

SERFF Tracking Number: RNIC-125747675 State: Arkansas
Filing Company: Reserve National Insurance Company State Tracking Number: 39848
Company Tracking Number:
TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.001 Plan A
Standard Plans
Product Name: MCS-92-A, B, C and F Premium Rate Filing
Project Name/Number: 2008 MCS92-A, B, C and F Rate Increase/

Filing at a Glance

Company: Reserve National Insurance Company

Product Name: MCS-92-A, B, C and F Premium SERFF Tr Num: RNIC-125747675 State: ArkansasLH
Rate Filing

TOI: MS051 Individual Medicare Supplement - SERFF Status: Closed State Tr Num: 39848
Standard Plans

Sub-TOI: MS051.001 Plan A

Co Tr Num:

State Status: Filed-Closed

Filing Type: Rate

Co Status:

Reviewer(s): Stephanie Fowler

Authors: Kyle Conrad, Brenda
Ingram

Disposition Date: 09/08/2008

Date Submitted: 08/05/2008

Disposition Status: Filed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: 2008 MCS92-A, B, C and F Rate Increase

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:

Group Market Type:

Filing Status Changed: 09/08/2008

State Status Changed: 09/08/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Ms. Rosalind D. Minor

Certified Rate and Form Analyst

Life and Health Division

Arkansas Insurance Department

SERFF Tracking Number: RNIC-125747675 *State:* Arkansas
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1200 West Third Street
Little Rock, AR 72201-1901

Re: Reserve National Insurance Company – NAIC #68462
Premium Rate Filing for Medicare Supplement Policy Form MCS-92-A, MCS-92-B, MCS-92-C, and MCS-92-F

Dear Ms. Minor:

We are submitting a premium rate filing for the above-referenced Medicare Supplement Policies. This filing constitutes the annual filing of premium rates and loss ratio projections to demonstrate that the anticipated loss ratio meets the applicable minimum requirements on this open block of business. The attached premium rates do not reflect an increase in the rates for this policy that are currently on file with your office.

If this filing is acceptable, please provide us with evidence of approval or filing by your office.

Thank you for your consideration. If there are any questions, please contact the undersigned by telephone at 1-800-874-1431, by fax at 405-840-3426 or by e-mail at kconrad@unitrin.com.

Sincerely,

Kyle D. Conrad
Senior Vice President
and Associate Corporate Counsel

KDC:bdi

Company and Contact

SERFF Tracking Number: RNIC-125747675 State: Arkansas
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Filing Contact Information

Kyle Conrad, Vice President & Associate kconrad@unitrin.com
 Corporate Counsel
 6100 N. W. Grand Blvd (800) 874-1431 [Phone]
 Oklahoma City, OK 73118

Filing Company Information

Reserve National Insurance Company	CoCode: 68462	State of Domicile: Oklahoma
6100 N.W. Grand Boulevard	Group Code: 215	Company Type: Life and Health
Oklahoma City, OK 73118	Group Name: Reserve National	State ID Number:
(405) 848-7931 ext. 549[Phone]	FEIN Number: 73-0661453	

Filing Fees

Fee Required? Yes
 Fee Amount: \$200.00
 Retaliatory? No
 Fee Explanation: Rates per line of Insurance =\$50.00 X 4 = 200.00
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Reserve National Insurance Company	\$200.00	08/05/2008	21785545

SERFF Tracking Number: RNIC-125747675 State: Arkansas
Filing Company: Reserve National Insurance Company State Tracking Number: 39848
Company Tracking Number:
TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.001 Plan A
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Product Name: MCS-92-A, B, C and F Premium Rate Filing
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Stephanie Fowler	09/08/2008	09/08/2008

SERFF Tracking Number: RNIC-125747675 State: Arkansas
Filing Company: Reserve National Insurance Company State Tracking Number: 39848
Company Tracking Number:
TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.001 Plan A
Standard Plans
Product Name: MCS-92-A, B, C and F Premium Rate Filing
Project Name/Number: 2008 MCS92-A, B, C and F Rate Increase/

Supporting Document Schedules

Satisfied -Name: Exhibit 1 **Review Status:** Filed 09/08/2008
Comments:
Attachments:
2008 AR E1 (without incr).pdf
2008 N-wide E1 (without incr).pdf

