

SERFF Tracking Number: MRKC-125633664 State: Arkansas
Filing Company: Markel Insurance Company State Tracking Number: 39198
Company Tracking Number: MISTM100-AR
TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.004 Short Term
Product Name: Short Term Medical Insurance
Project Name/Number: Short Term Medical Insurance/MISTM100-AR

Filing at a Glance

Company: Markel Insurance Company

Product Name: Short Term Medical Insurance SERFF Tr Num: MRKC-125633664 State: ArkansasLH
TOI: H16I Individual Health - Major Medical SERFF Status: Closed State Tr Num: 39198
Sub-TOI: H16I.004 Short Term Co Tr Num: MISTM100-AR State Status: Approved-Closed
Filing Type: Form Co Status: Reviewer(s): Rosalind Minor
Author: Lennie Mejia Disposition Date: 06/18/2008
Date Submitted: 06/04/2008 Disposition Status: Approved-Closed
Implementation Date Requested: On Approval Implementation Date:

State Filing Description:

General Information

Project Name: Short Term Medical Insurance Status of Filing in Domicile: Authorized
Project Number: MISTM100-AR Date Approved in Domicile: 04/19/2007
Requested Filing Mode: Review & Approval Domicile Status Comments: Approved as a group market in Illinois, our state of domicile.
Explanation for Combination/Other: Market Type: Individual
Submission Type: New Submission Group Market Size:
Overall Rate Impact: Group Market Type:
Filing Status Changed: 06/18/2008 Deemer Date:
State Status Changed: 06/18/2008
Corresponding Filing Tracking Number:
Filing Description:
Short Term Medical Insurance

Company and Contact

Filing Contact Information

Lennie Mejia, Regulatory Compliance Specialist lmejia@markelcorp.com

SERFF Tracking Number: MRKC-125633664 State: Arkansas
Filing Company: Markel Insurance Company State Tracking Number: 39198
Company Tracking Number: MISTM100-AR
TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.004 Short Term
Product Name: Short Term Medical Insurance
Project Name/Number: Short Term Medical Insurance/MISTM100-AR

4600 Cox Road (804) 527-7702 [Phone]
Glen Allen, VA 23060

Filing Company Information

Markel Insurance Company CoCode: 38970 State of Domicile: Illinois
4600 Cox Road Group Code: 785 Company Type: Property &
Casualty
Glen Allen, VA 23060 Group Name: State ID Number:
(800) 431-1270 ext. [Phone] FEIN Number: 36-3101262

SERFF Tracking Number: MRKC-125633664 State: Arkansas
Filing Company: Markel Insurance Company State Tracking Number: 39198
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TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.004 Short Term
Product Name: Short Term Medical Insurance
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Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation: \$50 filing fee for policy forms with riders, etc.
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Markel Insurance Company	\$50.00	06/04/2008	20658546

SERFF Tracking Number: MRKC-125633664 State: Arkansas
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 Product Name: Short Term Medical Insurance
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	06/18/2008	06/18/2008

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	06/10/2008	06/10/2008			

SERFF Tracking Number: MRKC-125633664 State: Arkansas
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Product Name: Short Term Medical Insurance
Project Name/Number: Short Term Medical Insurance/MISTM100-AR

Disposition

Disposition Date: 06/18/2008

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: MRKC-125633664 State: Arkansas
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 TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.004 Short Term
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 Project Name/Number: Short Term Medical Insurance/MISTM100-AR

Item Type	Item Name	Item Status	Public Access
Supporting Document	Certification/Notice	Approved-Closed	Yes
Supporting Document	Application	Approved-Closed	Yes
Supporting Document	Health - Actuarial Justification	Approved-Closed	Yes
Supporting Document	Outline of Coverage	Approved-Closed	Yes
Form	Short Term Medical Insurance	Approved-Closed	Yes
Form	Short Term Medical Insurance Application	Approved-Closed	Yes

SERFF Tracking Number: MRKC-125633664 State: Arkansas
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Company Tracking Number: MISTM100-AR
TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.004 Short Term
Product Name: Short Term Medical Insurance
Project Name/Number: Short Term Medical Insurance/MISTM100-AR

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 06/10/2008

Submitted Date 06/10/2008

Respond By Date

Dear Lennie Mejia,

This will acknowledge receipt of the captioned filing.

Objection 1

- Short Term Medical Insurance (Form)

Comment: With respect to your definition of Accident, "Accident", Accidental Injury", "Accidental Means", may be defined to employ "result" language and shall not include words which establish an accidental means test or use words such as "external, violent, visible wounds" or similar words of description or characterization.

The definition shall not be more restrictive than the following: Injury or injuries, for which benefits are provided, means accidental bodily injury sustained by the insured person which is the direct cause, independent of disease or bodily infirmity or any other cause and occurs while the insurance is in force.

Objection 2

- Health - Actuarial Justification (Supporting Document)

Comment: Under Table 10 of the Actuarial Memorandum, it is stated that the Company will periodically adjust the premium rates to reflect medical trend and the actual experience with the adjustment to be up to 2.5% a quarter and will be applied to all new and re-applied business.

Our Department does not allow trend increase and/or any type of automatic rate increase. All increases in rates must be filed with and approved before that rate increase is implemented and it is based on the experience of the block of business.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

SERFF Tracking Number: MRKC-125633664 State: Arkansas
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 Product Name: Short Term Medical Insurance
 Project Name/Number: Short Term Medical Insurance/MISTM100-AR

Form Schedule

Lead Form Number: MISTM100-AR

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed	MISTM100-AR	Policy/Cont ract/Fratern al Certificate	Short Term Medical Insurance	Initial		36	MISTM100-AR.doc
Approved-Closed	MISTM123	Application/ Enrollment Form	Short Term Medical Insurance Application	Initial		21	MISTM123.pdf

SERFF Tracking Number: *MRKC-125633664* *State:* *Arkansas*
Filing Company: *Markel Insurance Company* *State Tracking Number:* *39198*
Company Tracking Number: *MISTM100-AR*
TOI: *H16I Individual Health - Major Medical* *Sub-TOI:* *H16I.004 Short Term*
Product Name: *Short Term Medical Insurance*
Project Name/Number: *Short Term Medical Insurance/MISTM100-AR*

Attachment "MISTM100-AR.doc" is not a PDF document and cannot be reproduced here.



MARKEL INSURANCE COMPANY

Deerfield, Illinois 60015

A STOCK COMPANY

Short Term Medical Insurance Application

Applicant: Name _____ Date of Birth _____ Age _____ Sex _____
(Last, First, Middle Initial)

Social Security Number _____ Telephone (____) _____ E-mail _____

Street Address _____ City _____ State _____ Zip _____

Billing Address (if different) _____ City _____ State _____ Zip _____

COMPLETE THE FOLLOWING TO INSURE YOUR SPOUSE AND/OR CHILDREN:

Spouse: Name _____ Date of Birth _____ Age _____ Sex _____
(Last, First, Middle Initial)

Child's Name _____ Date of Birth _____ Age _____
(Last, First, Middle Initial)

Child's Name _____ Date of Birth _____ Age _____
(Last, First, Middle Initial)

Child's Name _____ Date of Birth _____ Age _____
(Last, First, Middle Initial)

Complete the Following Choices:

A. Coverage Effective Date:

Requested Effective Date: _____

B. Coverage Length:

1 Month 2 Months 3 Months 4 Months 5 Months 6 Months 12 Months
 Number of days _____

C. Coinsurance Percentage Choice:

80/20 of \$10,000 50/50 of \$10,000 100% (only available on deductibles \$1,000 and up)

D. Deductible Amount Choice:

\$250 \$500 \$1000 \$2500 \$3000 \$5000

E. Payment Method:

Check or Money Order Monthly Automatic Bank Withdrawal
 Credit Card

<p>1-6 Months Coverage: <input type="checkbox"/> Single Prepay <input type="checkbox"/> Monthly Payments</p>	<p>Up To 12-Months Coverage: [Monthly Payments Available Only]</p>
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MARKEL INSURANCE COMPANY

Short Term Medical Insurance Application

- 4. I understand that the broker who solicited this application was acting as an independent contractor and not as an agent of Markel Insurance Company. I further acknowledge that the person who solicited this application and upon whose explanation of benefits, limitations or exclusions I relied, was retained by me as my agent, and that such person has no right to bind or approve coverage or alter any of the terms or conditions of the policy.
- 5. I have read this application and have verified that all of the information provided in it is complete, true and correct, and is all within my personal knowledge. I agree to immediately notify Markel Insurance Company of any changes in any of the information contained in this form that may occur prior to the approval of coverage.

