

SERFF Tracking Number: NELL-125525176 State: Arkansas
Filing Company: Philadelphia American Life Insurance Company State Tracking Number: 38374
Company Tracking Number:
TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.002A Dread Disease - Cancer Only
Limited Benefit
Product Name: Individual Cancer First Occurrence Indemnity Benefit Policy
Project Name/Number: /

Filing at a Glance

Company: Philadelphia American Life Insurance Company
Product Name: Individual Cancer First Occurrence Indemnity Benefit Policy
SERFF Tr Num: NELL-125525176 State: ArkansasLH
TOI: H071 Individual Health - Specified Disease - Limited Benefit
SERFF Status: Closed State Tr Num: 38374
Sub-TOI: H071.002A Dread Disease - Cancer Only
Co Tr Num: State Status: Approved-Closed
Filing Type: Rate
Co Status: Reviewer(s): Rosalind Minor
Author: Jackie Vo Disposition Date: 03/25/2008
Date Submitted: 03/10/2008 Disposition Status: Approved-Closed
Implementation Date Requested: 07/01/2008 Implementation Date:
State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Pending
Project Number: Date Approved in Domicile:
Requested Filing Mode: Domicile Status Comments:
Explanation for Combination/Other: Market Type: Individual
Submission Type: Group Market Size:
Overall Rate Impact: 42.5% Group Market Type:
Filing Status Changed: 03/25/2008
State Status Changed: 03/25/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
Rate revision request for the Individual Cancer First Occurrence Indemnity Benefit Policy Form HC24. This policy a lump sum benefit for the first diagnosis of internal cancer as defined in the policy.

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Company and Contact

Filing Contact Information

Jacky Vo, Actuarial Assistant jvo@neweralife.com
 200 Westlake Park Blvd Suite 1200 (281) 368-7200 [Phone]
 Houston, TX 77079 (281) 368-7268[FAX]

Filing Company Information

Philadelphia American Life Insurance Company CoCode: 67784 State of Domicile: Texas
 200 Westlake Park #1200 Group Code: 520 Company Type:
 Houston, TX 77079 Group Name: State ID Number:
 (281) 368-7200 ext. [Phone] FEIN Number: 74-1952955

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? Yes
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Philadelphia American Life Insurance Company	\$0.00	03/10/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
190138342	\$50.00	03/06/2008

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	03/25/2008	03/25/2008

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	03/21/2008	03/21/2008	Ken Beckman	03/24/2008	03/24/2008

Amendments

Item	Schedule	Created By	Created On	Date Submitted
additional information	Supporting Document	Ken Beckman	03/25/2008	03/25/2008
response to note to filer	Supporting Document	Ken Beckman	03/24/2008	03/24/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Your letter of March 24, 2008	Note To Filer	Rosalind Minor	03/24/2008	03/24/2008
Your letter of March 24, 2008	Note To Filer	Rosalind Minor	03/24/2008	03/24/2008

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Disposition

Disposition Date: 03/25/2008

Implementation Date:

Status: Approved-Closed

Comment: Based on your additional comments in your letter of March 25, 2008, our Department is approving a 36% 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 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:
Philadelphia American Life Insurance Company	42.500%	\$	97	\$	%	%	42.500%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Approved-Closed	Yes
Supporting Document	letter of response	Approved-Closed	Yes
Supporting Document	response to note to filer	Approved-Closed	Yes
Supporting Document	additional information	Approved-Closed	Yes
Rate	HC24 Rates	Approved-Closed	No

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 03/21/2008
Submitted Date 03/21/2008
Respond By Date
Dear Jacky Vo,
This will acknowledge receipt of the captioned filing.

Objection 1

- Health - Actuarial Justification (Supporting Document)

Comment: Based on the actual experience for the past three calendar years, a 42.5% increase is not justified.

At this time we will consider a 15% rate increase.

If you accept the 15% rate increase, please provide us with an amended actuarial memorandum along with the adjusted rates.

We appreciate your understanding in this matter.

Please feel free to contact me if you have questions.

Sincerely,
Rosalind Minor

Response Letter

Response Letter Status Submitted to State
Response Letter Date 03/24/2008
Submitted Date 03/24/2008

Dear Rosalind Minor,

Comments:

Response 1

SERFF Tracking Number: NELL-125525176 State: Arkansas
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Comments: Please see the attached letter.

Related Objection 1

Applies To:

- Health - Actuarial Justification (Supporting Document)

Comment:

Based on the actual experience for the past three calendar years, a 42.5% increase is not justified.

At this time we will consider a 15% rate increase.

If you accept the 15% rate increase, please provide us with an amended actuarial memorandum along with the adjusted rates.

We appreciate your understanding in this matter.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: letter of response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Jackie Vo

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Amendment Letter

Amendment Date:

Submitted Date: 03/25/2008

Comments:

please see the attached correspondence

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: additional information

Comment:

response letter 3-25-08.pdf

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Note To Filer

Created By:

Rosalind Minor on 03/24/2008 10:31 AM

Subject:

Your letter of March 24, 2008

Comments:

After reviewing your letter, based on the actual to expected future loss ratio we wil consider and approve a 30% rate increase.

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Amendment Letter

Amendment Date:

Submitted Date: 03/24/2008

Comments:

please see the attached letter

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: response to note to filer

Comment:

response letter 3-24-08 2.pdf

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Project Name/Number: /

Note To Filer

Created By:

Rosalind Minor on 03/24/2008 08:05 AM

Subject:

Your letter of March 24, 2008

Comments:

Our Department has always based our review of increases on the actual experience from the latest three calendar years. Based on the actual experience for years 2005 through 2007, a 42.5% increase will keep the loss ratio below 50%.