**EXHIBIT I
10-YEAR PROJECTION
(without increase)**

Company: Reserve National

Policy Form: MCS-92-A

State: AR

Date Prepared: 07/17/08

Calendar Year	WITHOUT INTEREST				WITH INTEREST			ASSUMPTIONS																
	Earned Premium	Incurred Claims	Loss Ratio	Life Years	Earned Premium	Incurred Claims	Loss Ratio	Premium Factors					Claims Factors			Persistency Factors					Interest Factors			
								Rate Increase	Effectiveness	Rate Effect	Aging	Combined	Trend	Aging	Combined	Lapses	Shock Lapses	Adverse Selection	Policy Persistency	Claims Persistency	Years at 2008.0	Factor 5.00%		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)		
Column Formula	+(B)[-1]*(T)*(M)	+(C)[-1]*(U)*(P)	+(C)/(B)	+(E)[-1]*(T)	+(B)*(W)	+(C)*(W)	+(G)/(F)		+(I)*(J)*(I)[-1]*(1-[-1])			+(K)*(L)			+(N)*(O)				1-(Q)-(R)	1-(Q)-(R)*(S)	2008.0-(A)	1.0500*(V)		
Past Experience	1992	0	0	0.0%	0	0	0.0%																16.0	2.1829
	1993	0	0	0.0%	0	0	0.0%																15.0	2.0789
	1994	0	0	0.0%	0	0	0.0%																14.0	1.9799
	1995	489	467	95.5%	1	922	881	95.5%															13.0	1.8856
	1996	1,436	414	28.8%	4	2,579	743	28.8%															12.0	1.7959
	1997	2,871	5,908	205.8%	6	4,910	10,105	205.8%															11.0	1.7103
	1998	2,544	2,509	98.6%	5	4,144	4,087	98.6%															10.0	1.6289
	1999	1,992	1,324	66.5%	5	3,090	2,054	66.5%															9.0	1.5513
	2000	3,293	(151)	-4.6%	6	4,865	(223)	-4.6%															8.0	1.4775
	2001	5,068	2,956	58.3%	6	7,131	4,159	58.3%															7.0	1.4071
	2002	6,641	959	14.4%	7	8,900	1,285	14.4%															6.0	1.3401
	2003	8,177	4,992	61.0%	8	10,436	6,371	61.0%															5.0	1.2763
	2004	7,958	2,369	29.8%	9	9,673	2,880	29.8%															4.0	1.2155
	2005	10,922	3,412	31.2%	10	12,644	3,950	31.2%															3.0	1.1576
	2006	9,223	2,076	22.5%	10	10,168	2,289	22.5%															2.0	1.1025
	2007	9,432	10,030	106.3%	9	9,903	10,532	106.3%	1.0000	0.5417													1.0	1.0500
	2008	3,666	(20)	-0.5%	8	3,666	(20)	-0.5%	1.1000	0.5417													0.0	1.0000
Future Experience (Projected 10-Years)	2008	5,404	2,350	43.5%	8	5,404	2,350	43.5%	1.1000	0.5417	1.0530	1.0000	1.0530	1.0610	1.0000	1.0610	0.1458	0.0000	1.0000	1.0000	0.8542		0.0	1.0000
	2009	7,154	3,671	51.3%	6	6,813	3,497	51.3%	1.0000	0.5417	1.0447	1.0000	1.0447	1.0610	1.0000	1.0610	0.2450	0.0000	1.0000	0.7550	0.7550		-1.0	0.9524
	2010	5,614	2,960	52.7%	5	5,092	2,685	52.7%	1.0610	0.5417	1.0326	1.0000	1.0326	1.0610	1.0000	1.0610	0.2400	0.0000	1.0000	0.7600	0.7600		-2.0	0.9070
	2011	4,557	2,403	52.7%	4	3,936	2,076	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2350	0.0000	1.0000	0.7650	0.7650		-3.0	0.8638
	2012	3,723	1,963	52.7%	3	3,063	1,615	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2300	0.0000	1.0000	0.7700	0.7700		-4.0	0.8227
	2013	3,061	1,614	52.7%	2	2,399	1,265	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2250	0.0000	1.0000	0.7750	0.7750		-5.0	0.7835
	2014	2,533	1,336	52.7%	2	1,890	997	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2200	0.0000	1.0000	0.7800	0.7800		-6.0	0.7462
	2015	2,110	1,113	52.7%	1	1,500	791	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2150	0.0000	1.0000	0.7850	0.7850		-7.0	0.7107
	2016	1,769	933	52.7%	1	1,197	631	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2100	0.0000	1.0000	0.7900	0.7900		-8.0	0.6768
	2017	1,492	787	52.7%	1	962	507	52.7%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2050	0.0000	1.0000	0.7950	0.7950		-9.0	0.6446
Past		73,711	37,245	50.5%	77	93,031	49,092	52.8%																
Future		37,417	19,130	51.1%	32	32,256	16,414	50.9%																
Lifetime		111,129	56,376	50.7%	126	125,288	65,506	52.3%																