I understand that this coverage will not pay benefits for a disease or physical condition that I now have or is a Pre-Existing Condition as defined in the policy.

Fraud Warning: Any person who, with intent to defraud and/or knowing that he is facilitating a fraud against an insurer, submits an application and/or files a claim containing a false or deceptive statement, and/or conceals information for the purpose of misleading, may be guilty of insurance fraud and subject to criminal and/or civil penalties.

Signature of Applicant: _____

Date: _____

Print Name: _____



Markel Insurance Company
Deerfield, Illinois

Administrator's Office:
462 Midland Road
Janesville, WI 53546

SERFF Tracking Number: *MRKC-125633664* *State:* *Arkansas*
Filing Company: *Markel Insurance Company* *State Tracking Number:* *39198*
Company Tracking Number: *MISTM100-AR*
TOI: *H16I Individual Health - Major Medical* *Sub-TOI:* *H16I.004 Short Term*
Product Name: *Short Term Medical Insurance*
Project Name/Number: *Short Term Medical Insurance/MISTM100-AR*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: MRKC-125633664 State: Arkansas
Filing Company: Markel Insurance Company State Tracking Number: 39198
Company Tracking Number: MISTM100-AR
TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.004 Short Term
Product Name: Short Term Medical Insurance
Project Name/Number: Short Term Medical Insurance/MISTM100-AR

Supporting Document Schedules

Satisfied -Name: Certification/Notice	Review Status: Approved-Closed	06/18/2008
Comments: Please find the following documents: 1. NAIC Transmittal Form 2. Cover Letter 3. Flesch Certification		
Attachments: NAIC Transmittal Form.pdf AR Cover Letter.pdf AR Flesch Certification.pdf		
Satisfied -Name: Application	Review Status: Approved-Closed	06/18/2008
Comments:		
Attachment: MISTM123.pdf		
Satisfied -Name: Health - Actuarial Justification	Review Status: Approved-Closed	06/18/2008
Comments:		
Attachment: STM Actuarial Memorandum - 2007.pdf		
Satisfied -Name: Outline of Coverage	Review Status: Approved-Closed	06/18/2008
Comments:		
Attachment: Outline of Coverage.pdf		

Life, Accident & Health, Annuity, Credit Transmittal Document

1.	Prepared for the State of	Arkansas
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2.	Department Use Only
	State Tracking ID

3.	Insurer Name & Address	Domicile	Insurer License Type	NAIC Group #	NAIC #	FEIN #	State #
	Markel Insurance Company 4600 Cox Road Glen Allen, VA 23060	Illinois	Health	785	38970	363101262	

4.	Contact Name & Address	Telephone #	Fax #	E-mail Address
	Lennie Mejia Markel Insurance Company 4600 Cox Road Glen Allen, VA 23060	800-431-1270 ext. 7702	804-527-7915	lmejia@markelcorp.com

5.	Requested Filing Mode	<input type="checkbox"/> Review & Approval <input type="checkbox"/> File & Use <input type="checkbox"/> Informational <input type="checkbox"/> Combination (please explain): _____ <input checked="" type="checkbox"/> Other (please explain): <u>File & Approve</u>
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6.	Company Tracking Number	MISTM100-AR (06/08)
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7.	<input checked="" type="checkbox"/> New Submission <input type="checkbox"/> Resubmission	Previous file # _____
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8.	Market	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Franchise <input type="checkbox"/> Small <input type="checkbox"/> Large <input type="checkbox"/> Small and Large <input type="checkbox"/> Employer <input type="checkbox"/> Association <input type="checkbox"/> Blanket <input type="checkbox"/> Discretionary <input type="checkbox"/> Trust <input type="checkbox"/> Other: _____
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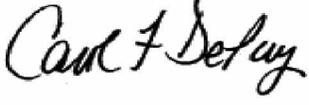
9.	Type of Insurance	H.16I Individual Health – Major Medical
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10.	Product Coding Matrix Filing Code	H16I.002 Short Term
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11.	Submitted Documents	<input type="checkbox"/> FORMS <input checked="" type="checkbox"/> Policy <input type="checkbox"/> Outline of Coverage <input type="checkbox"/> Certificate <input checked="" type="checkbox"/> Application/Enrollment <input type="checkbox"/> Rider/Endorsement <input type="checkbox"/> Advertising <input type="checkbox"/> Schedule of Benefits <input type="checkbox"/> Other Rates <input type="checkbox"/> New Rate <input type="checkbox"/> Revised Rate <input type="checkbox"/> FILING OTHER THAN FORM OR RATE: Please explain: _____ SUPPORTING DOCUMENTATION <input type="checkbox"/> Articles of Incorporation <input type="checkbox"/> Third Party Authorization <input type="checkbox"/> Association Bylaws <input type="checkbox"/> Trust Agreements <input type="checkbox"/> Statement of Variability <input type="checkbox"/> Certifications <input type="checkbox"/> Actuarial Memorandum <input checked="" type="checkbox"/> Other: <u>Cover Letter</u>
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12.	Filing Submission Date	06/04/2008
13.	Filing Fee (If required)	Amount _____ Check Date _____
		Retaliatory <input type="checkbox"/> Yes <input type="checkbox"/> No Check Number _____
14.	Date of Domiciliary Approval	04/19/2007

15.	Filing Description: Individual Short Term Medical	
	<p>Short Term Medical Insurance Form Filing. Cover letter outlines purpose of filing.</p>	

16.	Certification (If required)	
<p>I HEREBY CERTIFY that I have reviewed the applicable filing requirements for this filing, and the filing complies with all applicable statutory and regulatory provisions for the state of <u>Arkansas</u>.</p>		
Print Name <u>Carol DePuy</u>		Title <u>Regulatory Compliance Manager</u>
Signature 		Date: <u>06/04/2008</u>

17.	Form Filing Attachment	
This filing transmittal is part of company tracking number		MISTM100-AR (06/08)
This filing corresponds to rate filing company tracking number		

	Document Name	Form Number		Replaced Form Number
	Description			Previous State Filing Number
01	Short Term Medical Insurance	MISTM100-AR (06/08)	<input checked="" type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
	Master Policy			
02	Short Term Medical Application	MISTM123 (11/07)	<input checked="" type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
	Application			
03			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
04			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
05			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
06			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
07			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
08			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
09			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	
10			<input type="checkbox"/> Initial <input type="checkbox"/> Revised <input type="checkbox"/> Other _____	

