

SERFF Tracking Number: STLH-125725852 State: Arkansas  
 Filing Company: State Farm Mutual Automobile Insurance Company State Tracking Number: 39627  
 Company Tracking Number: 2009 AR ER PRE  
 TOI: MS02I Individual Medicare Supplement - Pre-Standardized Sub-TOI: MS02I.000 Medicare Supplement - Pre-Standardized  
 Product Name: Pre-Standardized Medicare Supplement  
 Project Name/Number: 2009 AR ER Pre/

## Filing at a Glance

Company: State Farm Mutual Automobile Insurance Company

Product Name: Pre-Standardized Medicare Supplement SERFF Tr Num: STLH-125725852 State: ArkansasLH

TOI: MS02I Individual Medicare Supplement - Pre-Standardized SERFF Status: Closed State Tr Num: 39627

Sub-TOI: MS02I.000 Medicare Supplement - Pre-Standardized Co Tr Num: 2009 AR ER PRE State Status: Approved-Closed

Filing Type: Rate Co Status: Reviewer(s): Stephanie Fowler  
 Authors: Jane Ann Long, Barb Disposition Date: 07/16/2008  
 Baxter, Emily DeWald, Wei Hao  
 Date Submitted: 07/15/2008 Disposition Status: Approved

Implementation Date Requested: 01/01/2009

Implementation Date:

State Filing Description:

## General Information

Project Name: 2009 AR ER Pre

Status of Filing in Domicile: Pending

Project Number:

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Group Market Size:

Overall Rate Impact: 1.3%

Group Market Type:

Filing Status Changed: 07/16/2008

Deemer Date:

State Status Changed: 07/16/2008

Corresponding Filing Tracking Number:

Filing Description:

On behalf of State Farm Mutual Automobile Insurance Company of Bloomington, Illinois, I submit the following annual rate filing for the above referenced Pre-Standardized Medicare Supplement policy forms.

SERFF Tracking Number: STLH-125725852 State: Arkansas  
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We are filing new rate tables for Policy Forms 97033, 97043, 97046, 97049, and 97050 and Rider Forms 99417 and 99418. This filing represents an average rate increase of 1.3%. These rates will apply to renewals only since we no longer issue these forms. This filing complies with all applicable minimum loss ratio standards. Contingent upon approval, these rates will become effective January 1, 2009, or as soon thereafter as possible.

## Company and Contact

### Filing Contact Information

Emily DeWald, Actuarial Analyst III Emily.DeWald.SBF3@statefarm.com  
 One State Farm Plaza (309) 766-3343 [Phone]  
 Bloomington, IL 61710 (309) 766-1827[FAX]

### Filing Company Information

State Farm Mutual Automobile Insurance Company CoCode: 25178 State of Domicile: Illinois  
 One State Farm Plaza Group Code: Company Type:  
 Life/Health Actuarial, B-1  
 Bloomington, IL 61710 Group Name: State ID Number:  
 (309) 766-5188 ext. [Phone] FEIN Number: 37-0533100  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: 1filing @ 50.00  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State Farm Mutual Automobile Insurance Company	\$50.00	07/15/2008	21422837

SERFF Tracking Number: STLH-125725852 State: Arkansas  
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Company Tracking Number: 2009 AR ER PRE  
TOI: MS02I Individual Medicare Supplement - Pre- Sub-TOI: MS02I.000 Medicare Supplement - Pre-  
Standardized Standardized  
Product Name: Pre-Standardized Medicare Supplement  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Stephanie Fowler	07/16/2008	07/16/2008

SERFF Tracking Number: *STLH-125725852* State: *Arkansas*  
 Filing Company: *State Farm Mutual Automobile Insurance Company* State Tracking Number: *39627*  
 Company Tracking Number: *2009 AR ER PRE*  
 TOI: *MS021 Individual Medicare Supplement - Pre-Standardized* Sub-TOI: *MS021.000 Medicare Supplement - Pre-Standardized*  
 Product Name: *Pre-Standardized Medicare Supplement*  
 Project Name/Number: *2009 AR ER Pre/*

## Disposition

Disposition Date: 07/16/2008

Implementation Date:

