

SERFF Tracking Number: UTAC-125851237 State: Arkansas
 Filing Company: Central Reserve Life Insurance Company State Tracking Number: 40531
 Company Tracking Number: CRL 2008 AR
 TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.001 Plan A
 Standard Plans
 Product Name: CRL Med Supp Std
 Project Name/Number: CRL Med Supp Std/CRL Med Supp Std

Company and Contact

Filing Contact Information

Shawn Wereley, Actuarial Technician SWereley@gafri.com
 11200 Lakeline Boulevard #100 (866) 459-4272 [Phone]
 Austin, TX 78717

Filing Company Information

Central Reserve Life Insurance Company CoCode: 61727 State of Domicile: Ohio
 11200 Lakeline Blvd., Suite 100 Group Code: 84 Company Type: Life & Health
 P. O. Box 26580
 Austin, TX 78755-0580 Group Name: State ID Number:
 (800) 880-8824 ext. [Phone] FEIN Number: 34-0970995

Filing Fees

Fee Required? Yes
 Fee Amount: \$350.00
 Retaliatory? No
 Fee Explanation: \$50 per form x 7 forms
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Central Reserve Life Insurance Company	\$350.00	10/11/2008	23139722

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor (FM)	12/01/2008	12/01/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor (FM)	11/10/2008	11/10/2008	Shawn Wereley	11/10/2008	11/10/2008
Pending Industry Response	Rosalind Minor (FM)	11/04/2008	11/04/2008	Shawn Wereley	11/06/2008	11/06/2008

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Health - Actuarial Justification	Supporting Document	Shawn Wereley	10/11/2008	10/11/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Plan F High Deductible Rates	Note To Reviewer	Shawn Wereley	10/15/2008	10/15/2008

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Disposition

Disposition Date: 12/01/2008

Implementation Date:

Status: Approved-Closed

Comment: The following rate increases are being approved by our Department. A 19% rate increase for Plans A, C, D, E and G, a 13 % increase for Plan F with no increase for Plan F-High Deductible.

The approval is subject to the following:

Increases will not be given more frequently than once in a twelve-month period.

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:
Central Reserve Life Insurance Company	13.130%	\$54,559	138	\$416,238	19.000%	0.000%	13.085%

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Item Type	Item Name	Item Status	Public Access
Supporting Document (revised)	Health - Actuarial Justification	Approved-Closed	No
Supporting Document	Health - Actuarial Justification	Replaced	No
Supporting Document	Additional Exhibits	Approved-Closed	No
Supporting Document	Requested Exhibits	Approved-Closed	No
Rate	Rate Chart	Approved-Closed	Yes
Rate	Rate Chart	Approved-Closed	Yes
Rate	Rate Chart	Approved-Closed	Yes
Rate	Rate Chart	Approved-Closed	Yes
Rate	Rate Chart	Approved-Closed	Yes
Rate	Rate Chart	Approved-Closed	Yes
Rate	Rate Chart	Approved-Closed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 11/10/2008
Submitted Date 11/10/2008

Respond By Date

Dear Shawn Wereley,

This will acknowledge receipt of the captioned filing.

Objection 1

- Additional Exhibits (Supporting Document)

Comment: Since these plans are open blocks of business, you cannot pool the experience. Please submit the separate experience for each plan.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor (FM)

Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/10/2008
Submitted Date 11/10/2008

Dear Stephanie Fowler,

Comments:

Response 1

Comments: Dear Ms. Minor,

Here is the experience by plan as requested.

Thank you,

Shawn Wereley

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Related Objection 1

Applies To:

- Additional Exhibits (Supporting Document)

Comment:

Since these plans are open blocks of business, you cannot pool the experience. Please submit the separate experience for each plan.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Requested Exhibits

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Shawn Wereley

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 11/04/2008
Submitted Date 11/04/2008

Respond By Date

Dear Shawn Wereley,

This will acknowledge receipt of the captioned filing.