LH FFA-1

18.		Rate Filing Attachment		
This filing transmittal is part of company tracking number		MISTM100 (06/08)		
This filing corresponds to form filing company tracking number				
Overall percentage rate indication (when applicable)				
Overall percentage rate impact for this filing		%		
	Document Name Description	Affected Form Numbers		Previous State Filing Number
01			<input checked="" type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
02			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
03			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
04			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
05			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
06			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
07			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
08			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
09			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	
10			<input type="checkbox"/> New <input type="checkbox"/> Revised Request + ___% - ___% <input type="checkbox"/> Other _____	

LH RFA-1



MARKEL INSURANCE COMPANY

4600 Cox Road Glen Allen, Virginia 23060-9817 P.O. Box 3870, Glen Allen, Virginia 23058-3870
(804) 527-2700 (800) 431-1270 Fax (804) 527-7915

June 4, 2008

Arkansas Insurance Department
Life & Health Division
1200 West Third Street
Little Rock, AR 72201

Re: **Markel Insurance Company**

FEIN# 363101262

NAIC# 38970

Individual Major Medical Expense Coverage

Short-Term Medical Insurance

Forms: MISTM100-AR (06/08)

MISTM123 (11/07)

Rate Manual

Short Term Medical Insurance Policy

Short Term Medical Insurance Application

Dear Director of Insurance:

The above referenced forms and documents are attached for your review and approval. This submission is being made for individual policies delivered **out of state** to cover persons in Arkansas. Please note that these forms were approved by our domicile, the State of Illinois, on April 19, 2007. These forms are new and do not replace any forms previously approved by your Department.

Product Description

- This product is a short-term medical product that will provide accident and sickness benefits.
- The product is not guarantee issued or renewable.
- The duration of the coverage period for association members will range from 30 – 365 days.
- Because the product is short-term in nature, there is no provision for coverage of pre-existing conditions or for continuation of coverage or conversion.

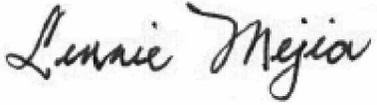
The forms are in final printed form subject only to changes in font style, margins, page numbers, ink and paper stock. Printing standards will never be less than those required by law. Once approved, we reserve the right to use the forms in their approved format in a variety of media, including the Internet, with the understanding that there may be slight accommodations made for electronic viewing.

If there are any questions that you feel could be best handled by phone, please feel free to contact

us. We would be most pleased to discuss this filing with you.

Thank you for your consideration and immediate attention.

Sincerely,

A handwritten signature in black ink that reads "Lennie Mejia". The signature is written in a cursive style with a large initial "L" and a stylized "M".

Lennie Mejia

Regulatory Compliance Specialist

Markel Accident & Health Division

Tel. (800) 431-1270 Extension 7702

Fax (804) 527-7915

E-mail: lmejia@markelcorp.com



MARKEL INSURANCE COMPANY

4600 Cox Road Glen Allen, Virginia 23060-9817 P.O. Box 3870, Glen Allen, Virginia 23058-3870
(804) 527-2700 (800) 431-1270 Fax (804) 527-7915

FLESCH READABILITY CERTIFICATION

The forms listed below are not meeting the minimum reading score established by the State of Arkansas. These forms qualify to be exempt under 23-80-207. The forms not meeting the minimum requirements include language consisting of medical terminologies typical of the Accident and Health Policy and application form.

<u>FORM NUMBER</u>	<u>FLESCH SCORE</u>
MISTM100-AR (06/08)	36.4
MISTM123 (11/07)	21.2

A handwritten signature in black ink, appearing to read "Mark Nichols", written over a horizontal line.

Mark Nichols
Vice President
Markel Insurance Company

06/03/2008
Date



MARKEL INSURANCE COMPANY

Deerfield, Illinois 60015

A STOCK COMPANY

Short Term Medical Insurance Application

Applicant: Name _____ Date of Birth _____ Age _____ Sex _____
(Last, First, Middle Initial)

Social Security Number _____ Telephone (____) _____ E-mail _____

Street Address _____ City _____ State _____ Zip _____

Billing Address (if different) _____ City _____ State _____ Zip _____

COMPLETE THE FOLLOWING TO INSURE YOUR SPOUSE AND/OR CHILDREN:

Spouse: Name _____ Date of Birth _____ Age _____ Sex _____
(Last, First, Middle Initial)

Child's Name _____ Date of Birth _____ Age _____
(Last, First, Middle Initial)

Child's Name _____ Date of Birth _____ Age _____
(Last, First, Middle Initial)

Child's Name _____ Date of Birth _____ Age _____
(Last, First, Middle Initial)

Complete the Following Choices:

A. Coverage Effective Date:

Requested Effective Date: _____

B. Coverage Length:

1 Month 2 Months 3 Months 4 Months 5 Months 6 Months 12 Months
 Number of days _____

C. Coinsurance Percentage Choice:

80/20 of \$10,000 50/50 of \$10,000 100% (only available on deductibles \$1,000 and up)

D. Deductible Amount Choice:

\$250 \$500 \$1000 \$2500 \$3000 \$5000

E. Payment Method:

Check or Money Order Monthly Automatic Bank Withdrawal
 Credit Card

<p>1-6 Months Coverage: <input type="checkbox"/> Single Prepay <input type="checkbox"/> Monthly Payments</p>	<p>Up To 12-Months Coverage: [Monthly Payments Available Only]</p>
---	--

MARKEL INSURANCE COMPANY

Short Term Medical Insurance Application

- 4. I understand that the broker who solicited this application was acting as an independent contractor and not as an agent of Markel Insurance Company. I further acknowledge that the person who solicited this application and upon whose explanation of benefits, limitations or exclusions I relied, was retained by me as my agent, and that such person has no right to bind or approve coverage or alter any of the terms or conditions of the policy.

- 5. I have read this application and have verified that all of the information provided in it is complete, true and correct, and is all within my personal knowledge. I agree to immediately notify Markel Insurance Company of any changes in any of the information contained in this form that may occur prior to the approval of coverage.

I understand that this coverage will not pay benefits for a disease or physical condition that I now have or is a Pre-Existing Condition as defined in the policy.

Fraud Warning: Any person who, with intent to defraud and/or knowing that he is facilitating a fraud against an insurer, submits an application and/or files a claim containing a false or deceptive statement, and/or conceals information for the purpose of misleading, may be guilty of insurance fraud and subject to criminal and/or civil penalties.

Signature of Applicant: _____

Date: _____

Print Name: _____



Markel Insurance Company
Deerfield, Illinois

Administrator's Office:
462 Midland Road
Janesville, WI 53546



Markel Insurance Company

Actuarial Memorandum

Effective May 1, 2007

For

Short Term Medical Product
Form MSTM100

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective May 1, 2007

Page 2 of 18

Section 1: Purpose of Actuarial Memorandum

This actuarial memorandum has been prepared for the purpose of demonstrating the premium rate development of the short term medical product for Markel Insurance Company.

This actuarial memorandum is applicable to states where the statutory mandates are within benefits described in Section 2 and Section 3 of this memorandum. To the extent the statutory mandated benefits are in excess of the benefits described in Section 2 and Section 3 of this rate manual, the rate adjustment for geographic areas could be inadequate.

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 the pricing loss ratio.

Section 2: Product Summary

The policy, supported by this Rate Manual, 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, or 365 days.

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

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 Coinsurance Percentage up to the Lifetime maximum, subject to benefit limits summarized in Table 1 and other insurance details in Section 3.

