

SERFF Tracking Number: KCLF-125969343 State: Arkansas
Filing Company: Old American Insurance Company State Tracking Number: 41230
Company Tracking Number: MSR09
TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other
Product Name: MSR09
Project Name/Number: MSR09/MSR09

Filing at a Glance

Company: Old American Insurance Company

Product Name: MSR09

TOI: MS06 Medicare Supplement - Other

Sub-TOI: MS06.000 Medicare Supplement - Other

Filing Type: Rate

Implementation Date Requested: On Approval

State Filing Description:

SERFF Tr Num: KCLF-125969343

SERFF Status: Closed

Co Tr Num: MSR09

Co Status:

Author: Jennifer Penfield

Date Submitted: 12/31/2008

State: ArkansasLH

State Tr Num: 41230

State Status: Approved-Closed

Reviewer(s): Stephanie Fowler

Disposition Date: 01/29/2009

Disposition Status: Approved

Implementation Date:

General Information

Project Name: MSR09

Project Number: MSR09

Requested Filing Mode: Informational

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 01/29/2009

State Status Changed: 01/29/2009

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Group Market Size:

Group Market Type:

Deemer Date:

Department of Insurance

RE: Old American Insurance company

NAIC # 67199-588 FEIN # 44-0376695

Medicare Supplement Annual Rate Filing

SERFF Tracking Number: KCLF-125969343 State: Arkansas
Filing Company: Old American Insurance Company State Tracking Number: 41230
Company Tracking Number: MSR09
TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other
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Dear Sir or Madam:

Enclosed for your information is a copy of the rates we are currently using for the above referenced policy forms. Also enclosed is the actuarial justification of these rates. This is not a rate increase. For our company, Medicare Supplements are a closed block of business.

Sincerely,

Jennifer Penfield, FLMI
Compliance Analyst
Old American Insurance Company
jpenfield@kclife.com
Voice: 1-800-821-6164, ext. 8420
Fax: 816-561-2415

Company and Contact

Filing Contact Information

Jennifer Penfield, Compliance Analyst jpenfield@kclife.com
3520 Broadway St (800) 821-5529 [Phone]
Kansas City, MO 64121-2139

Filing Company Information

Old American Insurance Company CoCode: 67199 State of Domicile: Missouri
3520 Broadway Group Code: 588 Company Type: Life and Health
PO Box 218573
Kansas City, MO 64121-8573 Group Name: State ID Number:
(816) 753-4900 ext. [Phone] FEIN Number: 44-0376695

SERFF Tracking Number: KCLF-125969343 State: Arkansas
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Product Name: MSR09
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Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Old American Insurance Company	\$0.00	12/31/2008	
Old American Insurance Company	\$50.00	01/23/2009	25234724

SERFF Tracking Number: KCLF-125969343

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Product Name: MSR09

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Stephanie Fowler	01/29/2009	01/29/2009

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Filing Fees	Note To Filer	Stephanie Fowler	01/20/2009	01/20/2009

SERFF Tracking Number: KCLF-125969343 *State:* Arkansas
Filing Company: Old American Insurance Company *State Tracking Number:* 41230
Company Tracking Number: MSR09
TOI: MS06 Medicare Supplement - Other *Sub-TOI:* MS06.000 Medicare Supplement - Other
Product Name: MSR09
Project Name/Number: MSR09/MSR09

Disposition

Disposition Date: 01/29/2009

Implementation Date:

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: KCLF-125969343 State: Arkansas
Filing Company: Old American Insurance Company State Tracking Number: 41230
Company Tracking Number: MSR09
TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other
Product Name: MSR09
Project Name/Number: MSR09/MSR09

Item Type	Item Name	Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Approved	No

SERFF Tracking Number: KCLF-125969343 *State:* Arkansas
Filing Company: Old American Insurance Company *State Tracking Number:* 41230
Company Tracking Number: MSR09
TOI: MS06 Medicare Supplement - Other *Sub-TOI:* MS06.000 Medicare Supplement - Other
Product Name: MSR09
Project Name/Number: MSR09/MSR09

Note To Filer

Created By:

Stephanie Fowler on 01/20/2009 02:16 PM

Subject:

Filing Fees

Comments:

AR R & R27, Sec. 5, II (a)(2) requires a \$50.00 filing fee for each Rate filing filed for review. Please submit this filing fee.

