

SERFF Tracking Number: MGCC-126335005 State: Arkansas  
Filing Company: The Chesapeake Life Insurance Company State Tracking Number: 43706  
Company Tracking Number: CH-26057-IR AR (01/10)  
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other  
Product Name: CH-26057-IR AR (01/10)  
Project Name/Number: HB 1930/

## Filing at a Glance

Company: The Chesapeake Life Insurance Company

Product Name: CH-26057-IR AR (01/10) SERFF Tr Num: MGCC-126335005 State: Arkansas  
TOI: H21 Health - Other SERFF Status: Closed-Withdrawn State Tr Num: 43706  
Sub-TOI: H21.000 Health - Other Co Tr Num: CH-26057-IR AR State Status: Withdrawn  
(01/10)

Filing Type: Form Reviewer(s): Rosalind Minor  
Authors: Courtney Sharp, Kathleen Allen, Jaime Butler, Kim Perkins Disposition Date: 11/10/2009  
Date Submitted: 10/07/2009 Disposition Status: Withdrawn  
Implementation Date Requested: On Approval Implementation Date:

State Filing Description:

## General Information

Project Name: HB 1930 Status of Filing in Domicile:  
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: 11/10/2009 Explanation for Other Group Market Type:  
State Status Changed: 11/10/2009  
Deemer Date: Created By: Kathleen Allen  
Submitted By: Kathleen Allen Corresponding Filing Tracking Number:  
Filing Description:  
Form Number, CH-26057-IR AR (01/10) is submitted for your review and approval. This form is new and not intended to replace any forms previously approved by your Department.

The Rider form, upon approval, has been created to comply with HB 1930 and will be offered to Chesapeake health benefit plans that are issued or renewed offering coverage for a hearing aid or hearing instrument as well as any other Chesapeake health plans that may be approved by your Department in the future.

To the best of our knowledge, information and belief, the form being submitted herewith are in compliance in respects with the provisions of the insurance laws, rules and regulations of your State.

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If you have any questions regarding this submission or if anything further is needed to expedite the review of this filing, please contact me at 817-255-3590.

Respectfully submitted,  
 Kathleen Allen

## Company and Contact

### Filing Contact Information

Kathleen Allen, Senior Compliance Analyst kathleen.allen@healthmarkets.com  
 9151 Boulevard 26 817-255-3590 [Phone]  
 North Richland Hills, TX 76180 817-255-8153 [FAX]

### Filing Company Information

The Chesapeake Life Insurance Company CoCode: 61832 State of Domicile: Oklahoma  
 9151 Boulevard 26 Group Code: 264 Company Type: Health  
 North Richland Hills, TX 76180 Group Name: State ID Number:  
 (817) 255-3100 ext. [Phone] FEIN Number: 52-0676509  
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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$20.00  
 Retaliatory? No  
 Fee Explanation: \$20.00 x 1 form filing=\$20.00  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Chesapeake Life Insurance Company	\$20.00	10/07/2009	31109291

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Withdrawn	Rosalind Minor	11/10/2009	11/10/2009
Approved-Closed	Rosalind Minor	10/14/2009	10/14/2009

### 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	10/14/2009	10/14/2009			

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Withdrawal Request	Note To Reviewer	Kathleen Allen	11/09/2009	11/09/2009
Implementation of rider and rates	Note To Filer	Rosalind Minor	10/30/2009	10/30/2009

*SERFF Tracking Number:* MGCC-126335005      *State:* Arkansas  
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*Project Name/Number:* HB 1930/

## **Disposition**

Disposition Date: 11/10/2009

Implementation Date:

Status: Withdrawn

Comment:

As requested in your Note to Reviewer on 11/9/09, this submission is being withdrawn.

Rate data does NOT apply to filing.

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<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification	Withdrawn	Yes
<b>Supporting Document</b>	Application	Withdrawn	Yes
<b>Supporting Document</b>	Health - Actuarial Justification	Withdrawn	Yes
<b>Supporting Document</b>	Outline of Coverage	Withdrawn	Yes
<b>Form</b>	HEARING AIDS BENEFIT RIDER	Withdrawn	Yes
<b>Rate</b>	Hearing Aids Benefit Rider	Withdrawn	Yes

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## **Disposition**

Disposition Date: 10/14/2009

Implementation Date:

Status: Approved-Closed

Comment:

Please ignore my objection letter on this date.

Rate data does NOT apply to filing.

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Form	HEARING AIDS BENEFIT RIDER	Withdrawn	Yes
Rate	Hearing Aids Benefit Rider	Withdrawn	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 10/14/2009  
Submitted Date 10/14/2009  
Respond By Date

Dear Kathleen Allen,

This will acknowledge receipt of the captioned filing.