Status: Approved

Comment: We have approved the requested 1.3% rate increase for Policy forms 97033, 97043, 97046, 97049, 97050, 99417, and 99418 to be implemented on or January 1, 2009. This approval is subject to the following:

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

<b>Company Name:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Premium:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>	<b>Overall % Indicated Change:</b>
State Farm Mutual Automobile Insurance Company	1.300%	\$		\$	%	%	1.300%

SERFF Tracking Number: *STLH-125725852* State: *Arkansas*  
 Filing Company: *State Farm Mutual Automobile Insurance Company* State Tracking Number: *39627*  
 Company Tracking Number: *2009 AR ER PRE*  
 TOI: *MS02I Individual Medicare Supplement - Pre-Standardized* Sub-TOI: *MS02I.000 Medicare Supplement - Pre-Standardized*  
 Product Name: *Pre-Standardized Medicare Supplement*  
 Project Name/Number: *2009 AR ER Pre/*

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Health - Actuarial Justification	Approved	No
<b>Supporting Document</b>	Cover Letter	Approved	Yes
<b>Supporting Document</b>	Experience Exhibit	Approved	Yes
<b>Supporting Document</b>	10 yr projections	Approved	Yes
<b>Rate</b>	Pre-Standardized Medicare Supplement	Approved	Yes

SERFF Tracking Number: *STLH-125725852* State: *Arkansas*  
 Filing Company: *State Farm Mutual Automobile Insurance Company* State Tracking Number: *39627*  
 Company Tracking Number: *2009 AR ER PRE*  
 TOI: *MS021 Individual Medicare Supplement - Pre-Standardized* Sub-TOI: *MS021.000 Medicare Supplement - Pre-Standardized*  
 Product Name: *Pre-Standardized Medicare Supplement*  
 Project Name/Number: *2009 AR ER Pre/*

**Rate Information**

Rate data applies to filing.

**Filing Method:** SERFF  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 4.400%  
**Effective Date of Last Rate Revision:** 01/01/2007  
**Filing Method of Last Filing:** Paper

**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):
State Farm Mutual Automobile Insurance Company	1.300%	1.300%				%	%

SERFF Tracking Number: *STLH-125725852* State: *Arkansas*  
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## Rate/Rule Schedule

Review Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Approved	Pre-Standardized Medicare Supplement	97033, 79043, 97046, 97049, 97059	Revised		AR Rates - Pre 2009.pdf

State Farm Mutual Automobile Insurance Company  
 Bloomington, Illinois

Medicare Supplement Policy Forms 97033, 97043, 97046, 97049, and 97050  
 Additional Benefit Rider Forms 99417 and 99418  
 Annual Premiums  
 Individual Male or Female

**Proposed Rates (Proposed 01/01/09 Effective Date)**

<b>Community Rate</b>	<b>Policy Form 97033 Series ER_A32AR</b>	<b>Policy Form 97043 Series ER_B32AR</b>	<b>Policy Form 97043 Series without Prescription Drug Coverage</b>	<b>Policy Form 97046 Series ER_C32AR</b>
All Ages	2,349.00	7,544.00	6,412.40	2,396.00
<b>Community Rate</b>	<b>Policy Form 97049 Series ER_D32AR</b>	<b>Rider Form 99417 ER_F32AR</b>		
All Ages	1,543.00	889.00		
<b>Community Rate</b>	<b>Policy Form 97050 Series ER_E32AR</b>	<b>Rider Form 99418 ER_G32AR</b>		
All Ages	4,352.00	859.00		

Semiannual Mode: 51% of Annual  
 Quarterly Mode: 26% of Annual

Arkansas

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## Supporting Document Schedules

**Satisfied -Name:** Cover Letter **Review Status:** Approved 07/16/2008  
**Comments:**  
**Attachment:**  
AR Cover Letter - Pre 2009.pdf

**Satisfied -Name:** Experience Exhibit **Review Status:** Approved 07/16/2008  
**Comments:**  
**Attachment:**  
AR Experience - Pre 2009.pdf

**Satisfied -Name:** 10 yr projections **Review Status:** Approved 07/16/2008  
**Comments:**  
**Attachment:**  
AR Projections - Pre 2009.pdf

**State Farm Mutual Automobile  
Insurance Company**

Home Office, Bloomington, Illinois 61710



July 14, 2008

Arkansas Insurance Department  
Attn: Life & Health  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

Re: State Farm Mutual Automobile Insurance Company, NAIC# 176-25178  
Annual Rate Filing and Rate Revision for Pre-Standardized Medicare Supplement Policy Forms  
97033, 97043, 97046, 97049, and 97050 and Rider Forms 99417 and 99418

Dear Sir or Madam:

On behalf of State Farm Mutual Automobile Insurance Company of Bloomington, Illinois, I submit the following annual rate filing for the above referenced Pre-Standardized Medicare Supplement policy forms.