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Supporting Document Schedules

Satisfied -Name: Health - Actuarial Justification	Review Status: Approved-Closed	03/25/2008
Comments:		
Attachment: HC24 Actuarial Memo.pdf		
Satisfied -Name: letter of response	Review Status: Approved-Closed	03/25/2008
Comments:		
Attachment: response letter 3-24-08.pdf		
Satisfied -Name: response to note to filer	Review Status: Approved-Closed	03/25/2008
Comments:		
Attachment: response letter 3-24-08 2.pdf		
Satisfied -Name: additional information	Review Status: Approved-Closed	03/25/2008
Comments:		
Attachment: response letter 3-25-08.pdf		



Administrative Office: P.O. Box 34952, Omaha, NE 68134-9832

VIA SERFF

March 24, 2008

Ms. Rosalind Minor
Department of Insurance
1200 West Third St.
Little Rock, Arkansas 72201-1904

RE: Filing 38374/NELI-125525176

Dear Ms. Minor:

I have reviewed your objection letter regarding our rate filing for form HC24. In that letter you indicated that based on the actual experience for the past three calendar years a 42.5% increase is not justified. However, the experience presented with the filing in Exhibit C, which was prepared in accordance with Actuarial Standards of Practice, does justify the requested rate increase. Please let me know which items or areas you felt were not justified. I would be happy to address these areas for you or provide further detail.

Please contact me if you require additional information or clarification with regard to this submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Beckman", written in a cursive style.

Ken Beckman, ASA, MAAA
Product Performance Specialist
Philadelphia American Life Insurance Company

Phone: (402) 905-2170

Fax: (800) 642-0160

Email: kbeckman@neweralife.com



Administrative Office: P.O. Box 34952, Omaha, NE 68134-9832

VIA SERFF

March 24, 2008

Ms. Rosalind Minor
Department of Insurance
1200 West Third St.
Little Rock, Arkansas 72201-1904

RE: Filing 38374/NELI-125525176

Dear Ms. Minor:

Thank you for your prompt follow up regarding my earlier letter. In your note to filer, you indicate that a 42.5% increase will keep the loss ratio below 50%. Since this is a 20 payment product the expected loss ratios are less than what you ordinarily might see for an otherwise similar product that has lifetime premium payments. As displayed in Exhibit C, the current expected loss ratio is 36.7%, so the current loss ratio with the increase should be below 50%. Therefore, an arbitrary benchmark of 50% is not relevant.

The relevant test should be to compare the actual to expected future loss ratio. You will note near the bottom of Exhibit C underneath the projection it is shown that the Projected Future Loss ratio with the requested increase of 102.4% exceeds the Originally Expected Future Loss ratio of 102.3%.

Please contact me if you require additional information or clarification with regard to this submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Beckman", written over a light blue horizontal line.

Ken Beckman, ASA, MAAA
Product Performance Specialist
Philadelphia American Life Insurance Company

Phone: (402) 905-2170

Fax: (800) 642-0160

Email: kbeckman@neweralife.com



Administrative Office: P.O. Box 34952, Omaha, NE 68134-9832

VIA SERFF

March 25, 2008

Ms. Rosalind Minor
Department of Insurance
1200 West Third St.
Little Rock, Arkansas 72201-1904

RE: Filing 38374/NELI-125525176

Dear Ms. Minor:

Thank you for your continued review of this filing and offer of a 30% rate increase. I would like to provide some additional information and in light of this information request that the Department consider a slightly higher increase amount, although lower than we originally requested.

This is a first occurrence cancer product which pays a lump sum upon diagnosis of cancer. As such, it is not subject to annual medical inflation or increases in utilization—it is only subject to the increase in incidence of cancer. Therefore, the company does not intend, nor would it be appropriate, to request regular annual rate increases on this product. And although we reserve the right to request a future rate increase if the experience deteriorates significantly, it is our belief as demonstrated by the assumptions contained in the projections that this requested rate increase is a one time request and should be sufficient for the foreseeable future. In order for this to happen however we need to obtain at or close to our requested rate increase.

In recognition of the Department's concern over the magnitude of the original rate increase request we would be willing to accept an increase of 36%. This figure splits the difference between the Department's 30% and the originally requested 42.5%. I have attached to this letter two revised exhibits, Exhibit D which is based on 30% and Exhibit E which is based on 36%. Note that the 30% increase leaves us with a future A/E ratio of nearly 110%, while the 36% increase is projecting a future A/E ratio of nearly 105%. We recognize that this is a projection and that not all assumptions will be precisely realized, but using a 30% rate increase which potentially subjects the company to a future loss ratio 10% more than anticipated is something we would like to avoid.

We believe this one time, 36% rate increase request, having a projected future A/E ratio of 105%, is reasonable for the company and Arkansas consumers. Please let me know if this amount would be acceptable.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Beckman", written over a light blue horizontal line.

Ken Beckman, ASA, MAAA
Product Performance Specialist
Philadelphia American Life Insurance Company

Phone: (402) 905-2170

Fax: (800) 642-0160

Email: kbeckman@neweralife.com

Street Address: 10110 Nicholas Street Ste 200 • Omaha, Nebraska 68114

Mailing Address: P.O. Box 34952 • Omaha, Nebraska 68134-9832