Objection 1

- HEARING AIDS BENEFIT RIDER, CH-26057-IR AR (01/10) (Form)

Comment:

The amendment is not in compliance with House Bill 1930 and our Bulletin 7-2009 which states that the coverage is ot subject to policy deductibles or copayment requirements.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

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**Note To Reviewer**

**Created By:**

Kathleen Allen on 11/09/2009 09:52 AM

**Last Edited By:**

Kathleen Allen

**Submitted On:**

11/09/2009 09:52 AM

**Subject:**

Withdrawal Request

**Comments:**

Please accept this as our formal request to withdraw this filing at this time.

Thank you for your attention to this matter.

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**Note To Filer**

**Created By:**

Rosalind Minor on 10/30/2009 08:56 AM

**Last Edited By:**

Rosalind Minor

**Submitted On:**

10/30/2009 08:56 AM

**Subject:**

Implementation of rider and rates

**Comments:**

Please hold up on implementing this filing. As discussed in our telephone conversation, when I reviewed the filing I was looking at the base rate as an annual rate and not monthly.

I will be having a discussion with my Director either today or Monday and will immediately notify you if we decide to withdraw the filing because the rates are excessive in relationship to the benefit.

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## Form Schedule

### Lead Form Number:

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Withdrawn 11/10/2009	CH-26057- IR AR (01/10)	Policy/Cont ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	HEARING AIDS BENEFIT RIDER	Initial			CH-26057-IR AR _0110_.pdf

## THE CHESAPEAKE LIFE INSURANCE COMPANY

A Stock Company

(Hereinafter called: the Company, We, Our or Us)

Home Office: Oklahoma City, Oklahoma

Administrative Office: P.O. Box 982010

North Richland Hills, Texas 76182-8010

Customer Service: 1-800-733-1110

### HEARING AIDS BENEFIT RIDER

This Rider is made a part of the Policy to which it is attached. The Rider is subject to all provisions, terms, DEFINITIONS and EXCLUSIONS AND LIMITATIONS of the Policy, which are not inconsistent with the provisions of this Rider.

The benefits provided by this Rider will not duplicate the benefits provided under the Policy and/or any other Rider, and are subject to the Policy Coinsurance, Policy Lifetime Maximum Amount, Policy Calendar Year Maximum Amount (if any), Policy Aggregate Maximum Amount (if any) shown in the POLICY SCHEDULE, as well as the Rider Maximum Benefit Amounts shown below.

Covered Expenses, as defined below, incurred under this Rider will not be considered "Covered Services" or "Covered Expenses" under the Policy to which this Rider is attached, and are not subject to and will not be used to satisfy the Policy Deductible.

#### COVERED EXPENSES

For the purpose of this Rider, Covered Expenses include hearing aids and instruments prescribed for Insured Persons by a professional licensed in the state of Arkansas to dispense such hearing aids and instruments.

#### RIDER MAXIMUM BENEFIT AMOUNT

Not to exceed [\$1,400] per Insured Person, per ear

#### LIMITATION

From the Effective Date of this Rider, the Maximum Benefit Amount shown above will be paid [once] every [three (3)] calendar years.

We will provide this benefit in consideration of the payment of the required premium for this Rider.

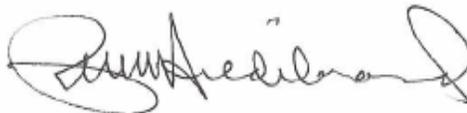
Rider Effective Date, if different from Policy Date:

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## THE CHESAPEAKE LIFE INSURANCE COMPANY



SECRETARY



PRESIDENT

SERFF Tracking Number: MGCC-126335005 State: Arkansas  
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## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Withdrawn 11/10/2009	Hearing Aids Benefit Rider	CH-26057-IR AR (01/10)	New		CH-26057-IR AR (0110) 20090928 Rates.pdf

# The Chesapeake Life Insurance Company

Administration Office: P.O. Box 982010, North Richland Hills, TX 76182-8010

## HEARING AIDS BENEFIT RIDER

CH-26057-IR AR (01/10)

Formula
Round( AE x AgeSex x Base x Inflation x Marital,2)

Multiply the Base Rate by 3 for quarterly rates, 6 for semi-annual, and 11 for annual premium rates.

Inflation
1.000000000

Base	Factor
Base	325.000

Based on underwriting results, final rates may range from 50% to the maximum percentage allowed by your state of the calculated rates.