We are filing new rate tables for Policy Forms 97033, 97043, 97046, 97049, and 97050 and Rider Forms 99417 and 99418. This filing represents an average rate increase of 1.3%. These rates will apply to renewals only since we no longer issue these forms. This filing complies with all applicable minimum loss ratio standards. Contingent upon approval, these rates will become effective January 1, 2009, or as soon thereafter as possible.

The following are included with this filing:

- an actuarial memorandum including an actuarial certification
- revised rate tables
- experience exhibits
- 10-year projections

EFT in the amount of \$50.00 has been submitted to pay filing fees.

Sincerely,

A handwritten signature in blue ink that reads "Emily M. DeWald".

Emily DeWald FSA, MAAA  
Actuarial Analyst III  
Phone: 309.766.3343  
Fax: 309.766.1827  
Email: emily.dewald.sbf3@statefarm.com

Medicare Supplement Experience by State  
 State Farm Mutual Automobile Insurance Company  
**Pre-Standardized Policy Forms**

**Arkansas Experience**

<b>Calendar Year</b>	<b>Written Premium</b>	<b>Earned Premium</b>	<b>Paid Losses</b>	<b>Incurred Losses</b>	<b>Loss Ratio</b>	<b>Policies in Force</b>
Dec-84	69,071	32,488	1,688	24,629	75.8%	257
Dec-85	225,335	183,240	67,559	104,951	57.3%	540
Dec-86	341,799	316,647	190,915	231,102	73.0%	688
Dec-87	446,621	412,941	255,374	251,478	60.9%	822
Dec-88	584,643	543,277	386,012	388,570	71.5%	1,052
Dec-89	780,587	708,696	509,593	576,402	81.3%	1,365
Dec-90	1,237,410	1,087,312	763,433	843,598	77.6%	1,678
Dec-91	1,605,192	1,505,802	1,231,358	1,331,108	88.4%	1,747
Dec-92	1,605,294	1,599,474	1,137,173	1,142,157	71.4%	1,542
Dec-93	1,643,954	1,570,475	1,084,534	1,008,314	64.2%	1,354
Dec-94	1,422,730	1,475,951	1,079,396	1,035,179	70.1%	1,224
Dec-95	1,289,636	1,335,707	1,028,592	1,011,780	75.7%	1,104
Dec-96	1,276,422	1,266,372	1,055,788	1,097,173	86.6%	983
Dec-97	1,146,501	1,169,434	938,922	884,757	75.7%	854
Dec-98	1,069,653	1,095,728	886,511	874,155	79.8%	781
Dec-99	986,005	1,016,768	828,385	816,679	80.3%	725
Dec-00	851,769	957,478	974,951	1,026,690	107.2%	670
Dec-01	875,917	922,899	860,994	848,854	92.0%	561
Dec-02	926,306	919,121	718,987	683,342	74.3%	498
Dec-03	906,263	914,738	718,791	702,212	76.8%	440
Dec-04	865,457	879,524	648,521	604,363	68.7%	376
Dec-05	794,890	821,338	600,816	590,191	71.9%	309
Dec-06	668,935	700,408	467,735	445,919	63.7%	255
Dec-07	600,302	612,756	448,788	436,575	71.2%	226
<b>Grand Total</b>	<b>22,220,687</b>	<b>22,048,577</b>	<b>16,884,816</b>	<b>16,960,177</b>	<b>76.9%</b>	<b>20,051</b>