- Instructions and Notes
- Life Years is the ratio where the numerator is equal to Number of Insureds at time n-1 plus Number of Insureds at time n and the denominator is 2.
 - Interest is assumed to be 5% in all policy years
 - Effectiveness is the ratio where the numerator is equal to the 12 minus the month of the previous rate increase and the denominator is equal to 12
 - Rate Effect is equal to the Rate Increase for the Current Year adjusted by Current Year's Effectiveness multiplied by the Rate Increase for the Previous Year adjusted by the Previous Year's Effectiveness.
 - Aging for Premiums is found by the equation:
$$(1+i)^{20} = a / b$$
where;
a = the Annual Premium rate of a non-smoker at age 85
b = the Annual Premium rate of a non-smoker at age 65
(1+i) = the rate of Aging for Premiums
 - Claims Trend is based on the estimated trend from 1999 to 2000 as provided in Table I-1, page 1 of the "Report on Medicare Supplement Experience, Years 1996-2000" Presented to the National Association of Insurance Commissioners in February 2003.
 - Aging for Claims is projected to be equivalent to Aging for premium because premium was originally calculated based on attained age.

EXHIBIT I
10-YEAR PROJECTION
(without increase)

Company: Reserve National

Policy Form: MCS-92-B

State: AR

Date Prepared: 07/17/08

Calendar Year	WITHOUT INTEREST				WITH INTEREST			ASSUMPTIONS															
	Column Formula	Rate Increase	Effectiveness	Rate Effect	Aging	Combined	Rate Increase	Effectiveness	Rate Effect	Aging	Combined	Claims Factors			Persistency Factors				Interest Factors				
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)
	+ (B)[-1]*(T)*(M)	+ (C)[-1]*(U)*(P)	+ (C)/(B)	+ (E)[-1]*(T)	+ (B)*(W)	+ (C)*(W)	+ (G)/(F)		+ (I)^(J)*(I)[-1]^(1-(J)[-1])		+ (K)^(L)		+ (N)^(O)						1-(Q)-(R)	1-(Q)-(R)*(S)	2008.0-(A)	1.0500^(V)	
Past Experience	1992	7,607	439	5.8%	23	16,605	958	5.8%															
	1993	50,949	19,879	39.0%	64	105,919	41,327	39.0%															
	1994	78,764	42,188	53.6%	98	155,947	83,529	53.6%															
	1995	114,027	83,491	73.2%	138	215,015	157,435	73.2%															
	1996	156,926	95,126	60.6%	203	281,817	170,833	60.6%															
	1997	217,415	147,612	67.9%	278	371,853	252,467	67.9%															
	1998	248,807	256,759	103.2%	312	405,280	418,233	103.2%															
	1999	259,751	212,601	81.8%	309	402,959	329,814	81.8%															
	2000	293,289	241,504	82.3%	302	433,321	356,811	82.3%															
	2001	353,770	229,964	65.0%	294	497,790	323,582	65.0%															
	2002	382,241	260,079	68.0%	273	512,239	348,531	68.0%															
	2003	371,351	179,286	48.3%	252	473,948	228,819	48.3%															
	2004	372,831	223,885	60.0%	242	453,178	272,134	60.0%															
	2005	373,203	219,454	58.8%	223	432,029	254,045	58.8%															
	2006	279,965	236,336	84.4%	182	308,662	260,560	84.4%															
	2007	244,266	172,498	70.6%	142	256,480	181,123	70.6%	1.0000	0.5417													
	2008	98,953	82,159	83.0%	126	98,953	82,159	83.0%	1.1000	0.5417													
Future Experience (Projected 10-Years)	2008	145,874	86,932	59.6%	126	145,874	86,932	59.6%	1.1000	0.5417	1.0530	1.0000	1.0530	1.0610	1.0000	1.0610	0.1458	0.0000	1.0000	1.0000	0.8542	0.0	1.0000
	2009	193,098	135,796	70.3%	95	183,903	129,330	70.3%	1.0000	0.5417	1.0447	1.0000	1.0447	1.0610	1.0000	1.0610	0.2450	0.0000	1.0000	0.7550	0.7550	-1.0	0.9524
	2010	151,538	109,501	72.3%	72	137,449	99,320	72.3%	1.0610	0.5417	1.0326	1.0000	1.0326	1.0610	1.0000	1.0610	0.2400	0.0000	1.0000	0.7600	0.7600	-2.0	0.9070
	2011	122,998	88,878	72.3%	55	106,250	76,776	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2350	0.0000	1.0000	0.7650	0.7650	-3.0	0.8638
	2012	100,486	72,610	72.3%	43	82,670	59,737	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2300	0.0000	1.0000	0.7700	0.7700	-4.0	0.8227
	2013	82,627	59,706	72.3%	33	64,740	46,781	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2250	0.0000	1.0000	0.7750	0.7750	-5.0	0.7835
	2014	68,380	49,411	72.3%	26	51,026	36,871	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2200	0.0000	1.0000	0.7800	0.7800	-6.0	0.7462
	2015	56,953	41,154	72.3%	20	40,475	29,247	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2150	0.0000	1.0000	0.7850	0.7850	-7.0	0.7107
	2016	47,737	34,495	72.3%	16	32,311	23,347	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2100	0.0000	1.0000	0.7900	0.7900	-8.0	0.6768
	2017	40,266	29,096	72.3%	13	25,956	18,756	72.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2050	0.0000	1.0000	0.7950	0.7950	-9.0	0.6446
Past Future Lifetime		3,904,116	2,703,260	69.2%	3,106	5,421,997	3,762,361	69.4%															
		1,009,958	707,579	70.1%	499	870,655	607,098	69.7%															
		4,914,074	3,410,839	69.4%	3,873	6,292,653	4,369,459	69.4%															