AE	Factor
Child	1.000000
Female	1.000000
Male	1.000000

Demographic	Value	Factor
Marital	No	1.000
Marital	Yes	0.510

Age	Factor	Gender	Adult/Dep
00 - 64	1.0000	Female	Adult
00 - 64	1.0000	Male	Adult
00 - 64	0.0200	Female	Dep Child
00 - 64	0.0200	Male	Dep Child

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## Supporting Document Schedules

	Item Status:	Status Date:
<p><b>Satisfied - Item:</b> Flesch Certification</p> <p><b>Comments:</b> Please refer to attached.</p> <p><b>Attachments:</b> ARGA 0104.pdf Cert Compl Rule-Reg19 -AR.pdf Cert Compliance AR-Readability.pdf</p>	Withdrawn	11/10/2009
<p><b>Bypassed - Item:</b> Application</p> <p><b>Bypass Reason:</b> Not applicable.</p> <p><b>Comments:</b></p>	Withdrawn	11/10/2009
<p><b>Satisfied - Item:</b> Health - Actuarial Justification</p> <p><b>Comments:</b> Please refer to attached.</p> <p><b>Attachment:</b> CH-26057-IR AR act memo.pdf</p>	Withdrawn	11/10/2009
<p><b>Bypassed - Item:</b> Outline of Coverage</p> <p><b>Bypass Reason:</b> Not applicable.</p> <p><b>Comments:</b></p>	Withdrawn	11/10/2009

## LIMITATIONS AND EXCLUSIONS UNDER THE ARKANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of this state who purchase life insurance, annuities or health and accident insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association"). The purpose of the Guaranty Association is to assure that policy and contract owners will be protected, within certain limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of policy owners who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by the member insurers through the Guaranty Association is not unlimited, however. And, as noted in the box below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

### DISCLAIMER

**The Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association") may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions and require continued residency in this state. You should not rely on coverage by the Guaranty Association in purchasing an insurance policy or contract..**

**Coverage is NOT provided for your policy or contract or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract.**

**Insurance companies or their agents are required by law to provide you with this notice.**

**The Arkansas Life and Health Insurance Guaranty Association  
C/O The Liquidation Division  
1023 West Capitol, Suite 2  
Little Rock, Arkansas 72201**

**Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas 72201-1904**

The state law that provides for this safety-net coverage is called the Arkansas Life and Health Insurance Guaranty Association Act ("Act"). Below is a brief summary of the Act's coverages, exclusions and limits. This summary does not cover all provisions of the Act; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Guaranty Association.

### COVERAGE

Generally, individuals will be protected by the Guaranty Association if they live in this state and they hold a life, annuity or health insurance contract or policy, or if they are insured under a group insurance contract issued by a member insurer. The beneficiaries, payees or assignees of policy or contract owners are protected as well, even if they live in another state.

### EXCLUSIONS FROM COVERAGE

However, persons owning such policies or contracts are NOT protected by the Guaranty Association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose Guaranty Association protects insureds who live outside that state);
- The insurer was not authorized to do business in this state;

- Their policy or contract was issued by a nonprofit hospital or medical service organization, an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policy or contract owner is subject to suture assessments, or by an insurance exchange.

The Association also does NOT provide coverage for:

- Any policy or contract or portion thereof which is not guaranteed by the insurer or for which the owner has assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract;
- Any policy of reinsurance (unless an assumption certificate was issued);
- Interest rate yields that exceed an average rate;
- Dividends and voting rights and experience rating credits;
- Credits given in connection with the administration of a policy by a group contract holder;
- Employers' plans, to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- Unallocated annuity contracts (which give rights to group contractholders, not individuals);
- Unallocated annuity contracts issued to/in connection with benefit plans protected under Federal Pension Benefit Corporation ("FPBC") (whether the FPBC is yet liable or not);
- Portions of any unallocated annuity contract not owned by a benefit plan or a government lottery (unless the owner is a resident) or issued to a collective investment trust or similar pooled fund offered by a bank or other financial institution);
- Portions of a policy or contract to the extent assessments required by law for the Guaranty Association are preempted by State or Federal law;
- Obligations that do not arise under the policy or contract, including claims based on marketing materials or side letters, riders, or other documents which do not meet filing requirements, or claims for policy misrepresentations, or extra-contractual or penalty claims;
- Contractual agreements establishing the member insurer's obligations to provide book value accounting guarantees for defined contribution benefit plan participants (by reference to a portfolio of assets owned by a nonaffiliated benefit plan or its trustees).

#### **LIMITS ON AMOUNT OF COVERAGE**

The Act also limits the amount the Guaranty Association is obligated to cover: The Guaranty Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Guaranty Association will pay a maximum of \$300,000 – no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$300,000 in health insurance benefits, \$300,000 in present value of annuity benefits, or \$300,000 in life insurance death benefits for net cash surrender values – again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages. There is a \$1,000,000 limit with respect to any contract holder for unallocated annuity benefits, irrespective of the number of contracts held by the contract holder. These are limitations for which the Guaranty Association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer.]