Thank you,
Stephanie Fowler, ACS, ACP

SERFF Tracking Number: KCLF-125969343

State: Arkansas

Filing Company: Old American Insurance Company

State Tracking Number: 41230

Company Tracking Number: MSR09

TOI: MS06 Medicare Supplement - Other

Sub-TOI: MS06.000 Medicare Supplement - Other

Product Name: MSR09

Project Name/Number: MSR09/MSR09

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: KCLF-125969343

State: Arkansas

Filing Company: Old American Insurance Company

State Tracking Number: 41230

Company Tracking Number: MSR09

TOI: MS06 Medicare Supplement - Other

Sub-TOI: MS06.000 Medicare Supplement - Other

Product Name: MSR09

Project Name/Number: MSR09/MSR09

Supporting Document Schedules

Satisfied -Name: Health - Actuarial Justification

Review Status:

Approved

01/29/2009

Comments:

Attachment:

AR.pdf

OLD AMERICAN INSURANCE COMPANY

ACTUARIAL MEMORANDUM ANNUAL RATE FILING AND RATE REVISION

Medicare Supplement Policy Forms ID3044, ID3050 and ID3070

SCOPE AND REASON

I. SCOPE

This is the annual rate and loss ratio filing. A change is not being requested for these policy forms. As of 12/31/07, there were 97 policyholders nationwide and 1 policyholders in Arkansas.

ID3044, ID3050 and ID3070 were combined due to the similarities in the policies and the small number of policies in force under each.

II. REASON

The annual loss rate for 2007 was 103.79% and the interest adjusted cumulative loss ratio since inception was 59.15%. The anticipated lifetime loss ratio is 59.20% and the anticipated future loss ratio is 110.50%.

III. PREMIUM RATE HISTORY

Premium rates are based on only one class of insureds.

A. Current Premium Rate Schedule

The current premium rate schedule became effective in January 1991.

Annual Premium Per Individual Insured	
State	Premium
MO	\$299.62
DC, DE, IN, NJ	272.38
AL, AZ, ID, MN, MS, NV	315.96
All Other States	340.48

Each fractional premium for the semiannual, quarterly and monthly modes is the pro-rata proportion of the annual premium plus \$.75. The monthly rate for pre-authorized checks is 1/12 the annual rate.

B. Premium Rate History

Dates	States	Annual Premium Per Individual Insured
5/75 - 12/75	All	\$ 66.00
1/76 - 12/76	All	74.40
1/77 - 12/77	All	86.50
1/78 - 12/78	All	98.90
1/79 - 12/79	All	109.20
1/80 - 12/80	All	121.20
1/81 - 12/81	All	135.00
1/82 - 12/82	All	169.80
1/83 - 12/83	All	198.00
1/84 - 12/84	All	231.60
1/85 - 12/85	All	259.80
1/86 - 12/88	All	318.00
1/89 - 12/90	All	272.38

PLAN DESCRIPTION

I. TYPE OF COVERAGE

This policy is for individuals who are and/or whose spouses are enrolled under Medicare Part A. These policy forms are non-standard for Medicare Part A only.

II. BENEFITS

Kind of Service	Time Limit	Benefit
Inpatient Hospital Services Semi-Private Room & Board	1 st 60 days	\$1,024
Misc. Hospital Services & Supplies	days 61 - 90	\$256 per day
	reserve days	\$512 per day
	days after 150	\$512 per day
	other	3 pints blood

Policy benefits are limited to a maximum lifetime benefit of \$50,000.

The benefits of the policy will continue to increase in proportion to the increase in the Medicare Part A deductible.

III. RENEWABILITY

ID3044, ID3050 and ID3070 are guaranteed renewable Medicare Supplement policies.

IV. GENERAL MARKETING METHOD

Solicitation for this policy was by direct response and on an enrollment basis as well as through agency distribution. ID3044, ID3050 and ID3070 are no longer being solicited for sale. Old American's Medicare Supplement insurance is a closed block of business and sales have not been solicited since 1988 for any Medicare Supplement policy form.

V. ISSUE AGE LIMITS

No age limits exist for this policy provided the applicant and/or spouse is enrolled under Medicare Part A.

