

SERFF Tracking Number: CEUL-126898777 State: Arkansas
 Filing Company: Central United Life Insurance Company State Tracking Number: 47299
 Company Tracking Number: AR_HSGROR_2010
 TOI: H15I Individual Health - Sub-TOI: H15I.001 Health - Hospital/Surgical/Medical
 Hospital/Surgical/Medical Expense Expense
 Product Name: HSGROR
 Project Name/Number: Hospital/Surgical/Medical Expense /

Filing at a Glance

Company: Central United Life Insurance Company

Product Name: HSGROR SERFF Tr Num: CEUL-126898777 State: Arkansas
 TOI: H15I Individual Health - SERFF Status: Closed-Approved- State Tr Num: 47299
 Hospital/Surgical/Medical Expense Closed
 Sub-TOI: H15I.001 Health - Co Tr Num: AR_HSGROR_2010 State Status: Approved-Closed
 Hospital/Surgical/Medical Expense
 Filing Type: Rate Reviewer(s): Rosalind Minor
 Authors: Elizabeth Tseng, Allie Zhou, Cindy Hu Disposition Date: 11/29/2010
 Date Submitted: 11/11/2010 Disposition Status: Approved-Closed
 Implementation Date Requested: 02/01/2011 Implementation Date:

State Filing Description:

General Information

Project Name: Hospital/Surgical/Medical Expense 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: 9% Group Market Type:
 Filing Status Changed: 11/29/2010 Explanation for Other Group Market Type:
 State Status Changed: 11/29/2010
 Deemer Date: Created By: Allie Zhou
 Submitted By: Elizabeth Tseng Corresponding Filing Tracking Number:
 PPACA: Not PPACA-Related
 Filing Description:
 NAIC # 61883 Central United Life Insurance
 Rate Increase: Pool Group HSGROR

Enclosed for filing, please find our proposed rate increase for Pool Group HSGROR. This Pool Group is composed of

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Hospital Surgical policies that are Guaranteed Renewable or Optionally Renewable.

An actuarial study of our business in this line has revealed that our current rates are inadequate to support our experience. We have included the required Actuarial Memorandum detailing the actuarial analysis of our experience.

The Company is requesting a 9% rate increase. The increase will be applied uniformly to all policyholders within the state.

We appreciate the Department's time and consideration in the review of this filing.

Company and Contact

Filing Contact Information

Cindy Hu, Rates Supervisor chu@manhattanlife.com
 Wortham Tower 713-821-6450 [Phone]
 2727 Allen Parkway 713-529-9425 [FAX]
 Suite 500
 Houston, TX 77019-2100

Filing Company Information

Central United Life Insurance Company CoCode: 61883 State of Domicile: Arkansas
 Wortham Tower Group Code: 117 Company Type:
 2727 Allen Parkway Group Name: State ID Number:
 Suite 500 FEIN Number: 42-0884060
 Houston, TX 77019-2100
 (713) 529-0045 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? Yes
 Fee Explanation: Rates = \$50.00
 Per Company: No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Central United Life Insurance Company	\$50.00	11/11/2010	41806103

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	11/29/2010	11/29/2010

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	11/19/2010	11/19/2010	Allie Zhou	11/29/2010	11/29/2010

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Disposition

Disposition Date: 11/29/2010

Implementation Date:

Status: Approved-Closed

Comment:

We have approved a 9% level rate increase on your submission. The approval is subject to the following conditions:

1. Rate increases will not be given prior to the first annual anniversary date of any policy.
2. After the first annual anniversary date of any policy, increases will not be given more frequently than once in a twelve (12) month period.
3. All increases in rates, other than a change in age or an individual moving to another geographical area, must be submitted to our Department for approval.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Central United Life Insurance Company	9.000%	9.000%	\$1,015	29	\$11,276	9.000%	9.000%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Approved-Closed	No
Supporting Document	Actuarial Memorandum	Approved-Closed	No
Rate	Rate sheet	Approved-Closed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 11/19/2010

Submitted Date 11/19/2010

Respond By Date

Dear Cindy Hu,

This will acknowledge receipt of the captioned filing.