- Instructions and Notes
- Life Years is the ratio where the numerator is equal to Number of Insureds at time n-1 plus Number of Insureds at time n and the denominator is 2.
 - Interest is assumed to be 5% in all policy years
 - Effectiveness is the ratio where the numerator is equal to the 12 minus the month of the previous rate increase and the denominator is equal to 12
 - Rate Effect is equal to the Rate Increase for the Current Year adjusted by Current Year's Effectiveness multiplied by the Rate Increase for the Previous Year adjusted by the Previous Year's Effectiveness.
 - Aging for Premiums is found by the equation:
 $(1+i)^{20} = a / b$
where:
a = the Annual Premium rate of a non-smoker at age 85
b = the Annual Premium rate of a non-smoker at age 65
(1+i) = the rate of Aging for Premiums
 - Claims Trend is based on the estimated trend from 1999 to 2000 as provided in Table I-1, page 1 of the "Report on Medicare Supplement Experience, Years 1996-2000" Presented to the National Association of Insurance Commissioners in February 2003.
 - Aging for Claims is projected to be equivalent to Aging for premium because premium was originally calculated based on attained age.

EXHIBIT I
10-YEAR PROJECTION
(without increase)

Company: Reserve National

Policy Form: MCS-92-C

State: AR

Date Prepared: 07/17/08

Calendar Year	WITHOUT INTEREST				WITH INTEREST			ASSUMPTIONS															
	Column Formula	Rate Increase	Effectiveness	Rate Effect	Aging	Combined	Rate Increase	Effectiveness	Rate Effect	Aging	Combined	Claims Factors			Persistency Factors				Interest Factors				
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)
	+ (B)[-1]*(T)*(M)	+ (C)[-1]*(U)*(P)	+ (D)(B)	+ (E)[-1]*(T)	+ (B)*(W)	+ (C)*(W)	+ (G)(F)		+ (I)*(J)*(I)[-1]*(1-J)[-1]		+ (K)*(L)		+ (N)*(O)						1-(Q)-(R)	1-(Q)-(R)*(S)	2008.0-(A)	1.0500*(V)	
Past Experience	1992	16,829	4,898	29.1%	34	36,736	10,692	29.1%														16.0	2.1829
	1993	73,768	30,089	40.8%	94	153,358	62,553	40.8%														15.0	2.0789
	1994	139,123	77,466	55.7%	157	275,454	153,377	55.7%														14.0	1.9799
	1995	210,785	110,047	52.2%	216	397,467	207,510	52.2%														13.0	1.8856
	1996	242,640	153,298	63.2%	254	435,747	275,301	63.2%														12.0	1.7959
	1997	273,815	157,241	57.4%	278	468,317	268,935	57.4%														11.0	1.7103
	1998	306,052	235,917	77.1%	315	498,526	384,284	77.1%														10.0	1.6289
	1999	381,500	317,142	83.1%	369	591,832	491,991	83.1%														9.0	1.5513
	2000	483,015	424,959	88.0%	409	713,633	627,858	88.0%														8.0	1.4775
	2001	554,583	419,977	75.7%	391	780,354	590,950	75.7%														7.0	1.4071
	2002	566,323	326,195	57.6%	327	758,927	437,132	57.6%														6.0	1.3401
	2003	517,811	319,185	61.6%	291	660,873	407,370	61.6%														5.0	1.2763
	2004	534,667	283,287	53.0%	276	649,891	344,337	53.0%														4.0	1.2155
	2005	517,086	389,579	75.3%	256	598,592	450,986	75.3%														3.0	1.1576
	2006	429,025	271,407	63.3%	218	473,000	299,226	63.3%														2.0	1.1025
	2007	372,939	277,104	74.3%	177	391,586	290,960	74.3%	1.0000	0.5417												1.0	1.0500