Per Person Per Coverage Period Deductible option:	\$250; \$500; \$1,000; \$2,000; \$2,500; \$3,000; \$5,000
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Per Person Per Cause Deductible option:	\$250; \$500; \$1,000; \$2,000; \$2,500;
---	--

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective May 1, 2007

Page 3 of 18

	\$3,000; \$5,000
Coinsurance Percentage option:	50%, 60%, 70%, 80%, 90% or 100% up to \$10,000, and 100% thereafter
Lifetime Maximum:	\$1,000,000

Table 1: Benefit Limits

Benefits	Benefit Limits
Transplant	\$125,000 per coverage period
Ground and Air Ambulance	\$250 per trip
Home Health Care	\$40 per 8-hour shift, 40 shifts per coverage period
Skilled Nursing Facilities	\$30 per day, 30 day per coverage period
Private Duty Nursing	\$75 per 8-hour shift, 90 maximum shifts per coverage period
Hospice	\$5,000 per coverage period
Mental Health and Substance Abuse	Excluded
Prescription Drugs	Excluded
Acquired Immune Deficiency Syndrome and Human Immunodeficiency Virus related illness	\$10,000 per coverage period
Outpatient Physical Therapy	12 visits per coverage period
Spinal Manipulation or Adjustment	\$1,000 per coverage period
Colorectal Screening	\$300 per coverage period
Inpatient Dental Anesthesia <i>for children under the age of 6 or disabled individuals</i>	\$250 per coverage period

Section 3: General Insurance Details

This section is included only for reference supporting premium rate assumptions. Please refer to the policy and certificate for actual terms and conditions.

Underwriting Requirements: Applicants and dependents must answer no to all the underwriting questions in the application form. This is not a guarantee issued product.

Pre-existing conditions exclusions: Any pre-existing condition in the 24 months (IL) or 36 months (elsewhere) period immediately before the policy effective is not covered.

Actuarial Memorandum

Markel Insurance Company Short Term Medical Product, Form MSTM100

Effective May 1, 2007

Page 4 of 18

Enrollment Eligibility: No other medical coverage; not in armed force; insured – age 2 to age 60; legal dependent spouse; dependent children to age 18, or to age 25 if in school full time.

Free look: 10 days

Pre-admission certification: Hospital admissions and lengths of stay are subject to certification by a Professional Review Organization. Notification must occur as 10 days prior to non-emergency admission of the insured person to a Hospital; or within 48 hours or on the first business day following an emergency admission of the insured person to a Hospital, or as soon thereafter as is reasonably possible; or within 48 hours of delivery for complicated birth.

Reduction of benefits: To the extent that the otherwise Eligible Expense for the Hospital admission and/or length of stay and/or extensions of stay are not certified by the Professional Review Organization, the penalty is the lesser of \$1,000 or 50% of the Eligible Expenses, unless the insured person is incapacitated and unable to contact the Company.

Exclusions:

- (1) Pre-Existing Conditions, as defined.
- (2) Expenses that the Insured Person is not required to pay, or those charges that would not have been billed if no insurance existed.
- (3) Charges for custodial maintenance; pre-marital screenings or exams; routine services for general physical examinations; physical examinations that are required by third parties; diagnostics, screenings and research; preventative or prophylactic care; and immunizations, unless specifically noted in the Group Policy.
- (4) Medical Expenses that are eligible for payment under an automobile medical payment benefit, regardless of fault.
- (5) Injury or Sickness resulting from war, either declared or undeclared; riot or any act incidental to war or riot; while committing or attempting to commit felony; intentionally self-inflicted Injuries; suicide or attempted suicide, while sane or insane.
- (6) Injury or Sickness incurred during military service or while on active duty. Upon written notice to Us of entry into active duty, any unused premium will be returned to the Insured Person on a pro-rated basis.
- (7) Substance Abuse Treatment unless specifically provided by State Mandated benefits.
- (8) Charges incurred by an insured Dependent who is a newborn child not yet discharged from the Hospital, unless the charges are necessarily incurred as the

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result of, and to treat, premature birth, congenital Injury or Sickness, or Injury or Sickness sustained during or after birth.

- (9) Charges related to elective cesarean section when no complication is present or voluntary termination of a normal Pregnancy including, but not limited to, the cost of any drug, contraceptive, supply, treatment, or procedure intended to prevent conception or childbirth.
- (10) Any work-related accidental bodily Injury or Sickness.
- (11) Routine charges for the care and/or treatment of a normal Pregnancy or childbirth with the exception of those Expenses related to a Complication of Pregnancy as defined in the Group Policy.
- (12) Any services, supplies or treatment furnished by the Insured Person, an Insured Person's Immediate Family, or Employer.
- (13) Services or supplies rendered to a transplant donor of any organ or bodily element or the acquisition cost of any organ or bodily element.
- (14) Services related to or for the purpose of treating infertility or causing Pregnancy, including but not limited to, diagnostic testing; drugs; medicines; artificial insemination; in vitro fertilization; and embryo transplants; or any condition or complication caused by or resulting from such treatment.
- (15) Participation in high-risk sports, activities, or occupations such as: skydiving; scuba diving; bungee jumping; hang gliding; or ultra light gliding; traveling in or on any all terrain vehicles such as, but not limited to: dirt bikes, all terrain vehicles, snowmobiles, or go-carts; racing with any motorcycle, boat or any form of aircraft; participation in any sports for pay or profit; participation in inter-collegiate sports; and any rodeo events.
- (16) Charges that do not meet the definition or are not specifically identified under the Group Policy as Eligible Expenses, including amounts in excess of the Usual and Customary charges for the geographic area in which the charges are incurred.
- (17) Charges determined to be for educational purposes or charges that may be provided through an educational program or facility.
- (18) Voluntary inhalation or ingestion of any gas, poison or poisonous substance.
- (19) Cosmetic, reconstructive or plastic surgery unless:
 - a) As a result of an Injury that occurred while the Insured Person was insured under the Group Policy; or
 - b) To correct the disorder of a normal bodily function if the disorder had its inception while the Insured Person was insured under the Group Policy; or
 - c) Expenses are incurred for reconstructive breast surgery following a mastectomy due to illness occurring within the terms of the Group Policy.
- (20) Obesity, including any treatment, advice, consultation, medication, program or surgery recommended for reducing weight whether or not such weight reduction is recommended for reasons other than, or in addition, to, obesity; or any complication resulting from the treatment or surgery for weight reduction.

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- (21) Care or treatment of: weak, strained or flat feet; instability or imbalance of the foot; metatarsalgia, bunions, corns, calluses or toenails; except for charges: (i) by a Hospital during Confinement; (ii) for the care and treatment of a metabolic or peripheral vascular disease; (iii) for immediate repair of Injury from an accident that occurred while the insured person was insured under the Group Policy.
- (22) Treatment related to: gender change or modification; sterilization or elective reversal surgical procedures; breast reduction unless Medically Necessary; breast enlargement for any reason; or the treatment or testing for sexual dysfunction whether such condition has a physical or organic basis or origin.
- (23) Services or supplies of a common household use, such as: exercise cycles; air or water purifiers; air conditioners; allergenic mattresses; and blood pressure kits.
- (24) Charges for items or services of convenience, including but not limited to: admission kits; telephone; slippers; or homemaker services; supportive service focusing on activities of daily life such as bathing; dressing; feeding; or skin and/or bladder care; administration of oral medication or eye drops, except as specifically covered in the Group Policy.
- (25) Experimental or investigational service, supplies, or treatments.
- (26) Travel or travel expense, even though prescribed by a Physician.
- (27) Outpatient Prescription Drugs; medicines; vitamins (including prenatal vitamins); mineral or food supplements; or any over the counter medicines, whether or not ordered by a Physician.
- (28) Charges for the treatment of acne or varicosities of the veins
- (29) Any expense for the treatment of Injury or Sickness occurring while intoxicated or under the influence of alcohol, illegal drugs, hallucinogenics or narcotics unless said narcotics were prescribed by a Physician and used as recommended. "Intoxicated" and "under the influence" will have the meanings determined by the laws of the jurisdiction of the geographical region in which either the Loss or the cause occurs.
- (30) Charges related to transportation, except where specifically covered in the Group Policy.
- (31) Expenses incurred to treat complications resulting from any treatment or care of conditions that are not covered under the Group Policy.
- (32) Expenses related to diagnosing, testing for, or treating a sleeping disorder.
- (33) Testing, diagnosis or treatment for or related to learning disabilities; attention deficit disorder; hyperactivity; autism; or related conditions.