Objection 1

- Health - Actuarial Justification (Supporting Document)

Comment:

Please attach the calendar year experience, providing earned premium and incurred claims and the loss ratio.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/29/2010
Submitted Date 11/29/2010

Dear Rosalind Minor,

Comments:

Response 1

Comments: Please see attached memorandum in the supporting Documentation tab.

Thanks.

Related Objection 1

Applies To:

- Health - Actuarial Justification (Supporting Document)

Comment:

Please attach the calendar year experience, providing earned premium and incurred claims and the loss ratio.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Actuarial Memorandum

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Allie Zhou, Cindy Hu, Elizabeth Tseng

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Rate Information

Rate data applies to filing.

Filing Method: SERFF
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 10.000%
Effective Date of Last Rate Revision: 12/01/2009
Filing Method of Last Filing: SERFF

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Central United Life Insurance Company	9.000%	9.000%	\$1,015	29	\$11,276	9.000%	9.000%

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Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Approved-Closed 11/29/2010	Rate sheet	0130, 0135, 1H-1960, 1H-1967, 3128, 3134-A, 3134B-77, 6600A-77, A6107R, A6161C, A6507, DH-1, H02-04, H3500, NW1505	New		AR_Exh B - Rates.pdf

Exhibit B
Current and Proposed Premiums

Pool Group HSGR/OR Rate Sheet

As of 09/30/10

Block	Form #	State	Policy #	Ann. Prem.	Inc. %	Proposed Prem
50	H02-04	AR	0556005094	21	9%	22
60	H3500	AR	HG828359	943	9%	1,028
112	NW1505	AR	C01391984	949	9%	1,034
113	A6161C	AR	008099883	166	9%	181
113	A6107R	AR	008109821	248	9%	270
113	A6507	AR	008112417	127	9%	138
113	A6107R	AR	008117094	243	9%	265
113	A6507	AR	008159203	284	9%	309
113	A6507	AR	008219960	312	9%	340
119	1H-1960	AR	0374417676	23	9%	25
119	1H-1967	AR	0380318536	76	9%	83
119	1H-1960	AR	0574628875	47	9%	51
119	1H-1960	AR	0577589974	47	9%	51
119	1H-1960	AR	0577589976	47	9%	51
119	1H-1960	AR	0577589978	38	9%	42
119	1H-1967	AR	0578655258	50	9%	55
119	1H-1967	AR	0578655268	42	9%	46
119	1H-1967	AR	0578788542	47	9%	51
119	DH-1	AR	2200316450	343	9%	374
119	3128	AR	2200879320	744	9%	811
119	3134-A	AR	2201679920	979	9%	1,067
119	3134-A	AR	2201736070	906	9%	988
119	3134-A	AR	2201809390	1,015	9%	1,107
119	6600A-77	AR	2201823780	204	9%	222
119	3134B-77	AR	2202080320	840	9%	915
120	0130	AR	K022864000	451	9%	492
120	0130	AR	K024575000	570	9%	621
120	0130	AR	K027798000	397	9%	433
120	0135	AR	K050063000	1,117	9%	1,218
	State	AR	29	11,276	9%	12,291
	Avg. Prem			389		424
	United States		2,474	923,003	9%	1,006,073
	Avg. Prem			373		407

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Supporting Document Schedules

	Item Status:	Status
Satisfied - Item: Actuarial Memorandum	Approved-Closed	Date: 11/29/2010
Comments:		
Attachment:		
AJ AR 2010.pdf		

Central United Life Insurance Company (NAIC #61883)

Actuarial Memorandum for Individual A&H Rate Increase Pooled Group HSGR/OR

1. Purpose of Filing

The purpose of this rate filing is to demonstrate that the lifetime anticipated loss ratio of these plans meets minimum state requirements. It is not intended to be used for any other purpose.