	2008	146,131	87,006	59.5%	159	146,131	87,006	59.5%	1.1000	0.5417												0.0	1.0000
Future Experience (Projected 10-Years)	2008	215,423	124,915	58.0%	159	215,423	124,915	58.0%	1.1000	0.5417	1.0530	1.0000	1.0530	1.0610	1.0000	1.0610	0.1458	0.0000	1.0000	1.0000	0.8542	0.0	1.0000
	2009	285,162	195,129	68.4%	120	271,583	185,838	68.4%	1.0000	0.5417	1.0447	1.0000	1.0447	1.0610	1.0000	1.0610	0.2450	0.0000	1.0000	0.7550	0.7550	-1.0	0.9524
	2010	223,787	157,345	70.3%	91	202,982	142,716	70.3%	1.0610	0.5417	1.0326	1.0000	1.0326	1.0610	1.0000	1.0610	0.2400	0.0000	1.0000	0.7600	0.7600	-2.0	0.9070
	2011	181,640	127,711	70.3%	70	156,908	110,322	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2350	0.0000	1.0000	0.7650	0.7650	-3.0	0.8638
	2012	148,395	104,336	70.3%	54	122,085	85,838	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2300	0.0000	1.0000	0.7700	0.7700	-4.0	0.8227
	2013	122,021	85,793	70.3%	42	95,607	67,221	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2250	0.0000	1.0000	0.7750	0.7750	-5.0	0.7835
	2014	100,982	71,001	70.3%	32	75,355	52,982	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2200	0.0000	1.0000	0.7800	0.7800	-6.0	0.7462
	2015	84,107	59,135	70.3%	26	59,773	42,026	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2150	0.0000	1.0000	0.7850	0.7850	-7.0	0.7107
	2016	70,497	49,567	70.3%	20	47,715	33,549	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2100	0.0000	1.0000	0.7900	0.7900	-8.0	0.6768
	2017	59,464	41,809	70.3%	16	38,331	26,951	70.3%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2050	0.0000	1.0000	0.7950	0.7950	-9.0	0.6446
Past Future Lifetime		5,766,093	3,884,798	67.4%	3,757	8,030,424	5,390,470	67.1%															
		1,491,479	1,016,742	68.2%	630	1,285,761	872,357	67.8%															
		7,257,572	4,901,539	67.5%	4,723	9,316,185	6,262,827	67.2%															

- Instructions and Notes
- Life Years is the ratio where the numerator is equal to Number of Insureds at time n-1 plus Number of Insureds at time n and the denominator is 2.
 - Interest is assumed to be 5% in all policy years
 - Effectiveness is the ratio where the numerator is equal to the 12 minus the month of the previous rate increase and the denominator is equal to 12
 - Rate Effect is equal to the Rate Increase for the Current Year adjusted by Current Year's Effectiveness multiplied by the Rate Increase for the Previous Year adjusted by the Previous Year's Effectiveness.
 - Aging for Premiums is found by the equation:
 $(1+i)^{20} = a / b$
where:
a = the Annual Premium rate of a non-smoker at age 85
b = the Annual Premium rate of a non-smoker at age 65
(1+i) = the rate of Aging for Premiums
 - Claims Trend is based on the estimated trend from 1999 to 2000 as provided in Table I-1, page 1 of the "Report on Medicare Supplement Experience, Years 1996-2000" Presented to the National Association of Insurance Commissioners in February 2003.
 - Aging for Claims is projected to be equivalent to Aging for premium because premium was originally calculated based on attained age.