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Section 4: Policy Experience

There is no policy experience since Form MSTM100 is a new policy form.

Section 5: History of Previous Rate Revisions

There no previous rate revisions since Form MSTM100 is a new policy form.

Section 6: Rate Development – Morbidity and Mortality Bases

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

- Apex HRM databases
- Demographic and other information provided by SAS, a MGU for this business
- CP Risk Solutions, LLC proprietary information

Considerations are given to:

- Pre-existing condition exclusions and medical underwriting requirements
- Short accumulation period for policy deductible and out-of-pocket maximum, when compared to regular medical plans
- Passive preferred provided discount arrangements

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.

Market research was performed assessing competitions' premium rates by plan options including duration of coverage, age/sex and geographic areas. Adjustments were made to the initially developed rates to maximize market competitiveness and minimize adverse selections. Final rates are normalized based on projected sales by age/sex, plan duration and geographic areas.

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Table 2: Distribution of Sales by Age and Sex

Age	Male	Female
To 25	4%	6%
25-29	11%	15%
30-34	7%	9%
35-39	6%	6%
40-44	4%	4%
45-49	4%	4%
50-54	3%	4%
55-59	3%	3%
60-64	2%	2%
Child	3%	
Total	100%	

The projected average enrollment age for this product is 36.

Table 3: Distribution of Sales by Benefit Duration

Coverage Period	Single Pay	Monthly Pay
31 or less days	9%	0%
32 to 62 days	7%	0%
63 to 93 days	5%	0%
94 to 185 days	6%	0%
6 months	0%	68%
12 months	0%	5%
Total	27%	73%

Coverage Period is based on option chosen at the time of application. Actual coverage period under Monthly Pay could be shorter when insured terminates prior to the full initially selected coverage period. Based on the initially selected coverage period, the average duration of the single pay policies is 71 days and the average duration of the monthly pay is 6.4 months.

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Table 4: Distribution of Sales by Geographic Areas

State	Zip	Percent Distribution
Arizona	All	3%
California	900-907, 918	2%
California	908-917, 946-947	2%
California	All others CA	9%
Colorado	All	3%
Connecticut	All	2%
Florida	330-333, 340	2%
Florida	All other Florida	8%
Georgia	All	3%
Illinois	600-605, 607	3%
Illinois	606, 608	2%
Illinois	All others	1%
Maryland	All others	1%
Michigan	All	4%
North Carolina	All	4%
Ohio	All	4%
Pennsylvania	190, 191, 194	2%
Pennsylvania	All others	5%
Texas	750-753, 770-777	4%
Texas	All other TX	4%
Virginia	All others	3%
Wisconsin	All	3%
Other		28%
Total		100%

The area factors in Section 9 are indexed at “CA-All other” since that is projected to have the highest percentage of sales. The average area factors based on the percentage of distribution is 0.865.

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Table 5: Average Monthly Claims Cost

Age	Male	Female
To 25	65.70	73.74
25-29	70.26	87.15
30-34	73.74	100.29
35-39	93.85	117.45
40-44	110.75	127.64
45-49	130.59	149.90
50-54	196.29	183.95
55-59	270.30	229.00
60-64	387.48	273.24
Child	38.35	
Average	119.32	

Table 6: Average Monthly Premium Rates

Age	Male	Female
To 25	146.14	164.11
25-29	155.80	193.60
30-34	164.11	223.10
35-39	208.35	260.91
40-44	246.16	283.70
45-49	290.41	333.04
50-54	436.55	408.39
55-59	600.39	508.68
60-64	861.30	607.09
Child	71.06	
Average	264.78	

The average claims costs and premium rates in Table 5 and Table 5, respectively, are based on an 80% coinsurance \$250 deductible plan option, a coverage period of 6 months, a monthly pay option, a 31 day month and an average geographic distribution as shown in Table 4. The final composite average is based on average age/sex mix as show in Table 2. For single pay coverage, costs are divided by a factor of 1.2. For coverage period 93 days or less, costs are multiplied by a factor of 0.9.

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Section 7: Premium Rate Algorithm

Step 1. Choose a payment option single or monthly.	Single Payment	Monthly Payment	Source Reference
Step 2. Daily rate			
a) Applicant rate	_____	_____	Section 9, Table 7a
b) Spouse rate	+ _____	_____	Section 9, Table 7a
Subtotal	= _____ XX	_____ XX	
Step 3. Per child rate			Section 9, Table 7a
Enter the number of dependent children	x _____	_____	
Multiply the rate by the number of children	= _____ XX	_____ XX	
Step 4. Subtotals daily rate			
Step 2 + Step 3	_____ XX	_____ XX	
Step 5. Intensive Care Adjustment	_____	_____	Section 9, Table 7b
Step 6. Plan Option Adjustment	_____	_____	Section 9, Table 8a or Table 8b
Step 7. ZIP Code Factor	_____	_____	Section 9, Table 9
Step 8. Medical and Experience Trend Factor	_____	_____	Section 9, Table 10
Step 9. Monthly factor	1	1.2	
Step 10. Enter the number of days of coverage	_____	_____	
Single Payment – 30 days to 185 days, or 365 days.			
Monthly Payment – Actual number of days in each month			
Step 11. Total Premium before fees	_____ XX	_____ XX	
step 4 x step 5 x step 6 x step 7 x [1+step 8] x step 9 x step 10			

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Section 8: Premium Rating Example

Applicant: Age 33 male
 Spouse: Age 30 female
 # of Children: 2
 Zip Code: 23060
 Plan Option: \$1,000 deductible per coverage period, 80% coinsurance
 ICU: 3 times semi-private room
 Coverage Period: 120 days
 Effective: May 1, 2007
 Payment Option: Monthly

Step 1. Choose a payment option single or monthly.	Single Payment	Monthly Payment	Source Reference
Step 2. Daily rate			
a) Applicant rate	xx	5.10	Section 9, Table 7a
b) Spouse rate	+	6.93	Section 9, Table 7a
Subtotal	= xx	12.03	
Step 3. Per child rate			
Enter the number of dependent children	x	2.65	Section 9, Table 7a
Multiply the rate by the number of children	= xx	2	
		5.30	
Step 4. Subtotals daily rate			
Step 2 + Step 3	xx	17.33	
Step 5. Intensive Care Adjustment		1.00	Section 9, Table 7b
Step 6. Plan Option Adjustment		0.67	Section 9, Table 8a
Step 7. ZIP Code Factor		0.729	Section 9, Table 9
Step 8. Medical and Experience Trend Factor		0.025	Section 9, Table 10
Step 9. Monthly factor	1	1.2	
Step 10. Enter the number of days of coverage			
Single Payment – 30 days to 185 days, or 365 days. Monthly Payment – Actual number of days in each month			
Step 11. Total Premium before fees	xx	322.75	
step 4 x step 5 x step 6 x step 7 x [1+step 8] x step 9 x step 10			