RATE DETERMINATION

I. ASSUMPTIONS

A. Persistency

The total termination rate (mortality rate plus lapse rate) based on our historical experience has been approximately 18% and the average attained age for our inforce policies is 85. Total termination rates assumed were the greater of 18% or the attained age mortality rate (this is equivalent to projecting voluntary lapses to decrease by the amount of mortality increase from $(.18 - q_{85})$ to zero at the attained age where mortality exceeds 18%.) The mortality rates used were from the Nelson and Warren table III - Male, Age Last Birthday (Appendix 1). This total termination rate is used to project the year-end policy count.

B. Premium

Premium projections were based on average policy counts over a year multiplied by the average rate per policy.

C. Claims

Incurred claims were projected using a claims aging factor and the average policy count over a year. The claims aging factor was developed using a 10-year average of actual incurred claims per policy from 1998 to 2007.

II. METHOD

A. Lifetime Loss Ratio

Appendix 2 shows the earned premiums, incurred claims, and loss ratios by calendar year for the lifetime of this block for national experience.

Appendix 3 shows the earned premiums, incurred claims, and loss ratios by calendar year for the lifetime of this block for national experience adjusted to Arkansas premium level.

The anticipated interest adjusted lifetime loss ratio at the current premium level is 59.20% and was calculated using 4.0% interest. The formula is below:

Lifetime Loss Ratio =

$$\frac{(\text{Accumulated Past Incurred Claims}) + (\text{Present Value Future Expected Incurred Claims})}{(\text{Accumulated Past Earned Premiums}) + (\text{Present Value Future Expected Earned Premiums})}$$

B. Interest Adjusted Values

Values on January 1, 2008

	Accumulated Past	Present Value of Future	Total
Earned Premiums	\$145,524,145	\$130,752	\$145,654,897
Incurred Claims	86,083,542	144,487	86,228,028
Loss Ratio	59.15%	110.50%	59.20%

CERTIFICATION

To the best of my knowledge and judgment, the following items are true with respect to the filing:

- the assumptions present my best judgment as to the expected value for each assumption and are consistent with the company's business plan at the time of the filing;
- the anticipated lifetime loss ratio is less than one percentage point below the applicable ratio and the future loss ratio exceeds the applicable ratio;
- the filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board including the data quality standard of practice;
- the filing is in compliance with applicable laws and regulations in the state; and
- the rates are reasonable in relationship to the benefits.



Lynn R. Robinson, ASA
Consulting Actuary

APPENDIX I

Ultimate Mortality Rate: Nelson and Warren III - Male - Age Last Birthday

AGE	1,000 qx	AGE	1,000 qx	AGE	1,000 qx
0	3.93	35	1.44	70	45.74
1	0.98	36	1.56	71	49.72
2	0.80	37	1.73	72	53.84
3	0.70	38	1.94	73	58.14
4	0.63	39	2.19	74	62.68
5	0.57	40	2.46	75	67.68
6	0.52	41	2.76	76	73.35
7	0.49	42	3.09	77	79.91
8	0.46	43	3.44	78	87.40
9	0.45	44	3.80	79	95.64
10	0.46	45	4.21	80	104.41
11	0.49	46	4.69	81	113.57
12	0.54	47	5.24	82	123.05
13	0.49	48	5.85	83	132.85
14	0.64	49	6.52	84	143.06
15	0.69	50	7.25	85	153.78
16	0.75	51	8.05	86	165.11
17	0.82	52	8.91	87	177.12
18	0.88	53	9.81	88	189.90
19	0.92	54	10.77	89	203.60
20	0.95	55	11.82	90	218.39
21	0.96	56	13.00	91	234.50
22	0.96	57	14.32	92	253.32
23	0.97	58	15.76	93	275.76
24	0.98	59	17.32	94	302.26
25	0.99	60	19.00	95	337.45
26	1.01	61	20.85	96	392.04
27	1.04	62	22.84	97	484.15
28	1.07	63	24.93	98	637.96
29	1.10	64	27.16	99	866.77
30	1.13	65	29.58	100	1,000.00
31	1.17	66	32.25		
32	1.22	67	35.19		
33	1.28	68	38.42		
34	1.35	69	41.96		