Objection 1

- Health - Actuarial Justification (Supporting Document)

Comment: The actuarial memorandum states that the rate changes will apply to all in force business and new business. Under the marketing method of the actuarial memorandum it is stated that the forms are no longer actively marketed.

Is this now a closed block of business or do you plan to market the forms at a later date?

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor (FM)

Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/06/2008
Submitted Date 11/06/2008

Dear Stephanie Fowler,

Comments:

Response 1

Comments: Dear Ms. Minor,

Thank you for your response. This is an open block, and policies are available through individual agent solicitation.

Thank you,

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Shawn Wereley

Related Objection 1

Applies To:

- Health - Actuarial Justification (Supporting Document)

Comment:

The actuarial memorandum states that the rate changes will apply to all in force business and new business. Under the marketing method of the actuarial memorandum it is stated that the forms are no longer actively marketed.

Is this now a closed block of business or do you plan to market the forms at a later date?

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Shawn Wereley

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Note To Reviewer

Created By:

Shawn Wereley on 10/15/2008 02:49 PM

Subject:

Plan F High Deductible Rates

Comments:

The current rates on Plan F High Deductible (form 3IK) may be lower than what the state has on file. There was a management decision made after the approval of an increase last year not to implement the increase. The rates with this filing are the correct rates.

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Amendment Letter

Amendment Date:

Submitted Date: 10/11/2008

Comments:

Revised actuarial memorandum submitted

Changed Items:

Supporting Document Schedule Item Changes:

Satisfied -Name: Health - Actuarial Justification

Comment:

CRL 2009 Std Plans_Actuarial Memorandum_NMCR.pdf

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Rate Information

Rate data applies to filing.

Filing Method: SERFF
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 24.000%
Effective Date of Last Rate Revision: 01/01/2008
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):
Central Reserve Life Insurance Company	13.085%	13.130%	\$54,559	138	\$416,238	19.000%	0.000%

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Rate/Rule Schedule

Review Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Approved-Closed	Rate Chart	3IA	Revised		4-3IA.pdf
Approved-Closed	Rate Chart	3IC	Revised		4-3IC.pdf
Approved-Closed	Rate Chart	3ID	Revised		4-3ID.pdf
Approved-Closed	Rate Chart	3IE	Revised		4-3IE.pdf
Approved-Closed	Rate Chart	3IF	Revised		4-3IF.pdf
Approved-Closed	Rate Chart	3IK	Revised		4-3IK.pdf
Approved-Closed	Rate Chart	3IG	Revised		4-3IG.pdf

Central Reserve Life Insurance Company

Rate Chart

Form 3IA

Medicare Supplement Plan A

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	2,865.00	3,151.00	3,409.35	3,749.69

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

Central Reserve Life Insurance Company

Rate Chart

Form 31C

Medicare Supplement Plan C

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	3,530.00	3,883.00	4,200.70	4,620.77

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

Central Reserve Life Insurance Company

Rate Chart

Form 3ID

Medicare Supplement Plan D

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	2,916.00	3,208.00	3,470.04	3,817.52

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

Central Reserve Life Insurance Company

Rate Chart

Form 3IE

Medicare Supplement Plan E

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	2,195.00	2,414.00	2,612.05	2,872.66

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

Central Reserve Life Insurance Company

Rate Chart

Form 3IF

Medicare Supplement Plan F

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	3,422.00	3,765.00	3,866.86	4,254.45

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

Central Reserve Life Insurance Company

Rate Chart

Form 3IK

Medicare Supplement Plan F High Deductible

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	998.00	1,097.00	998.00	1,097.00

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

Central Reserve Life Insurance Company

Rate Chart

Form 3IG

Medicare Supplement Plan G

Issue Age Annual Rates

Arkansas Rates Effective 1/1/2008

Attained Age	CURRENT		PROPOSED	
	Non-Smoker	Smoker	Non-Smoker	Smoker
65+	2,926.00	3,219.00	3,481.94	3,830.61