Section 9: Rate Tables

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Table 7a: Starting Daily Rates

Age	Male	Female
To 25	4.54	5.10
25-29	4.84	6.02
30-34	5.10	6.93
35-39	6.48	8.11
40-44	7.65	8.82
45-49	9.02	10.35
50-54	13.56	12.70
55-59	18.66	15.81
60-64	26.77	18.87
Per Child	2.65	

Table 7b: Intensive Care Limit Adjustment Factors

Multiple of Average Semi-Private Room Rate	Adjustment Factors
1	0.97
2	0.98
3	1.00

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Table 8a: Plan Option Adjustment Factors – Deductible per Coverage Period

Deductible	250	500	1,000	2,000	2,500	3,000	5,000
93 or less days of coverage							
100%	n/a	n/a	n/a	0.51	0.49	0.43	0.33
90%	1.00	0.86	0.67	0.48	0.47	0.41	0.32
80%	0.90	0.78	0.60	0.44	0.42	0.37	0.29
70%	0.82	0.71	0.55	0.40	0.38	0.34	0.26
60%	0.76	0.66	0.51	0.37	0.36	0.31	0.24
50%	0.70	0.61	0.47	0.34	0.33	0.29	0.22
More than 93 days of coverage up to 6 months							
100%	n/a	n/a	n/a	0.57	0.54	0.48	0.37
90%	1.11	0.96	0.74	0.54	0.52	0.45	0.35
80%	1.00	0.86	0.67	0.49	0.47	0.41	0.32
70%	0.91	0.79	0.61	0.45	0.43	0.38	0.29
60%	0.85	0.73	0.57	0.41	0.39	0.35	0.27
50%	0.78	0.67	0.52	0.38	0.36	0.32	0.25
12 months							
100%	n/a	n/a	n/a	1.04	0.99	0.95	0.81
90%	1.29	1.21	1.11	0.99	0.94	0.90	0.77
80%	1.16	1.10	1.01	0.90	0.85	0.82	0.71
70%	1.06	1.01	0.93	0.83	0.79	0.76	0.66
60%	0.98	0.93	0.86	0.77	0.74	0.71	0.62
50%	0.91	0.86	0.80	0.72	0.69	0.67	0.59

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Table 8b: Plan Option Adjustment Factors – Deductible per Cause

Deductible	250	500	1,000	2,000	2,500	3,000	5,000
93 or less days of coverage							
100%	n/a	n/a	n/a	0.44	0.42	0.36	0.27
90%	0.97	0.82	0.61	0.42	0.40	0.35	0.26
80%	0.88	0.74	0.55	0.39	0.36	0.31	0.23
70%	0.80	0.68	0.51	0.35	0.33	0.29	0.21
60%	0.74	0.63	0.47	0.33	0.31	0.27	0.20
50%	0.69	0.58	0.44	0.30	0.29	0.25	0.18
More than 93 days of coverage up to 6 months							
100%	n/a	n/a	n/a	0.49	0.46	0.40	0.29
90%	1.07	0.90	0.68	0.47	0.44	0.38	0.28
80%	0.97	0.82	0.61	0.42	0.40	0.35	0.25
70%	0.89	0.75	0.56	0.39	0.37	0.32	0.23
60%	0.82	0.70	0.52	0.36	0.35	0.30	0.22
50%	0.76	0.64	0.49	0.34	0.32	0.28	0.20
12 months							
100%	n/a	n/a	n/a	0.87	0.80	0.75	0.60
90%	1.24	1.14	1.00	0.83	0.78	0.73	0.58
80%	1.12	1.03	0.91	0.76	0.72	0.67	0.54
70%	1.03	0.95	0.84	0.71	0.67	0.63	0.51
60%	0.95	0.88	0.79	0.67	0.63	0.59	0.49
50%	0.88	0.82	0.74	0.63	0.59	0.56	0.47

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Table 9: Area Factors

State	Zip	Adjustment Factor
Alabama	All	0.946
Alaska	All	0.890
Arizona	All	0.649
Arkansas	All	0.631
California	900-907, 918	1.516
California	908-917, 946-947	1.110
California	All others CA	1.000
Colorado	All	1.036
Connecticut	All	0.742
Delaware	All	0.770
District of Columbia	All	0.788
Florida	330-333, 340	1.362
Florida	All other Florida	1.015
Georgia	All	0.812
Hawaii	NA	0.715
Idaho	All	0.642
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	0.566
Kentucky	402	0.972
Kentucky	Other	0.853
Louisiana	All	1.039
Maine	All	0.853
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	0.608
Mississippi	All	0.853
Missouri	All	0.647
Montana	All	0.960
Nebraska	All	0.673
Nevada	All	0.953
New Hampshire	All	0.706
New Jersey	NA	1.017
New Mexico	All	0.666

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Table 9: Area Factors

State	Zip	Adjustment Factor
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	0.818
North Dakota	All	0.628
Ohio	All	0.650
Oklahoma	All	0.665
Oregon	All	0.673
Pennsylvania	190, 191, 194	0.963
Pennsylvania	All others	0.821
Rhode Island	All	0.918
South Carolina	All	0.762
South Dakota	All	0.676
Tennessee	All	0.635
Texas	750-753, 770-777	1.046
Texas	All other TX	0.887
Utah	All	0.753
Vermont	NA	0.593
Virginia	222, 223	0.915
Virginia	All others	0.729
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

The area factors in Table 9 assume statutory mandated benefits fall within the benefits described in Section 2 and Section 3 of this rate manual. The area factors also did not account for any state or pool assessments. Markel could be subject to these assessments as a result of this product. To the extent the statutory mandated benefits are in excess of the benefits described in Section 2 and Section 3 of this rate manual and Markel would be subject to any state assessment, the rate adjustment for geographic areas could be inadequate.

Table 10: Medical and Experience Trend Factor

Frequency	Maximum Trend
Quarterly	2.5%

The base rates contained in this rate manual are developed for effective dates through March 31, 2007. The Company will periodically adjust the premium rates to reflect medical trend and the actual experience; the adjustment will be up to 2.5% a quarter and will be applied to all new and re-applied business.

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Section 10: Variability of Results and Experience Monitoring

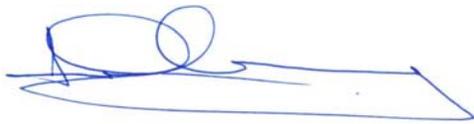
Future experience will invariably be different from projected experience and other knowledgeable individuals could have a different opinion about what the most appropriate assumptions are. Markel should monitor the experience for premium adequacy and make changes, if necessary.

Section 11: Actuarial Certification

I, Lina S. Cheung, 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.

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, International Funding Limited SAS 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.



Lina S. Cheung, FSA, MAAA, FCA
Partner
CP Risk Solutions, LLC
May 8, 2007

MARKEL INSURANCE COMPANY

SHORT TERM MAJOR MEDICAL EXPENSE COVERAGE

OUTLINE OF COVERAGE

Read your Policy Carefully – This outline of coverage provides a very brief description of the important features of Your Policy. This is not the insurance contract, and only the actual policy provisions will control. The Policy itself sets forth in detail the rights and obligations of both You and Us. It is, therefore, important that you READ YOUR POLICY CAREFULLY.