2. Scope of Filing

This rate increase is requested for policies that have been acquired by the Company. These policies provide similar hospital and medical benefits on an expense incurred basis. The company has combined these plans into the same rating group to improve statistical credibility, and the plans will continue to be combined for all future filings. Exhibit A contains a list of the forms in the pool from this state.

A 9% rate increase is being requested for the policies in this pool. As this pool consists of only closed blocks of business, the rate increase will be applied to inforce business only. The anticipated implementation date is 3/1/2011.

The annualized premium inforce and policies inforce for this state and Nationwide as of 9/30/2010 before and after the proposed increase are as follows:

State	Policies Inforce	Annualized Premium	Average Premium	
			Before Rate Increase	After Rate Increase
AR	29	11,276	389	424
Nationwide	2,474	923,003	373	407

3. Reason for Rate Increase Request and Expected Effect on Premiums

The Company is requesting a 9% increase in premiums to account for worse than anticipated experience, medical inflation, increased utilization, and new medical procedures and technology. Current and proposed premiums are attached in Exhibit B.

The target implementation date for this increase is 3/1/2011. As this pool consists of only closed blocks of business, the rate increase will be applied to inforce business only.

4. Rate Increase History

The rate increase history for this state is included in Exhibit C. The average nationwide rate increase history is as follows:

<u>Average Eff Date</u>	<u>Rate Increase</u>
Aug-93	12.0%
Dec-94	10.0%
Feb-95	1.0%
Aug-97	10.0%
Feb-98	3.9%
Sep-99	3.4%
Jun-00	5.0%
Oct-01	12.2%
Dec-02	10.4%
Feb-03	1.7%
May-05	12.1%
Mar-07	20.6%
Apr-08	11.4%
Jan-09	6.4%
Jan-10	7.7%

Central United Life Insurance Company (NAIC #61883)

Actuarial Memorandum for Individual A&H Rate Increase Pooled Group HSGR/OR

5. Rate Justification Standard - Minimum Loss Ratios

This filing demonstrates that, after implementation of the requested increase, both the projected future loss ratio and the lifetime anticipated loss ratio for these plans are higher than the required minimum loss ratio, and that benefits are therefore reasonable in relation to premiums. This pool consists of both Optionally Renewable and Guaranteed Renewable forms. We have assumed the minimum standard for Optionally Renewable forms for the entire pool.

Type of Coverage	Other (Medical Expense)
Renewal Clause:	Optionally Renewable/Guaranteed Renewable
Minimum Required Loss Ratio:	60%

6. Projection Assumptions

- a. Interest - A 5% effective annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience to present values.
- b. Persistency - An annual termination rate of 20% has been assumed for projecting the inforce into the future, consistent with observed termination rates for this type of business.
- c. Claim Cost Trend - An annual claim cost trend of 15.5% has been assumed as the overall claim cost trend. It is composed of a 5.0% aging component and an 10.0% medical trend component.
- d. Rate Increase - A 9% rate increase has been assumed with an average nationwide effective date of 3/1/2011.

7. Data

The experience and inforce information were provided by the company. The experience information provided by the company is on a financial basis. The data was checked for reasonableness and consistency; however, we relied on the company for the completeness and accuracy of the data. Based upon data provided by the company and our actuarial judgment, restated incurred claims since 2008 were calculated. These restated incurred claims are used in determining the current loss ratio factor used in projecting future claims. No other changes were deemed necessary.