Area Factors: 1 1.000 720-723
 2 0.900 716-719, 724-729

Modal Factors: 0.5200 Semi-Annual
 0.2650 Quarter
 0.0850 Month

CENTRAL RESERVE LIFE INSURANCE COMPANY

ACTUARIAL MEMORANDUM

This actuarial memorandum will address the revision of rates for the Individual Standardized Medicare Supplement Policy Forms: 3MA, 3MC, 3MD, 3ME, 3MK, 3MF, 3MG, 3MH, 3MI and 3MJ

1. SCOPE AND PURPOSE OF FILING

The purpose of this memorandum is to demonstrate the need for a premium increase on the above policy forms and to certify these rates as reasonable and adequate for 2009. Due to the impact of increases in benefits, increases in medical costs and utilization, the gross premiums are inadequate for the benefits provided. Rate increases are necessary to bring the loss ratio to a reasonable level.

2. DESCRIPTION OF BENEFITS

These forms are individual standardized Medicare Supplement attained age based policies.

Benefits for forms 3IA, 3IC, 3ID, 3IE, 3IK, 3IF and 3IG are as established by NAIC standardized plans A, C, D, E, High Deductible F (F*), F and G. Plan E was first introduced for sale in 2006. All other plans were introduced for sale in 2003.

3. RENEWABILITY

These policy forms are guaranteed renewable for life with the company reserving the right to change premiums on a class basis, given approval.

4. APPLICABILITY

The proposed rate changes will apply to all in force business and new business on or after the proposed effective date. The change will apply to all ages, genders, and benefit options.

5. MARKETING METHOD

These forms are no longer actively marketed.

6. UNDERWRITING

These forms are subject to underwriting approval with exception of open enrollment period.

7. PREMIUM CLASSES

The premiums are on an attained age basis and vary by gender, tobacco usage and zip code

8. ISSUE AGE RANGE

Policies are issued to Medicare Part B enrollees age 65 and above; applications for those eligible for Medicare due to disability (under age 65) are accepted only as required by law.

CENTRAL RESERVE LIFE INSURANCE COMPANY

9. AVERAGE ANNUAL PREMIUM

Please see Exhibit 3

10. PREMIUM MODALIZATION RULES

Modal factors are used to adjust for differences in interest, collection expenses and variation in expense amortization due to persistency differences. For states that allow the use of factors, modal factors used to multiply to the annual premiums are: semi-annual 0.52, quarterly 0.265, monthly 0.09, and monthly bank draft 0.085.

11. MINIMUM REQUIRED LOSS RATIO FOR THE FORM

The minimum loss ratio deemed reasonable in relation to benefits by the NAIC guideline is 65%

12. ANTICIPATED LOSS RATIO

The anticipated future loss ratios for each of these plans are expected to be at least 65%.

13. EXPERIENCE ON THE FORMS

Please see Exhibit 2.

14. HISTORY OF RATE ADJUSTMENTS

Please see Exhibit 5.

15. NUMBER OF POLICYHOLDERS

Please see Exhibit 3.

16. PROPOSED EFFECTIVE DATE

Please see attached Cover Letter.

CENTRAL RESERVE LIFE INSURANCE COMPANY

17. ACTUARIAL CERTIFICATION

I certify to the best of my knowledge and judgement that:

- 1) the assumptions used in the projection of values present my best judgment as to the expected value for each assumption and are consistent with the company's business plan at the time of filing;
- 2) the anticipated lifetime loss ratio, future loss ratios and third-year loss ratio all exceed the applicable loss ratio;
- 3) the filed rates maintain the proper relationship between policies which had different rating methodologies; and
- 4) the filing was prepared based on current standards of practice as promulgated by the Actuarial Standards Board.

Marilyn McGaffin, ASA, MAAA, FLMI
Director, Supplemental Health Benefits Pricing