Major medical expense coverage is designed to provide comprehensive coverage for major hospital, medical, and surgical expenses incurred as a result of a covered accident or sickness. Coverage is provided for daily hospital room and board, miscellaneous hospital services, surgical services, anesthesia services, in-hospital and medical services, out-of-hospital care, and prescription drugs, subject to any deductibles, copayment provisions, or other limitations that may be set forth in the policy.

DEDUCTIBLE AMOUNT PER COVERAGE PERIOD:

For all Eligible Expenses, with the exception of Mammograms and Pap Smears:

[\$250 - \$5000] per person, per Coverage Period.

Mammograms and Pap Smears:

Not subject to the Deductible, only Coinsurance Percentage Payable is applicable.]

[OR]

DEDUCTIBLE AMOUNT PER CAUSE:

For all Eligible Expenses with the exception of Mammograms and Pap Smears:

[\$250 - \$1000] per person, per cause, as elected.

Mammograms and Pap Smears:

Not subject to the Deductible

If You elect the Per Cause Deductible, You must satisfy Your elected Deductible Amount for each incident or subsequent incidents for the same Injury or Sickness before any other Eligible Expenses will be paid for such incident.]

COINSURANCE LIMIT: (Out of Pocket Limit)

\$10,000 per person, per Coverage Period, subject to the Overall Maximum Benefit Payable.

COINSURANCE PERCENTAGE PAYABLE: (After satisfaction of the Deductible Amount)

For all conditions, unless specifically noted elsewhere in the Policy:

[50% - 100%] of Eligible Expenses up to the Coinsurance Limit. Thereafter, [80% - 100%].

All Eligible Expenses are subject to Usual and Customary Charges and the Overall Maximum Benefit Payable.

A. HOSPITAL INPATIENT DAILY ROOM RATE:

1. For normal care:

The Average Semi-Private Room Rate

2. For Intensive Care:

[1 – 3] times the Average Semi-Private Room Rate

B. MISCELLANEOUS HOSPITAL SERVICES

All Eligible Expenses are subject to Usual and Customary Charges and the Overall Maximum Benefit Payable.

C. SURGICAL SERVICES:

SURGEON:

Professional Fees Payable

ASSISTANT SURGEON/CO-SURGEON:

Up to 20% of the lead surgeon's allowable benefit.

SURGEON'S ASSISTANT:

Up to 15% of the lead surgeon's allowable benefit.

D. ANESTHESIOLOGIST:

Up to 20% of the lead surgeon's allowable benefit.

E. IN-HOSPITAL MEDICAL SERVICES:

PRIVATE DUTY NURSING:

Maximum Rate:

\$75 per 8 hour shift

Maximum Payment Period:

90 shifts per Coverage Period

SKILLED NURSING FACILITY:

Maximum Daily Room Rate:

\$30 per day

Maximum Payment Period

30 days per Coverage Period

F. OUT-HOSPITAL MEDICAL SERVICES:

HOME HEALTHCARE VISITS and SERVICES:

Maximum Benefit:

90 visits per person per Coverage Period,
\$40 per 8 hour shift

HOSPICE CARE and SERVICES:

\$5,000 per person per Coverage Period

G. RADIOLOGY AND PHYSIOTHERAPY:

RADIOLOGY SERVICES:

All Eligible Expenses are subject to Usual and Customary Charges and the Overall Maximum Benefit Payable.

SPINAL MANIPULATION or ADJUSTMENT:

Maximum Benefit:

\$1,000 per person per Coverage Period

OUTPATIENT PHYSICAL THERAPY SERVICES:

Maximum Benefit:

12 visits per person per Coverage Period

H. OUT-OF-HOSPITAL PRESCRIPTION DRUGS: \$1,500 per person per Coverage Period

I. OTHER BENEFITS:

GROUND AND AIR AMBULANCE SERVICES:

Maximum Benefit: \$250 per trip.

HUMAN ORGAN and TISSUE TRANSPLANTS:

Maximum Benefit: \$125,000 per person per Coverage Period

COLORECTAL CANCER SCREENING:

\$300 per person per Coverage Period

DENTAL ANESTHETIC SERVICES:

\$250 per person per Coverage Period

J. MAXIMUM DOLLAR AMOUNT FOR COVERED CHARGES:

OVERALL MAXIMUM BENEFIT PAYABLE

(includes all conditions, all benefits): \$1,000,000 per person per lifetime.

Explanation of charges that may limit payment:

You may be subject to balance billing if the charges exceed the maximum considered Usual and Customary as defined in the Policy, or the limits established by the terms of this Policy.

To determine the maximum allowable charge permitted for a covered benefit, please contact Our claims service office serviced by [International Funding, Ltd. at this toll free number: 1-800-610-1920.]

LIMITATIONS: Eligible Expenses are limited by the following

- (1) Hospital Inpatient Daily Room Rate Maximum - Eligible Expenses do not include charges by a Hospital for room and board and general or floor nursing care unless they are incurred while the Insured Person is a Registered Bed-Patient. Also, they do not include any portion of such a charge in excess of the Maximum Daily Room Rate shown in the Schedule of Benefits for normal care.
- (2) Hospital Inpatient Intensive Care Unit Maximum - Eligible Expenses do not include any portion of the charge made by a Hospital for care and treatment received in an Intensive Care Unit that is in excess of the Intensive Care Unit Maximum shown in the Schedule of Benefits.
- (3) Private Duty Nursing Maximum - Eligible Expenses do not include charges for private duty nursing service by a registered graduate Nurse (R.N.) in excess of the Maximum Private Duty Nursing Rate and Payment Period shown in the Schedule of Benefits.
- (4) Skilled Nursing Facility Maximum - Eligible Expenses do not include any portion of the charge by a Skilled Nursing Facility for room and board and general or floor nursing care in excess of the Skilled Nursing Facility Maximum Daily Room Rate shown in the Schedule of Benefits and do not include any such charges for more than the Maximum Payment Period of Skilled Nursing Facility Confinement shown in the Schedule of Benefits.

- (5) Ground and Air Ambulance Services Maximum - Eligible Expenses do not include charges for ambulance transportation to a local Hospital that are in excess of the Ambulance Service Maximum shown in the Schedule of Benefits.
- (6) AIDS/HIV Maximum - Eligible Expenses do not include charges in excess of the Acquired Immune Deficiency Syndrome/Human Immunodeficiency Virus Maximum shown in the Schedule of Benefits.
- (7) Human Organ and Tissue Transplants Maximum - Eligible Expenses do not include charges in excess of the Human Organ and Tissue Transplant Maximum shown in the Schedule of Benefits.
- (8) Spinal Manipulation or Adjustment - Eligible Expenses do not include charges in excess of the Spinal Manipulation or Adjustment Maximum shown in the Schedule of Benefits.
- (9) Eye Examinations, Eyeglasses, Hearing Aids and Surgery – Eligible Expenses do not include charges incurred in connection with routine eye examinations, eyeglasses, determination of refractive states, correction or treatment of eye refractions, the purchase, fitting or adjustment of contact lenses or glasses, or treatment of cataracts, routine hearing exams to access need for or change in hearing aids, hearing aids or their fittings, Lasik, RK or other corrective vision surgery, hearing loss surgery; unless the charges are necessarily incurred to treat, within 90 days of its occurrence, an accidental bodily Injury sustained while the Insured Person was insured for this benefit and the treatment giving rise to the charges begins within 90 days after the date of the Accident causing the Injury.
- (10) Dental Anesthetic Services - Eligible expenses will include those for Insured Person's in a Hospital or an Ambulatory Surgical Center if any of the following applies: (1) the Insured Person is a child age 7 or under who is determined by two licensed dentists to require immediate dental treatment in a Hospital or ambulatory surgical center; (2) the Insured Person a serious mental or physical condition; or (3) the Insured has a significant behavioral problem determined by the Insured Person's Physician.
- (11) Assistant Surgeon/Co-Surgeon, Surgeon's Assistant, Anesthesiologist – Eligible Expenses do not include charges in excess of the Assistant Surgeon/Co-Surgeon, Surgeon's Assistant, Anesthesiologist Maximum shown in the Schedule of Benefits.
- (12) Hospice Care and Services - Eligible Expenses do not include charges in excess of the Hospice Care and Services Maximum shown in the Schedule of Benefits.
- (13) Home Health Care Visits and Services – Eligible Expenses do not include charges in excess of the Home Health Care Visits and Services Maximum shown in the Schedule of Benefits.
- (14) Outpatient Physical Therapy Services - Eligible Expenses do not include charges in excess of the Outpatient Physical Therapy Services Maximum shown in the Schedule of Benefits.