**Countrywide Experience**

<b>Calendar Year</b>	<b>Written Premium</b>	<b>Earned Premium</b>	<b>Paid Losses</b>	<b>Incurred Losses</b>	<b>Loss Ratio</b>	<b>Policies in Force</b>
Dec-81	40,187	28,789	13,180	17,131	59.5%	78
Dec-82	150,314	108,906	45,403	61,914	56.9%	530
Dec-83	333,933	265,215	140,264	173,016	65.2%	1,097
Dec-84	6,102,008	3,049,747	494,605	2,251,491	73.8%	20,625
Dec-85	19,690,193	15,582,245	6,555,569	10,431,519	66.9%	47,514
Dec-86	30,820,297	27,259,979	15,905,205	19,588,455	71.9%	61,415
Dec-87	41,703,316	37,743,105	24,578,819	25,150,776	66.6%	76,684
Dec-88	55,704,788	51,113,204	36,396,223	35,757,066	70.0%	95,605
Dec-89	72,392,239	66,728,231	48,239,978	53,758,028	80.6%	120,499
Dec-90	105,172,669	94,210,033	72,992,969	79,582,269	84.5%	142,024
Dec-91	133,422,314	124,457,541	97,961,196	106,337,046	85.4%	146,841
Dec-92	139,693,257	138,479,691	102,008,245	100,850,545	72.8%	128,712
Dec-93	141,206,842	136,945,061	96,791,589	92,746,478	67.7%	109,413
Dec-94	121,419,325	126,303,408	92,261,238	87,887,662	69.6%	95,994
Dec-95	109,751,053	114,071,989	89,030,671	87,486,693	76.7%	84,768
Dec-96	107,089,470	107,532,401	85,762,170	89,051,989	82.8%	73,977
Dec-97	101,059,456	102,895,176	80,250,609	74,987,949	72.9%	63,848
Dec-98	91,156,720	95,194,542	73,037,846	71,447,201	75.1%	55,837
Dec-99	82,375,655	85,477,807	67,710,458	66,195,900	77.4%	50,503
Dec-00	71,440,540	79,705,219	69,472,876	73,830,846	92.6%	44,842
Dec-01	76,627,133	78,328,968	63,318,396	62,253,744	79.5%	38,796
Dec-02	77,138,300	77,548,912	54,817,076	52,155,093	67.3%	32,840
Dec-03	72,405,606	74,075,642	51,059,608	48,975,953	66.1%	28,246
Dec-04	66,620,107	68,315,128	45,632,957	41,536,718	60.8%	24,597
Dec-05	58,817,105	61,192,454	43,244,879	41,991,318	68.6%	21,352
Dec-06	49,130,952	51,625,810	37,673,280	35,724,863	69.2%	18,000
Dec-07	43,779,789	45,215,717	34,441,599	33,824,631	74.8%	15,566
<b>Grand Total</b>	<b>1,875,243,567</b>	<b>1,863,454,919</b>	<b>1,389,836,907</b>	<b>1,394,056,294</b>	<b>74.8%</b>	<b>1,600,203</b>

10-Year Projections of Medicare Supplement Experience  
 State Farm Mutual Automobile Insurance Company  
 Policy Form **Pre-Standardized**

4.5% Interest rate  
 85.0% Persistency  
 27.6% Credibility for the state  
 6.7% Claim cost trend