Central United Life Insurance Company (NAIC #61883)

Actuarial Memorandum for Individual A&H Rate Increase Pooled Group HSGR/OR

8. Historical Experience

The pool consists of several blocks of business acquired over many years. The Company has consolidated experience only prior to 1990. To enhance credibility, nationwide historical experience is being used. The following shows historical nationwide experience for these blocks:

Year	Paid Claims	Claim Reserve		Incurred Claims	Earned Premium	Loss Ratio
		Beginning	Ending			
1989 & Prior	56,894,454	-	-	70,166,413	119,007,735	59.0%
1990	2,577,818	3,452,537	3,162,707	2,287,989	4,166,952	54.9%
1991	2,982,807	3,162,707	3,395,565	3,215,664	3,723,580	86.4%
1992	2,759,181	3,395,565	3,455,012	2,818,629	3,466,948	81.3%
1993	2,001,737	3,455,012	3,223,399	1,770,123	2,904,383	60.9%
1994	1,800,266	3,223,399	3,146,116	1,722,984	2,425,551	71.0%
1995	4,481,100	3,146,116	3,011,843	4,346,826	4,854,673	89.5%
1996	3,666,516	3,011,843	2,866,529	3,521,203	4,348,768	81.0%
1997	3,078,604	2,866,529	2,677,042	2,889,117	3,592,745	80.4%
1998	2,945,779	2,677,042	2,908,707	3,177,444	3,207,210	99.1%
1999	2,734,065	2,908,707	2,537,635	2,362,993	2,784,701	84.9%
2000	2,053,213	2,537,635	2,095,458	1,611,035	2,574,841	62.6%
2001	1,935,097	2,095,458	1,867,255	1,706,895	2,228,256	76.6%
2002	1,954,906	1,867,255	1,690,737	1,778,387	2,020,207	88.0%
2003	1,772,706	1,690,737	930,940	1,012,910	1,852,632	54.7%
2004	2,042,122	930,940	1,086,582	2,197,764	1,709,180	128.6%
2005	1,550,893	1,086,582	462,428	926,739	1,736,162	53.4%
2006	1,513,990	462,428	404,776	1,456,338	1,247,606	116.7%
2007	1,113,454	404,776	313,863	1,022,541	1,139,538	89.7%
2008	969,104	313,863	299,845	955,086	1,077,546	88.6%
2009	872,827	299,845	232,852	805,833	1,018,641	79.1%
3Q 2010	540,894	232,852	198,280	506,322	701,638	72.2%
Total	102,241,533			112,259,235	171,789,490	65.3%
		Accumulated at 5%		349,859,371	559,607,107	62.5%

Restated experience, as discussed in Item 7, is as follows:

Year	Paid Claims	Incurred Claims	Earned Premium	Incurred Loss Ratio
2008	969,104	866,677	1,077,546	80.4%
2009	872,827	768,441	1,018,641	75.4%
3Q 2010	540,894	431,122	701,638	61.4%
Total	2,382,824	2,066,240	2,797,825	73.9%

9. Current Loss Ratio at 9/30/2010

The current loss ratio is defined as the 2009 - 3Q 2010 historical incurred claims adjusted to current claims levels, divided by the 2009 - 3Q 2010 historical earned premium adjusted to current premium rate levels.

Year	Historical Earned Premium	Current Rate Level Factor*	Current Earned Premium	Historical Incurred Claims	Claim Trend Factor**	Current Incurred Claims	Current Loss Ratio
2009	1,018,641	1.077	1,096,643	768,441	1.197	920,106	83.9%
3Q 2010	701,638	1.000	701,638	431,122	1.056	455,059	64.9%
Total	1,720,278		1,798,280			1,375,166	76.5%

* Adjusts for average nationwide rate increases previously implemented.

