

<i>SERFF Tracking Number:</i>	<i>KCLF-126283567</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Old American Insurance Company</i>	<i>State Tracking Number:</i>	<i>43372</i>
<i>Company Tracking Number:</i>	<i>MSR09-2</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>MSR09-2</i>		
<i>Project Name/Number:</i>	<i>MSR09-2/MSR09-2</i>		

## Filing at a Glance

Company: Old American Insurance Company

Product Name: MSR09-2

TOI: MS06 Medicare Supplement - Other

Sub-TOI: MS06.000 Medicare Supplement - Other

Filing Type: Rate

SERFF Tr Num: KCLF-126283567 State: Arkansas

SERFF Status: Closed-Approved-Closed  
State Tr Num: 43372

Co Tr Num: MSR09-2

State Status: Approved-Closed

Author: Jennifer Penfield

Date Submitted: 08/28/2009

Reviewer(s): Stephanie Fowler

Disposition Date: 09/28/2009

Disposition Status: Approved-Closed

Implementation Date:

Implementation Date Requested: On Approval

State Filing Description:

## General Information

Project Name: MSR09-2

Project Number: MSR09-2

Requested Filing Mode: Informational

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 09/28/2009

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Group Market Size:

Group Market Type:

Explanation for Other Group Market Type:

State Status Changed: 09/28/2009

Created By: Jennifer Penfield

Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: Jennifer Penfield

Filing Description:

Old American Insurance Company is hereby submitting the annual Medicare Supplement Rate Filing for your state. We no longer issue plans in this line of business.

## Company and Contact

### Filing Contact Information

Jennifer Penfield, Compliance Analyst

3520 Broadway St

[jpenfield@kclife.com](mailto:jpenfield@kclife.com)

800-821-5529 [Phone] 8420 [Ext]

SERFF Tracking Number: KCLF-126283567 State: Arkansas  
 Filing Company: Old American Insurance Company State Tracking Number: 43372  
 Company Tracking Number: MSR09-2  
 TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other  
 Product Name: MSR09-2  
 Project Name/Number: MSR09-2/MSR09-2

PO Box 219139  
 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	Group Name:	State ID Number:
Kansas City, MO 64121-8573	FEIN Number: 44-0376695	
(816) 753-4900 ext. [Phone]		

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**Filing Fees**

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: \$50.00 per filing in Missouri.  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Old American Insurance Company	\$50.00	08/28/2009	30190279

SERFF Tracking Number: KCLF-126283567 State: Arkansas  
Filing Company: Old American Insurance Company State Tracking Number: 43372  
Company Tracking Number: MSR09-2  
TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other  
Product Name: MSR09-2  
Project Name/Number: MSR09-2/MSR09-2

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Stephanie Fowler	09/28/2009	09/28/2009

*SERFF Tracking Number:* KCLF-126283567      *State:* Arkansas  
*Filing Company:* Old American Insurance Company      *State Tracking Number:* 43372  
*Company Tracking Number:* MSR09-2  
*TOI:* MS06 Medicare Supplement - Other      *Sub-TOI:* MS06.000 Medicare Supplement - Other  
*Product Name:* MSR09-2  
*Project Name/Number:* MSR09-2/MSR09-2

## **Disposition**

Disposition Date: 09/28/2009

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

*SERFF Tracking Number:* KCLF-126283567      *State:* Arkansas  
*Filing Company:* Old American Insurance Company      *State Tracking Number:* 43372  
*Company Tracking Number:* MSR09-2  
*TOI:* MS06 Medicare Supplement - Other      *Sub-TOI:* MS06.000 Medicare Supplement - Other  
*Product Name:* MSR09-2  
*Project Name/Number:* MSR09-2/MSR09-2

<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Health - Actuarial Justification	Approved	No
<b>Rate</b>	Rates for Med Supp	Approved	No

<i>SERFF Tracking Number:</i>	<i>KCLF-126283567</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Old American Insurance Company</i>	<i>State Tracking Number:</i>	<i>43372</i>
<i>Company Tracking Number:</i>	<i>MSR09-2</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>MSR09-2</i>		
<i>Project Name/Number:</i>	<i>MSR09-2/MSR09-2</i>		

## Rate/Rule Schedule

<b>Schedule Item Status:</b>	<b>Document Name:</b>	<b>Affected Form Numbers: (Separated with commas)</b>	<b>Rate Action:</b>	<b>Rate Action Information:</b>	<b>Attachments</b>
Approved 09/28/2009	Rates for Med Supp		New		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 12/31/08, there were 67 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 2008 was 116.12% and the interest adjusted cumulative loss ratio since inception was 59.17%. The anticipated lifetime loss ratio is 59.20% and the anticipated future loss ratio is 118.33%.