Arkansas												
Year	Earned Premium	Incurred Losses	Loss Ratio	Number Insured	Average Premium	Claim Cost	Rate Change	Rate change effect from ...				Total
								2 yrs ago	Prior yr	Current yr		
Prior to 2002	17,200,692	13,497,576	78.5%									
2002	919,121	683,342	74.3%	543	1,693	2,517						
2003	914,738	702,212	76.8%	476	1,795	1,378						
2004	879,524	604,363	68.7%	404	1,999	1,374	17.0%					
2005	821,338	590,191	71.9%	330	2,238	1,608	0.0%					
2006	700,408	445,919	63.7%	269	2,339	1,489	1.9%					
2007	612,756	436,575	71.2%	237	2,422	1,726	4.4%	1.0000	1.0095	1.0218	1.0314	
2008	541,310	408,584	75.5%	201	2,469	1,864	0.0%	1.0000	1.0218	1.0000	1.0218	
2009	463,060	370,566	80.0%	171	2,485	1,989	1.3%	1.0000	1.0000	1.0064	1.0064	
2010	409,176	336,084	82.1%	146	2,583	2,122	6.7%	1.0000	1.0064	1.0330	1.0396	
2011	371,103	304,812	82.1%	124	2,756	2,264	6.7%	1.0000	1.0330	1.0330	1.0670	
2012	336,571	276,449	82.1%	105	2,941	2,416	6.7%	1.0000	1.0330	1.0330	1.0670	
2013	305,254	250,725	82.1%	89	3,138	2,578	6.7%	1.0000	1.0330	1.0330	1.0670	
2014	276,850	227,395	82.1%	76	3,348	2,750	6.7%	1.0000	1.0330	1.0330	1.0670	
2015	251,089	206,236	82.1%	65	3,573	2,935	6.7%	1.0000	1.0330	1.0330	1.0670	
2016	227,725	187,046	82.1%	55	3,812	3,131	6.7%	1.0000	1.0330	1.0330	1.0670	
2017	206,535	169,641	82.1%	47	4,068	3,341	6.7%	1.0000	1.0330	1.0330	1.0670	
Totals with interest				Totals without interest								
	Premium	Losses	Ratio		Premium	Losses	Ratio					
Past	28,501,723	21,981,561	77.1%		22,048,577	16,960,177	76.9%					
Future	2,844,422	2,291,919	80.6%		3,388,672	2,737,540	80.8%					
Lifetime	31,346,144	24,273,480	77.4%		25,437,249	19,697,717	77.4%					

Countrywide												
Year	Earned Premium	Incurred Losses	Loss Ratio	Number Insured	Average Premium	Claim Cost	Rate Change	Rate change effect from ...				Total
								2 yrs ago	Prior yr	Current yr		
Prior to 2002	1,485,481,256	1,139,847,718	76.7%									
2002	77,548,912	52,155,093	67.3%	35,292								
2003	74,075,642	48,975,953	66.1%	30,187	2,263	1,496						
2004	68,315,128	41,536,718	60.8%	26,133	2,426	1,475	5.5%					
2005	61,192,454	41,991,318	68.6%	22,559	2,513	1,725	0.3%					
2006	51,625,810	35,724,863	69.2%	18,902	2,490	1,723	1.3%					
2007	45,215,717	33,824,631	74.8%	16,272	2,571	1,923	3.6%	1.0000	1.0015	1.0065	1.0080	
2008	39,136,060	30,153,576	77.0%	13,831	2,600	2,003	3.6%	1.0000	1.0065	1.0178	1.0244	
2009	34,463,214	27,347,786	79.4%	11,757	2,694	2,138	6.9%	1.0000	1.0178	1.0178	1.0360	
2010	30,799,013	24,803,075	80.5%	9,993	2,832	2,281	6.7%	1.0000	1.0178	1.0330	1.0514	
2011	27,933,164	22,495,148	80.5%	8,494	3,022	2,434	6.7%	1.0000	1.0330	1.0330	1.0670	
2012	25,333,983	20,401,975	80.5%	7,220	3,224	2,597	6.7%	1.0000	1.0330	1.0330	1.0670	
2013	22,976,656	18,503,571	80.5%	6,137	3,440	2,771	6.7%	1.0000	1.0330	1.0330	1.0670	
2014	20,838,678	16,781,814	80.5%	5,216	3,671	2,956	6.7%	1.0000	1.0330	1.0330	1.0670	
2015	18,899,639	15,220,266	80.5%	4,434	3,917	3,154	6.7%	1.0000	1.0330	1.0330	1.0670	
2016	17,141,028	13,804,020	80.5%	3,769	4,179	3,366	6.7%	1.0000	1.0330	1.0330	1.0670	
2017	15,546,055	12,519,556	80.5%	3,204	4,459	3,591	6.7%	1.0000	1.0330	1.0330	1.0670	
Totals with interest				Totals without interest								
	Premium	Losses	Ratio		Premium	Losses	Ratio					
Past	2,415,998,441	1,811,626,201	75.0%		1,863,454,920	1,394,056,294	74.8%					
Future	212,161,415	169,143,918	79.7%		253,067,492	202,030,788	79.8%					
Lifetime	2,628,159,856	1,980,770,120	75.4%		2,116,522,412	1,596,087,082	75.4%					