EXCLUSIONS: We will not pay benefits, and charges will not accrue toward any Deductible Amount, for Expenses incurred as a result, directly or indirectly, of any of the following:

- (1) [Pre-Existing Conditions, as defined.
- (2) Expenses that the Insured Person is not required to pay, or those charges that would not have been billed if no insurance existed.
- (3) Charges for custodial maintenance; pre-marital screenings or exams; routine services for general physical examinations; physical examinations that are required by third parties; diagnostics, screenings and research; preventative or prophylactic care; and immunizations, unless specifically noted in the Policy.

- (4) Medical Expenses that are eligible for payment under an automobile medical payment benefit, regardless of fault.
- (5) Injury or Sickness resulting from war, either declared or undeclared; riot or any act incidental to war or riot; while committing or attempting to commit felony; intentionally self-inflicted Injuries; suicide or attempted suicide, while sane or insane.
- (6) Injury or Sickness incurred during military service or while on active duty. Upon written notice to Us of entry into active duty, any unused premium will be returned to the Insured Person on a pro-rated basis.
- (7) Substance Abuse Treatment unless specifically provided by State Mandated benefits.
- (8) Charges incurred by an insured Dependent who is a newborn child not yet discharged from the Hospital, unless the charges are necessarily incurred as the result of, and to treat, premature birth, congenital Injury or Sickness, or Injury or Sickness sustained during or after birth.
- (9) Charges related to elective cesarean section when no complication is present or voluntary termination of a normal Pregnancy including, but not limited to, the cost of any drug, contraceptive, supply, treatment, or procedure intended to prevent conception or childbirth.
- (10) Any work-related accidental bodily Injury or Sickness.
- (11) Routine charges for the care and/or treatment of a normal Pregnancy or childbirth with the exception of those Expenses related to a Complication of Pregnancy as defined in the Policy.
- (12) Any services, supplies or treatment furnished by the Insured Person, an Insured Person's Immediate Family, or Employer.
- (13) Services or supplies rendered to a transplant donor of any organ or bodily element or the acquisition cost of any organ or bodily element.
- (14) Services related to or for the purpose of treating infertility or causing Pregnancy, including but not limited to, diagnostic testing; drugs; medicines; artificial insemination; in vitro fertilization; and embryo transplants; or any condition or complication caused by or resulting from such treatment.
- (15) Participation in high-risk sports, activities, or occupations such as: skydiving; scuba diving; bungee jumping; hang gliding; or ultra light gliding; traveling in or on any all terrain vehicles such as, but not limited to: dirt bikes, all terrain vehicles, snowmobiles, or go-carts; racing with any motorcycle, boat or any form of aircraft; participation in any sports for pay or profit; participation in inter-collegiate sports; and any rodeo events.
- (16) Charges that do not meet the definition or are not specifically identified under the Policy as Eligible Expenses, including amounts in excess of the Usual and Customary charges for the geographic area in which the charges are incurred.
- (17) Charges determined to be for educational purposes or charges that may be provided through an educational program or facility.
- (18) Voluntary inhalation or ingestion of any gas, poison or poisonous substance.
- (19) Cosmetic, reconstructive or plastic surgery unless:
 - (a) As a result of an Injury that occurred while the Insured Person was insured under the Policy; or

- (b) To correct the disorder of a normal bodily function if the disorder had its inception while the Insured Person was insured under the Policy; or
 - (c) Expenses are incurred for reconstructive breast surgery following a mastectomy due to illness occurring within the terms of the Policy. Reconstructive surgery includes reconstruction of the other breast to produce a symmetrical appearance if the patient elects. Reconstructive surgery includes reconstruction of the other breast to produce a symmetrical appearance if the patient elects, prostheses and physical complications in all stages of mastectomy including lymph edemas.
- (20) Obesity, including any treatment, advice, consultation, medication, program or surgery recommended for reducing weight whether or not such weight reduction is recommended for reasons other than, or in addition, to, obesity; or any complication resulting from the treatment or surgery for weight reduction.
 - (21) Care or treatment of: weak, strained or flat feet; instability or imbalance of the foot; metatarsalgia; bunions; corns; calluses; or toenails; except for charges: (i) by a Hospital during Confinement; or (ii) for the care and treatment of a metabolic or peripheral vascular disease; or (iii) for immediate repair of Injury from an Accident that occurred while the Insured Person was insured under the Policy.
 - (22) Treatment related to: gender change or modification; sterilization or elective reversal of surgical procedures; breast reduction unless Medically Necessary; breast enlargement for any reason; or the treatment or testing for sexual dysfunction or inadequacies whether such condition has a physical or organic basis or origin.
 - (23) Services or supplies of a common household use, including but not limited to: exercise cycles; air or water purifiers; air conditioners; allergenic mattresses; and blood pressure kits.
 - (24) Charges for items or services of convenience, including but not limited to: admission kits; telephone; slippers; or homemaker services; supportive service focusing on activities of daily life such as bathing; dressing; feeding; or skin and/or bladder care; administration of oral medication or eye drops, except as specifically covered in the Policy.
 - (25) Experimental or investigational service, supplies, or treatments.
 - (26) Travel or travel expense, even though prescribed by a Physician.
 - (27) Vitamins (including prenatal vitamins); mineral or food supplements; or any over the counter medicines, not ordered by a Physician.
 - (28) Charges for the treatment of acne.
 - (29) Charges related to transportation, except where specifically covered in the Policy.
 - (30) Expenses incurred to treat complications resulting from any treatment or care of conditions that are not covered under the Policy.
 - (31) Expenses related to diagnosing, testing for, or treating a sleeping disorder.
 - (32) Testing, diagnosis or treatment for or related to learning disabilities; attention deficit disorder; hyperactivity; or related conditions.]

PREMIUMS : The premiums applicable with respect to individual persons insured under the Policy are on file with the Administrator and Us. Any references to age shall refer to the person's attained age on any premium due date. The first premium due date shall be the Policy Effective Date. Subsequent premiums are due as noted in the Policy. All premiums paid to Our Administrator or Us will be fully earned at the time of payment and no premium will be refunded unless the Insured Person elects to terminate their coverage within ten days of issuance/receipt of their Policy.

We reserve the right to change the rates on any premium due date on or after the first Policy Anniversary Date. 30-days advance written notice of any such change must be given to the Insured Person.

THIS IS NON-RENEWABLE SHORT-TERM INSURANCE AND MAY NOT BE RENEWED AT THE END OF THE COVERAGE PERIOD.