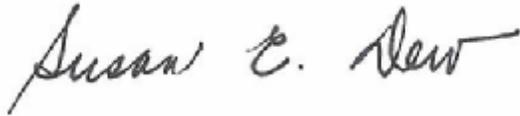
**Certificate of Compliance with  
Arkansas Rule and Regulation 19**

Insurer: The Chesapeake Life Insurance Company

Form Number(s):

CH-26057-IR AR (01/10)

I hereby certify that the filing above meets all applicable Arkansas requirements including the requirements of Rule and Regulation 19.



\_\_\_\_\_  
Signature of Company Officer

Susan Dew

\_\_\_\_\_  
Name

Senior Vice President, Associate General Counsel and Chief Compliance Officer

\_\_\_\_\_  
Title

October 7, 2009

\_\_\_\_\_  
Date

## Certificate of Compliance for Arkansas

This is to certify the attached form has achieved the Flesch Reading Ease Score given below and complies with the requirements of Arkansas Stat. Ann, 66-3251 through 66-3258, cited as the Life and Disability Insurance Policy Language simplification Act.

**Form Number and Form Name:**

CH-26057-IR AR (01/10)  
Hearing Aids Benefit Rider

**Flesch Reading Score:**

47.2



\_\_\_\_\_  
Susan Dew, Senior Vice President, Associate General Counsel and Chief Compliance Officer

October 7, 2009

\_\_\_\_\_  
Date

THE CHESAPEAKE LIFE INSURANCE COMPANY  
Actuarial Memorandum  
HEARING AIDS BENEFIT RIDER  
Rider Form: CH-26057-IR AR (01/10)  
9151 Boulevard 26, North Richland Hills, Texas 76180

**1. Scope and Purpose**

The purpose of this actuarial memorandum is to provide documentation and descriptive material in support of the filing of rates for the HEARING AIDS BENEFIT RIDER form CH-26057-IR AR (01/10).

**2. Benefit Description**

This rider form will pay benefits for Covered Expenses incurred by an Insured Person, while this Rider is in force, for hearing aids and instruments prescribed for Insured Persons by a professional licensed in the state of Arkansas to dispense such hearing aids and instruments. Reimbursement is subject to the Policy Coinsurance, Policy Lifetime Maximum Amount, Policy Calendar Year Maximum Amount, Policy Aggregate Maximum Amount as well as the Rider Maximum Benefit Amounts.

**3. Renewability Clause**

This rider is subject to the renewability of the policy to which it is attached.

**4. Morbidity**

Claim costs for these new benefit options has been based upon experience of similar products as well as industry pricing guides.

**5. Mortality**

Mortality rates were not considered in the premium calculations.

**6. Persistency**

Persistency rates by year are as follows:

Base Plan:	Basic Fit	Classic Fit & Essential Fit
	Termination Rate - qt	Termination Rate - qt
First year:	0.559	0.544
Second year:	0.440	0.496
Third year:	0.281	0.373
Fourth year:	0.281	0.373
All other years:	0.281	0.373

**7. Expenses**

Expenses are made up of premium tax at a rate of 2.500% and administrative expenses that are 14.50% as a percent of premium.

**8. Commissions**

Commission follows the base contract to which it is attached.

**9. Marketing Methods**

This form will be marketed through agents.

**10. Underwriting**

Applicants will be underwritten using accepted industry underwriting procedures, and a normal health medical application with additional information including, but not limited to inspection reports, telephone verification and attending physician statements.

**11. Premium Structures**

Premium varies by whether an adult or child. A marital discount is also applicable. The company reserves the right to change the table of premiums, for all like policies, at any time and from time to time provided it gives the policyholder the advance written notice required prior to the effective date of the new rates.

**12. Issue Age Range**

This rider form will be issued from ages 0 to 63.

**13. Area Factors**

This rider is not area rated.

**14. Premium Modalization Rules**

For premiums other than monthly EFT, multiply the monthly EFT premium by 3 for quarterly, 6 for semi-annual, and 11 for annual.

**15. Claim Liability and Reserves**

Claim reserves are based on the lag factor method. This method analyzes past claim runout history to calculate claim reserves.

**16. Active Life Reserves**

Active Life Reserve is not set up since this form is attained age rated.

**17. Minimum Loss Ratio**

The minimum loss ratio presumed reasonable by the NAIC guidelines for this type of plan is 55.00%.

**18. Proposed Effective Date**

Rates will be effective upon approval by your department.

**19. Actuarial Certification**

I certify, to the best of my knowledge and judgment, that this rate filing is in compliance with the applicable laws and regulations of this state, and that the rates are not excessive, inadequate, or unfairly discriminatory.

Certified:



Virgil Meier, FSA, MAAA