text{policyholders who} \\ & & \text{will receive a} \\ & & \text{refund} \end{array} \quad \times \quad \begin{array}{l} \text{Amount to} \\ \text{be refunded in} \\ \text{Arkansas plus} \\ \text{interest at the} \\ \text{statutory rate} \\ \text{from the end of} \\ \text{the time period} \\ \text{until date of} \\ \text{payment} \end{array}$$

Payment or refunds shall be made during the third quarter of year following the experience period for which a refund is due.

Because of the excessive administrative costs of making very small refunds, we will not make a refund to any policyholder whose refund will be less than \$10.00. Refunds of less than \$10.00 will be aggregated and paid to the Insurance Department.

I am authorized to make this guarantee on behalf of Golden Rule Insurance Company



Patrick F. Carr  
Senior Vice President &  
Chief Financial Officer

11-14-06

Date

### ILLUSTRATION I

Policy Year	Target Loss Ratio	Premiums	Target Claim Cost	Actual Claim Cost
1	49.0	1,000,000	490,000	450,000
2	54.0	1,000,000	540,000	550,000
3	58.0	1,000,000	580,000	470,000
4	62.0	1,000,000	620,000	640,000
5	65.0	1,000,000	650,000	645,000
6	65.0	1,000,000	650,000	515,000
7	65.0	1,000,000	650,000	630,000
		<u>7,000,000</u>	<u>4,180,000</u>	<u>3,900,000</u>

The target Loss Ratio equals 59.71% (4,180,000/7,000,000).

If actual claims were \$3,900,000, there would be a refund of \$468,431 (3,900,000/(7,000,000 - 468,431)) = 59.71% (Target Loss Ratio). This money is to be refunded in proportion to the policy earned premium.

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**ARKANSAS  
LOSS RATIO GUARANTEE**

As part of its rate filing, Golden Rule will guarantee the combined Golden Rule claims cost incurred for calendar year 2007 (and for each year thereafter until new rates are filed and implemented) on policy form GRI-H-1.4 for Arkansas policyholders based on the following target loss ratios:

Policy Year	Target Loss Ratio
1	.415
2	.522
3	.591
4	.615
5	.648
6	.667
7	.668
8	.669
9	.671
10 and thereafter	.673

The calculation will be made using earned premiums and combined incurred claims for this policy form for each calendar year based upon Golden Rule's loss ratio computer runs for each year, as known after the close of business on March 31 of the following year. The results of the calculation will be reported to the Arkansas Department of Insurance not later than the date for filing the Accident and Health Policy Experience Exhibit in June. The report will be independently audited at Golden Rule's expense.

Small blocks of business are not actuarially credible. If the earned premium on this policy form in Arkansas is less than \$1,000,000 in a given year, the earned premium and incurred claims for this state will be based on the actual nationwide loss ratio for the policy form.

If the combined earned premium on this policy form for all included states is still less than \$1,000,000 in a calendar year, then the results will be accumulated until the end of the calendar year in which \$1,000,000 of earned premium is attained.

If the incurred claims cost for Arkansas is less than the target claims cost, a refund will be made to all of Arkansas' policyholders. However, if experience from all other included states is combined pursuant to the paragraph above then a refund will be made in Arkansas if the combined incurred claims cost for all included states is less than the target claims cost. In that case, the actual Arkansas refund for your state will be the

total refund amount multiplied by the ratio of premium on this form earned during the time period at issue in Arkansas to the total premium on this form earned during that time period in all states whose experience was combined.

An illustration of the calculation of refund is attached as Exhibit A.

I am authorized to make this guarantee on behalf of Golden Rule Insurance Company

Patrick F. Carr

Patrick F. Carr  
Senior Vice President &  
Chief Financial Officer

11-14-06

Date

EXHIBIT A

Calculation and Illustration of Refund Methodology

Any refund will be distributed by check to policyholders whose policies are in force as of the last day of the time period at issue, in proportion to the premium the policyholder paid in the time period at issue, pursuant to the following formula:

$$\begin{array}{rcl}
 \text{Individual} & & \text{Premium earned} \\
 \text{Policyholder's} & & \text{for the time period} \\
 \text{Refund.} & = & \text{and paid by} \\
 & & \text{the policyholder} \\
 & & \text{-----} \times \\
 & & \text{Premium earned for} \\
 & & \text{the time period and} \\
 & & \text{paid by all Arkansas} \\
 & & \text{policyholders who} \\
 & & \text{will receive a} \\
 & & \text{refund} \\
 & & \text{Amount to} \\
 & & \text{be refunded in} \\
 & & \text{Arkansas plus} \\
 & & \text{interest at the} \\
 & & \text{statutory rate} \\
 & & \text{from the end} \\
 & & \text{of the experience} \\
 & & \text{period until date} \\
 & & \text{of payment}
 \end{array}$$

Because of the excessive administrative costs of making very small refunds, we will not make a refund to any policyholder whose refund will be less than \$10.00. These small refunds otherwise payable, will be aggregated and paid to the Arkansas Department of Insurance.

Using a million dollars in premiums for each year for mathematical convenience, the following is an illustration of how the guaranteed loss ratio by duration would work:

Policy Year	Target Loss Ratio	Premiums	Target Claim Cost	Actual Claim Cost
1	41.5	1,000,000	415,000	450,000
2	52.2	1,000,000	522,000	500,000
3	59.1	1,000,000	591,000	500,000
4	61.5	1,000,000	615,000	640,000
5	64.8	1,000,000	648,000	660,000
6	66.7	1,000,000	667,000	600,000
7	66.8	1,000,000	668,000	650,000
		7,000,000	4,126,000	4,000,000

The Target Loss Ratio equals 58.94% (4,126,000/7,000,000).

If actual claims were \$3,700,000, there would be a refund of \$722,430  
 $(3,700,000 / (7,000,000 - \$722,430)) = 58.94\%$  (Target Loss Ratio), This money is to  
refunded in proportion to the policy earned premium.

# Golden Rule®

A UnitedHealthcare Company

December 16, 2008  
NAIC: 0707-62286

Hon. Julie Benafield Bowman, Commissioner  
Arkansas Department of Insurance  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

RE: Revised Premiums for Inflation Guard Policy Forms (See Rate Schedule)

I have enclosed for filing revised tables of premium rates applicable to the above captioned individual major medical policy forms. These policy forms are no longer being marketed. Golden Rule is extending the loss ratio guarantees on these forms. The guarantees are enclosed. Pursuant to ASA Section 23-79-110(5)(A), the rates will be deemed approved as filed when the Arkansas Department of Insurance receives the filing. The filing is informational only.

The revised premium rates represent a 8.0% increase over the current premium rates. This increase is filed to be effective on or after February 15, 2009. The enclosed Actuarial Memorandum explains the derivation of the premium rate increase. These policy forms are combined for rating purposes.

This will affect 12 policyholders in your state.

If you have any questions about this filing, please call me at (317) 715-7394, fax me at (317) 297-0908 or e-mail me at [tmahmann@goldenrule.com](mailto:tmahmann@goldenrule.com).

Sincerely,

Thomas Ahmann, FSA, MAAA  
Health Actuary