**EXHIBIT I
10-YEAR PROJECTION
(without increase)**

Company: Reserve National

Policy Form: MCS-92-F

State: AR

Date Prepared: 07/17/08

Calendar Year	WITHOUT INTEREST				WITH INTEREST			ASSUMPTIONS										Interest Factors							
	Earned Premium	Incurred Claims	Loss Ratio	Life Years	Earned Premium	Incurred Claims	Loss Ratio	Premium Factors					Claims Factors			Persistency Factors				Years at 2008.0	5.00% Factor 1.0500				
	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)			
Column Formula	(B)/[-1]*(T)*(M)	(C)/[-1]*(U)*(P)	(D)/(C)/(B)	(E)/[-1]*(T)	(F)/(B)*(W)	(G)/(C)*(W)	(H)/(G)/(F)	Rate Increase	Effective-ness	Rate Effect	Aging	Combined	Trend	Aging	Combined	Lapses	Shock Lapses	Adverse Selection	Policy Persistency	Claims Persistency	2008.0-(A)	1.0500*(V)			
Past Experience	1992	0	0	0.0%	0	0	0	0.0%															16.0	2.1829	
	1993	0	0	0.0%	0	0	0	0.0%															15.0	2.0789	
	1994	0	0	0.0%	0	0	0	0.0%															14.0	1.9799	
	1995	2,824	788	27.9%	4	5,325	1,486	27.9%															13.0	1.8856	
	1996	13,101	14,767	112.7%	12	23,528	26,519	112.7%															12.0	1.7959	
	1997	20,690	11,039	53.4%	21	35,387	18,881	53.4%															11.0	1.7103	
	1998	29,176	22,472	77.0%	31	47,525	36,605	77.0%															10.0	1.6289	
	1999	48,185	36,291	75.3%	40	74,751	56,299	75.3%															9.0	1.5513	
	2000	66,186	35,651	53.9%	46	97,787	52,673	53.9%															8.0	1.4775	
	2001	70,056	26,301	37.5%	44	98,576	37,008	37.5%															7.0	1.4071	
	2002	63,840	32,101	50.3%	33	85,552	43,018	50.3%															6.0	1.3401	
	2003	46,112	11,512	25.0%	23	58,852	14,693	25.0%															5.0	1.2763	
	2004	42,490	12,816	30.2%	20	51,647	15,578	30.2%															4.0	1.2155	
	2005	38,696	24,237	62.6%	16	44,795	28,057	62.6%															3.0	1.1576	
	2006	32,711	11,396	34.8%	15	36,064	12,564	34.8%															2.0	1.1025	
	2007	29,342	19,434	66.2%	13	30,809	20,406	66.2%	1.0000	0.5417													1.0	1.0500	
	2008	11,850	6,066	51.2%	12	11,850	6,066	51.2%	1.1000	0.5417													0.0	1.0000	
Future Experience (Projected 10-Years)	2008	17,469	7,729	44.2%	12	17,469	7,729	44.2%	1.1000	0.5417	1.0530	1.0000	1.0530	1.0610	1.0000	1.0610	0.1458	0.0000	1.0000	1.0000	0.8542		0.0	1.0000	
	2009	23,125	12,073	52.2%	9	22,024	11,498	52.2%	1.0000	0.5417	1.0447	1.0000	1.0447	1.0610	1.0000	1.0610	0.2450	0.0000	1.0000	0.7550	0.7550		-1.0	0.9524	
	2010	18,148	9,736	53.6%	7	16,460	8,830	53.6%	1.0610	0.5417	1.0326	1.0000	1.0326	1.0610	1.0000	1.0610	0.2400	0.0000	1.0000	0.7600	0.7600		-2.0	0.9070	
	2011	14,730	7,902	53.6%	5	12,724	6,826	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2350	0.0000	1.0000	0.7650	0.7650		-3.0	0.8638	
	2012	12,034	6,456	53.6%	4	9,900	5,311	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2300	0.0000	1.0000	0.7700	0.7700		-4.0	0.8227	
	2013	9,895	5,308	53.6%	3	7,753	4,159	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2250	0.0000	1.0000	0.7750	0.7750		-5.0	0.7835	
	2014	8,189	4,393	53.6%	2	6,111	3,278	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2200	0.0000	1.0000	0.7800	0.7800		-6.0	0.7462	
	2015	6,820	3,659	53.6%	2	4,847	2,600	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2150	0.0000	1.0000	0.7850	0.7850		-7.0	0.7107	
	2016	5,717	3,067	53.6%	2	3,869	2,076	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2100	0.0000	1.0000	0.7900	0.7900		-8.0	0.6768	
	2017	4,822	2,587	53.6%	1	3,108	1,668	53.6%	1.0610	0.5417	1.0610	1.0000	1.0610	1.0610	1.0000	1.0610	0.2050	0.0000	1.0000	0.7950	0.7950		-9.0	0.6446	
Past Future Lifetime		515,259	264,871	51.4%	305	702,447	369,853	52.7%																	
		120,949	62,910	52.0%	48	104,267	53,976	51.8%																	
		636,208	327,781	51.5%	378	806,713	423,829	52.5%																	