**Medicare Supplement Insurance
ID3044, ID3050 and ID3070
National Experience
Past and Projected Experience**

Calendar Year	Earned Premiums	Incurred Claims	Loss Ratio	
			Annual	Cumulative
1975	15,015	4,048	26.96%	26.96%
1976	510,404	212,051	41.55%	41.13%
1977	1,487,241	860,341	57.85%	53.48%
1978	2,804,055	1,672,522	59.65%	57.07%
1979	3,675,426	1,970,511	53.61%	55.57%
1980	4,248,838	2,445,822	57.56%	56.24%
1981	5,143,842	3,136,138	60.97%	57.60%
1982	5,887,525	4,273,329	72.58%	61.31%
1983	5,307,182	3,007,075	56.66%	60.46%
1984	4,813,906	2,912,775	60.51%	60.47%
1985	4,242,380	2,135,511	50.34%	59.34%
1986	3,797,401	1,961,467	51.65%	58.64%
1987	3,109,069	1,625,903	52.30%	58.21%
1988	2,514,619	1,414,432	56.25%	58.10%
1989	1,650,812	758,448	45.94%	57.69%
1990	1,459,901	1,026,598	70.32%	58.06%
1991	1,331,879	827,277	62.11%	58.16%
1992	1,094,157	772,163	70.57%	58.42%
1993	901,406	595,444	66.06%	58.55%
1994	755,770	464,997	61.53%	58.59%
1995	620,015	449,105	72.43%	58.74%
1996	520,499	429,089	82.44%	58.96%
1997	405,667	333,569	82.23%	59.13%
1998	346,521	269,606	77.80%	59.24%
1999	279,817	183,303	65.51%	59.28%
2000	226,776	108,044	47.64%	59.23%
2001	181,065	142,558	78.73%	59.29%
2002	142,623	148,757	104.30%	59.40%
2003	114,860	86,218	75.06%	59.43%
2004	84,615	101,322	119.74%	59.52%
2005	63,394	55,829	88.07%	59.55%
2006	54,238	54,095	99.74%	59.59%
2007	41,241	42,804	103.79%	59.62%
2008	31,518	33,780	107.18%	59.65%
2009	25,845	28,826	111.53%	59.67%
2010	21,193	23,637	111.53%	59.69%
2011	17,378	19,383	111.53%	59.71%
2012	14,250	15,894	111.53%	59.72%
2013	11,636	12,978	111.53%	59.73%
2014	9,375	10,456	111.53%	59.74%
2015	7,400	8,254	111.53%	59.74%
2016	5,699	6,356	111.53%	59.75%
2017	4,252	4,742	111.53%	59.75%

**LIFETIME LOSS RATIO
NATIONAL EXPERIENCE
ID3044, ID3050 and ID3070**

All Years	Values on December 31, 2007 (interest adjusted)			
	Accumulated Past	Present Value of Future	Total	
Incurred Claims	86,083,542	144,487	86,228,028	
Earned Premiums	145,524,145	130,752	145,654,897	
Loss Ratio	59.15%	110.50%	59.20%	
	Values on December 31, 2007 (not interest adjusted)			
	Accumulated Past	Present Value of Future	Total	
Incurred Claims	34,481,151	164,307	34,645,458	
Earned Premiums	57,832,159	148,546	57,980,704	
Loss Ratio	59.62%	110.61%	59.75%	
1996+	Values on December 31, 2007 (interest adjusted)			
	Accumulated Past	Present Value of Future	Total	
Incurred Claims	2,719,564	144,487	2,864,051	
Earned Premiums	3,441,575	130,752	3,572,326	
Loss Ratio	79.02%	110.50%	80.17%	
	Values on December 31, 2007 (not interest adjusted)			
	Accumulated Past	Present Value of Future	Total	
Incurred Claims	1,955,194	164,307	2,119,501	
Earned Premiums	2,461,316	148,546	2,609,861	
Loss Ratio	79.44%	110.61%	81.21%	