** Applies a 15.5% claim cost trend from the midpoint of the period to 9/30/2010.

Central United Life Insurance Company (NAIC #61883)

Actuarial Memorandum for Individual A&H Rate Increase Pooled Group HSGR/OR

10. Projected Future Experience

Future experience has been projected for 20 years using the current loss ratio at 9/30/2010, annualized premium inforce at 9/30/2010, and the rate increase and persistency assumptions, as follows:

Year	Persistency Factor*	Projected Earned Premium w/out Increase	Current Loss Ratio Factor**	Projected Incurred Claims	Rate Increase Factor***	Projected Earned Premium w/Increase	Projected Loss Ratio
9/30/2010 Values -->		923,003	76.5%				
Rest of 2010	0.972	224,403	77.9%	174,723	1.000	224,403	77.9%
2011	0.846	780,766	85.2%	665,204	1.074	838,899	79.3%
2012	0.677	624,613	98.4%	614,648	1.163	726,597	84.6%
2013	0.541	499,690	113.7%	567,935	1.280	639,405	88.8%
2014	0.433	399,752	131.3%	524,772	1.408	562,676	93.3%
2015	0.346	319,802	151.6%	484,889	1.548	495,155	97.9%
2016	0.277	255,841	175.1%	448,038	1.703	435,737	102.8%
2017	0.222	204,673	202.3%	413,987	1.873	383,448	108.0%
2018	0.177	163,738	233.6%	382,524	2.061	337,434	113.4%
2019	0.142	130,991	269.8%	353,452	2.267	296,942	119.0%
2020	0.114	104,793	311.7%	326,590	2.494	261,309	125.0%
2021	0.091	83,834	360.0%	301,769	2.743	229,952	131.2%
2022	0.073	67,067	415.8%	278,834	3.017	202,358	137.8%
2023	0.058	53,654	480.2%	257,643	3.319	178,075	144.7%
2024	0.047	42,923	554.6%	238,062	3.651	156,706	151.9%
2025	0.037	34,338	640.6%	219,969	4.016	137,901	159.5%
2026	0.030	27,471	739.9%	203,252	4.418	121,353	167.5%
2027	0.024	21,977	854.6%	187,805	4.859	106,791	175.9%
2028	0.019	17,581	987.0%	173,532	5.345	93,976	184.7%
2029	0.015	14,065	1140.0%	160,343	5.880	82,699	193.9%
2030	0.012	11,252	1316.7%	148,157	6.468	72,775	203.6%
Total				7,126,129		6,584,591	108.2%
		Discounted at 5%		5,103,337		5,008,596	101.9%

* Applies a 20% annual termination rate from 9/30/2010 to the midpoint of the period.

** Applies the current loss ratio, projected using a 15.5% annual claim cost trend.

*** Applies a rate increase of 9% at 3/1/2011, and rate increases equal to 10% on each 1/1 thereafter.

Central United Life Insurance Company (NAIC #61883)

Actuarial Memorandum for Individual A&H Rate Increase Pooled Group HSGR/OR

11. Lifetime Anticipated Loss Ratio

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premiums. Experience for the policy and all attached riders is used in the calculation of the lifetime loss ratio. Active life reserves are not included in these calculations. These values, previously calculated, are summarized as follows:

	Present Values at 5%		
	Incurred Claims	Earned Premium	Loss Ratio
Historical	349,859,371	559,607,107	62.5%
Projected Future	5,103,337	5,008,596	101.9%
Lifetime Anticipated	354,962,708	564,615,703	62.9%

The above demonstrates that both the anticipated future loss ratio and the lifetime anticipated loss ratio are in compliance with minimum loss ratio requirements after implementation of the proposed rate increase.

12. Actuarial Certification

I, Ashlee Borcan, consulting actuary for Wakely Actuarial Services, Inc., am a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to render this statement of Actuarial Opinion.

I hereby certify that, to the best of my knowledge and judgment, the entire rate filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board including the data quality standard of practice; and that the benefits of the policy forms affected by the rate filing are reasonable in relation to the premiums charged. The assumptions present my best judgment as to the expected value for each assumption. In my opinion, the rates are not excessive, inadequate, or unfairly discriminatory.

Respectfully Submitted,



Ashlee Borcan, FSA, MAAA
Consulting Actuary
Wakely Actuarial Services, Inc.
Palm Harbor, Florida

Attachments

- Exhibit A - State Policy Forms
- Exhibit B - Current and Proposed Premiums
- Exhibit C - State Rate Increase History