- Instructions and Notes
- Life Years is the ratio where the numerator is equal to Number of Insureds at time n-1 plus Number of Insureds at time n and the denominator is 2.
 - Interest is assumed to be 5% in all policy years
 - Effectiveness is the ratio where the numerator is equal to the 12 minus the month of the previous rate increase and the denominator is equal to 12
 - Rate Effect is equal to the Rate Increase for the Current Year adjusted by Current Year's Effectiveness multiplied by the Rate Increase for the Previous Year adjusted by the Previous Year's Effectiveness.

5. Aging for Premiums is found by the equation:

$$(1+i)^{20} = a / b$$

where;

a = the Annual Premium rate of a non-smoker at age 85

b = the Annual Premium rate of a non-smoker at age 65

(1+i) = the rate of Aging for Premiums

- Claims Trend is based on the estimated trend from 1999 to 2000 as provided in Table I-1, page 1 of the "Report on Medicare Supplement Experience, Years 1996-2000" Presented to the National Association of Insurance Commissioners in February 2003.
- Aging for Claims is projected to be equivalent to Aging for premium because premium was originally calculated based on attained age.

EXHIBIT I
10-YEAR PROJECTION
(without increase)

Company: Reserve National

Policy Forms: MCS-92 (A, B, C, & F)

State: AR

Date Prepared: 07/17/08

Column Formula	Calendar Year (A)	WITHOUT INTEREST				WITH INTEREST		
		Earned Premium	Incurred Claims	Loss Ratio	Life Years	Earned Premium	Incurred Claims	Loss Ratio
		(B)	(C)	(D)	(E)	(F)	(G)	(H)
		+(B)[-1]*(T)*(M)	+(C)[-1]*(U)*(P)	+(C)/(B)	+(E)[-1]*(T)	+(B)*(W)	+(C)*(W)	+(G)/(F)
Past Experience	1992	24,436	5,337	21.8%	57	53,341	11,650	21.8%
	1993	124,717	49,968	40.1%	158	259,278	103,880	40.1%
	1994	217,887	119,654	54.9%	255	431,401	236,907	54.9%
	1995	328,125	194,793	59.4%	359	618,729	367,311	59.4%
	1996	414,103	263,605	63.7%	473	743,669	473,397	63.7%
	1997	514,791	321,800	62.5%	583	880,467	550,388	62.5%
	1998	586,579	517,657	88.3%	663	955,475	843,209	88.3%
	1999	691,428	567,358	82.1%	723	1,072,632	880,158	82.1%
	2000	845,783	701,963	83.0%	763	1,249,607	1,037,119	83.0%
	2001	983,477	679,198	69.1%	735	1,383,851	955,700	69.1%
	2002	1,019,045	619,334	60.8%	640	1,365,618	829,967	60.8%
	2003	943,451	514,975	54.6%	574	1,204,109	657,253	54.6%
	2004	957,946	522,357	54.5%	547	1,164,389	634,928	54.5%
	2005	939,907	636,682	67.7%	505	1,088,060	737,039	67.7%
	2006	750,924	521,214	69.4%	425	827,894	574,639	69.4%
	2007	655,979	479,067	73.0%	341	688,778	503,021	73.0%
	2008	260,601	175,211	67.2%	305	260,601	175,211	67.2%
Future Experience (Projected 10-Years)	2008	384,171	221,927	57.8%	305	384,171	221,927	57.8%
	2009	508,540	346,670	68.2%	230	484,323	330,162	68.2%
	2010	399,087	279,541	70.0%	175	361,984	253,552	70.0%
	2011	323,925	226,894	70.0%	134	279,818	195,999	70.0%
	2012	264,637	185,365	70.0%	103	217,717	152,501	70.0%
	2013	217,604	152,421	70.0%	80	170,499	119,426	70.0%
	2014	180,085	126,141	70.0%	62	134,382	94,128	70.0%
	2015	149,990	105,061	70.0%	49	106,595	74,665	70.0%
	2016	125,720	88,061	70.0%	39	85,092	59,603	70.0%
	2017	106,044	74,279	70.0%	31	68,357	47,881	70.0%
Past Future Lifetime		10,259,179	6,890,175	67.2%	7,245	14,247,899	9,571,777	67.2%
		2,659,803	1,806,361	67.9%	1,208	2,292,939	1,549,844	67.6%
		12,918,982	8,696,535	67.3%	9,099	16,540,838	11,121,621	67.2%