**Medicare Supplement Insurance
ID3044, ID 3050 and ID3070**

Past and Projected Experience

Calendar Year	Earned* Premiums	Incurred Claims	Loss Ratio	
			Annual	Cumulative
1975	15,015	4,048	26.96%	26.96%
1976	510,404	212,051	41.55%	41.13%
1977	1,487,241	860,341	57.85%	53.48%
1978	2,804,055	1,672,522	59.65%	57.07%
1979	3,675,426	1,970,511	53.61%	55.57%
1980	4,248,838	2,445,822	57.56%	56.24%
1981	5,143,842	3,136,138	60.97%	57.60%
1982	5,887,525	4,273,329	72.58%	61.31%
1983	5,307,182	3,007,075	56.66%	60.46%
1984	4,813,906	2,912,775	60.51%	60.47%
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1986	3,797,401	1,961,467	51.65%	58.64%
1987	3,109,069	1,625,903	52.30%	58.21%
1988	2,514,619	1,414,432	56.25%	58.10%
1989	1,650,812	758,448	45.94%	57.69%
1990	1,459,901	1,026,598	70.32%	58.06%
1991	1,221,302	827,277	67.74%	58.29%
1992	1,005,267	772,163	76.81%	58.64%
1993	830,260	595,444	71.72%	58.84%
1994	693,558	464,997	67.05%	58.95%
1995	578,476	449,105	77.64%	59.14%
1996	484,163	429,089	88.62%	59.40%
1997	404,150	333,569	82.54%	59.57%
1998	331,287	269,606	81.38%	59.70%
1999	270,171	183,303	67.85%	59.73%
2000	220,120	108,044	49.08%	59.69%
2001	177,901	142,558	80.13%	59.76%
2002	142,150	148,757	104.65%	59.87%
2003	111,677	86,218	77.20%	59.90%
2004	87,333	101,322	116.02%	59.99%
2005	67,245	55,829	83.02%	60.02%
2006	51,753	54,095	104.53%	60.06%
2007	39,325	42,804	108.85%	60.09%
2008	30,054	33,780	112.40%	60.12%
2009	24,644	28,826	116.97%	60.14%
2010	20,208	23,637	116.97%	60.16%
2011	16,571	19,383	116.97%	60.18%
2012	13,588	15,894	116.97%	60.19%
2013	11,096	12,978	116.97%	60.20%
2014	8,939	10,456	116.97%	60.21%
2015	7,057	8,254	116.97%	60.22%
2016	5,434	6,356	116.97%	60.22%
2017	4,054	4,742	116.97%	60.23%

* The national earned premiums have been adjusted
to the premium rate level for the state of
Arkansas

**LIFETIME LOSS RATIO
ID3044, ID 3050 and ID3070**

All Years	Values on December 31, 2007 (interest adjusted)		
	Accumulated Past	Present Value of Future	Total
Incurred Claims	86,083,542	144,487	86,228,028
Earned Premiums*	144,741,043	124,678	144,865,722
Loss Ratio	59.47%	115.89%	59.52%
	Values on December 31, 2007 (not interest adjusted)		
	Accumulated Past	Present Value of Future	Total
Incurred Claims	34,481,151	164,307	34,645,458
Earned Premiums*	57,383,754	141,646	57,525,400
Loss Ratio	60.09%	116.00%	60.23%
1996+	Values on December 31, 2007 (interest adjusted)		
	Accumulated Past	Present Value of Future	Total
Incurred Claims	2,719,564	144,487	2,864,051
Earned Premiums*	3,332,042	124,678	3,456,721
Loss Ratio	81.62%	115.89%	82.85%
	Values on December 31, 2007 (not interest adjusted)		
	Accumulated Past	Present Value of Future	Total
Incurred Claims	1,955,194	164,307	2,119,501
Earned Premiums*	2,387,276	141,646	2,528,922
Loss Ratio	81.90%	116.00%	83.81%
* The national earned premiums have been adjusted to the premium level for the state of Arkansas			

MEDICARE SUPPLEMENT INSURANCE

Policy Forms ID3050, ID3044 and ID3070

Experience for: ARKANSAS

Calendar Year	Earned Premiums	Incurred Claims	Annual Loss Ratio	Number In Force
1991	13,703	9,787	71.42%	37
1992	11,055	8,071	73.01%	26
1993	8,768	7,423	84.66%	18
1994	6,561	7,895	120.33%	17
1995	5,349	3,616	67.60%	15
1996	4,798	3,845	80.14%	12
1997	4,181	1,808	43.24%	12
1998	3,651	3,473	95.12%	10
1999	3,495	1,382	39.54%	10
2000	3,396	(189)	-5.57%	9
2001	2,510	3,056	121.75%	7
2002	1,954	3,167	162.08%	4
2003	1,567	3,312	211.36%	3
2004	1,365	1,976	144.76%	3
2005	1,380	754	54.64%	3
2006	989	2,788	281.90%	2
2007	649	813	125.27%	1