#### 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 <sup>st</sup> 60 days	\$1,068
Misc. Hospital Services & Supplies	days 61 - 90	\$267 per day
	reserve days	\$534 per day
	days after 150	\$534 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 1999 to 2008.

## 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, 2009

	Accumulated Past	Present Value of Future	Total
Earned Premiums	\$151,375,182	\$90,954	\$151,466,136
Incurred Claims	89,561,803	107,628	89,669,430
Loss Ratio	59.17%	118.33%	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.



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**Lynn R. Robinson, ASA, MAAA**  
**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	29,487	34,241	116.12%	59.65%
2009	21,925	25,944	118.33%	59.67%
2010	17,978	21,274	118.33%	59.69%
2011	14,742	17,445	118.33%	59.71%
2012	12,089	14,305	118.33%	59.72%
2013	9,913	11,730	118.33%	59.73%
2014	8,094	9,578	118.33%	59.74%
2015	6,521	7,717	118.33%	59.74%
2016	5,148	6,091	118.33%	59.75%
2017	3,964	4,691	118.33%	59.75%
2018	2,958	3,500	118.33%	59.76%

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

<b>All Years</b>	<b>Values on December 31, 2008 (interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	89,561,803	107,628	89,669,430
<b>Earned Premiums</b>	151,375,182	90,954	151,466,136
<b>Loss Ratio</b>	59.17%	118.33%	59.20%
	<b>Values on December 31, 2008 (not interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	34,515,392	122,275	34,637,667
<b>Earned Premiums</b>	57,861,646	103,332	57,964,977
<b>Loss Ratio</b>	59.65%	118.33%	59.76%
<b>1996+</b>	<b>Values on December 31, 2008 (interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	2,863,266	107,628	2,970,893
<b>Earned Premiums</b>	3,609,308	90,954	3,700,262
<b>Loss Ratio</b>	79.33%	118.33%	80.29%
	<b>Values on December 31, 2008 (not interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	1,989,435	122,275	2,111,710
<b>Earned Premiums</b>	2,490,803	103,332	2,594,134
<b>Loss Ratio</b>	79.87%	118.33%	81.40%

**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%
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	1,221,302	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	27,919	34,241	122.64%	60.12%
2009	20,759	25,944	124.98%	60.14%
2010	17,022	21,274	124.98%	60.16%
2011	13,958	17,445	124.98%	60.18%
2012	11,446	14,305	124.98%	60.19%
2013	9,386	11,730	124.98%	60.20%
2014	7,664	9,578	124.98%	60.21%
2015	6,175	7,717	124.98%	60.22%
2016	4,874	6,091	124.98%	60.22%
2017	3,754	4,691	124.98%	60.23%
2018	2,800	3,500	124.98%	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**

<b>All Years</b>	<b>Values on December 31, 2008 (interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	89,561,803	107,628	89,669,430
<b>Earned Premiums*</b>	150,559,157	86,118	150,645,275
<b>Loss Ratio</b>	59.49%	124.98%	59.52%
	<b>Values on December 31, 2008 (not interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	34,515,392	122,275	34,637,667
<b>Earned Premiums*</b>	57,411,674	97,838	57,509,512
<b>Loss Ratio</b>	60.12%	124.98%	60.23%
<b>1996+</b>	<b>Values on December 31, 2008 (interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	2,863,266	107,628	2,970,893
<b>Earned Premiums*</b>	3,493,796	86,118	3,579,914
<b>Loss Ratio</b>	81.95%	124.98%	82.99%
	<b>Values on December 31, 2008 (not interest adjusted)</b>		
	<b>Accumulated Past</b>	<b>Present Value of Future</b>	<b>Total</b>
<b>Incurred Claims</b>	1,989,435	122,275	2,111,710
<b>Earned Premiums*</b>	2,415,195	97,838	2,513,033
<b>Loss Ratio</b>	82.37%	124.98%	84.03%
* 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

<b>Calendar Year</b>	<b>Earned Premiums</b>	<b>Incurred Claims</b>	<b>Annual Loss Ratio</b>	<b>Number In Force</b>
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
2008	341	907	265.98%	1

SERFF Tracking Number: KCLF-126283567 State: Arkansas  
Filing Company: Old American Insurance Company State Tracking Number: 43372  
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TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other  
Product Name: MSR09-2  
Project Name/Number: MSR09-2/MSR09-2

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status</b>
<b>Bypassed - Item:</b>	Health - Actuarial Justification	Approved	<b>Date:</b> 09/28/2009
<b>Bypass Reason:</b>	Please see the Rate/Rule Schedule tab.		
<b>Comments:</b>			