EXHIBIT I
10-YEAR PROJECTION
(without increase)

Company: Reserve National

Policy Forms: MCS-92 (A, B, C, & F)

State: Nationwide

Date Prepared: 07/15/08

Column Formula	Calendar Year (A)	WITHOUT INTEREST				WITH INTEREST		
		Earned Premium	Incurred Claims	Loss Ratio	Life Years	Earned Premium	Incurred Claims	Loss Ratio
		(B)	(C)	(D)	(E)	(F)	(G)	(H)
		$+(B)[-1]^*(T)*(M)$	$+(C)[-1]^*(U)*(P)$	$+(C)/(B)$	$+(E)[-1]^*(T)$	$+(B)*(W)$	$+(C)*(W)$	$+(G)/(F)$
Past Experience	1992	803,997	267,036	33.2%	1,722	1,755,025	582,906	33.2%
	1993	2,997,224	1,739,490	58.0%	4,115	6,231,013	3,616,275	58.0%
	1994	4,926,390	3,001,444	60.9%	5,858	9,753,915	5,942,654	60.9%
	1995	6,514,312	4,501,154	69.1%	7,741	12,283,707	8,487,597	69.1%
	1996	8,821,370	6,485,972	73.5%	9,802	15,841,913	11,647,874	73.5%
	1997	11,549,063	8,194,693	71.0%	12,242	19,752,817	14,015,707	71.0%
	1998	14,355,242	11,392,309	79.4%	14,242	23,383,177	18,556,871	79.4%
	1999	17,522,797	13,939,398	79.6%	15,814	27,183,609	21,624,581	79.6%
	2000	20,859,408	16,636,161	79.8%	17,019	30,818,846	24,579,186	79.8%
	2001	23,823,962	15,483,300	65.0%	17,577	33,522,708	21,786,558	65.0%
	2002	26,591,759	18,236,874	68.6%	17,706	35,635,500	24,439,155	68.6%
	2003	27,948,673	18,211,643	65.2%	17,329	35,670,376	23,243,184	65.2%
	2004	28,652,391	18,889,106	65.9%	16,293	34,827,161	22,959,827	65.9%
	2005	27,527,784	19,266,105	70.0%	14,844	31,866,851	22,302,925	70.0%
	2006	24,931,041	17,171,236	68.9%	13,011	27,486,473	18,931,288	68.9%
	2007	23,088,940	17,411,757	75.4%	11,252	24,243,387	18,282,345	75.4%
	2008	9,207,919	6,019,559	65.4%	10,221	9,207,919	6,019,559	65.4%
Future Experience (Projected 10-Years)	2008	13,905,819	8,408,294	60.5%	10,221	13,905,819	8,408,294	60.5%
	2009	18,282,902	13,021,004	71.2%	7,717	17,412,288	12,400,957	71.2%
	2010	14,690,223	10,750,453	73.2%	5,865	13,324,466	9,750,978	73.2%
	2011	12,208,094	8,934,268	73.2%	4,487	10,545,811	7,717,757	73.2%
	2012	10,211,716	7,473,474	73.2%	3,455	8,401,204	6,148,446	73.2%
	2013	8,597,312	6,292,151	73.2%	2,677	6,736,219	4,930,065	73.2%
	2014	7,284,868	5,331,761	73.2%	2,088	5,436,081	3,978,642	73.2%
	2015	6,212,377	4,546,941	73.2%	1,639	4,415,021	3,231,426	73.2%
	2016	5,331,550	3,902,361	73.2%	1,295	3,608,603	2,641,272	73.2%
	2017	4,604,594	3,370,371	73.2%	1,030	2,968,162	2,172,571	73.2%
Past Future Lifetime		280,122,272	196,847,237	70.3%	179,478	379,464,396	267,018,492	70.4%
		101,329,457	72,031,079	71.1%	40,474	86,753,673	61,380,407	70.8%
		381,451,730	268,878,316	70.5%	241,425	466,218,069	328,398,898	70.4%