

SERFF Tracking Number: AFDL-127874784 State: Arkansas  
Filing Company: American Fidelity Assurance Company State Tracking Number: 50421  
Company Tracking Number: C10-98 RATE INCREASE  
TOI: H07I Individual Health - Specified Disease - Limited Benefit Sub-TOI: H07I.002A Dread Disease - Cancer Only  
Product Name: C10-98 RATE INCREASE  
Project Name/Number: C10-98 RATE INCREASE/

## Filing at a Glance

Company: American Fidelity Assurance Company

Product Name: C10-98 RATE INCREASE SERFF Tr Num: AFDL-127874784 State: Arkansas

TOI: H07I Individual Health - Specified Disease SERFF Status: Closed-Approved State Tr Num: 50421

- Limited Benefit

Sub-TOI: H07I.002A Dread Disease - Cancer Only Co Tr Num: C10-98 RATE INCREASE State Status: Approved-Closed

Filing Type: Rate

Reviewer(s): Donna Lambert

Disposition Date: 12/19/2011

Authors: Shari Vick, Melissa Mahanes, Ashlie Snyder, Ann Hobson

Date Submitted: 12/07/2011

Disposition Status: Approved

Implementation Date Requested: On Approval

Implementation Date: 01/19/2012

State Filing Description:

## General Information

Project Name: C10-98 RATE INCREASE

Project Number:

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Status of Filing in Domicile: Not Filed

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Individual Market Type:

Filing Status Changed: 12/19/2011

State Status Changed: 12/19/2011

Created By: Ann Hobson

Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: Ann Hobson

Filing Description:

THIS FILING IS IN RESPONSE TO A FILING THAT WAS RECENTL DISAPPROVED. THAT FILE NUMBER IS - AFDL-127835118 .

Enclosed for submission is information concerning an increase in premium rates for the above captioned individual, limited benefit, specified disease policy and attached rider. We are filing this rate increase for the C10-98 Limited Benefit Specified Disease Cancer Expense Policy, and AMDI-181 Radiation Therapy and Chemotherapy Additional Benefit Rider previously approved by your Department. This is a guaranteed renewable policy.

SERFF Tracking Number: AFDL-127874784 State: Arkansas  
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 Project Name/Number: C10-98 RATE INCREASE/

A list of old and new rates and the actuarial memorandum is attached to this filing. These forms have had one previous increase in Arkansas, a 15% rate increase with implementation no earlier than April 1, 2011. The effective date of this proposed increase will be no sooner than April 1, 2012; or on the next plan date for those individuals under a Section 125 plan.

I hereby certify that to the best of my knowledge the rates submitted herewith are in compliance in all respects with the provisions of the insurance laws, rules and regulations of your State and such rates contain no provisions previously disapproved by the Department.

Thank you for your assistance with this matter. If you have any questions, please feel free to contact me at 1-800-654-8489, extension 7782. My email address is shari.vick@af-group.com

## Company and Contact

### Filing Contact Information

Ashlie Snyder, Compliance Analyst I ashlie.snyder@af-group.com  
 2000 Classen 800-654-8489 [Phone] 5255 [Ext]  
 Oklahoma City, OK 73160 405-523-5793 [FAX]

### Filing Company Information

American Fidelity Assurance Company CoCode: 60410 State of Domicile: Oklahoma  
 2000 North Classen Blvd Group Code: Company Type: LAH  
 Oklahoma City, OK 73106 Group Name: State ID Number:  
 (405) 523-2000 ext. [Phone] FEIN Number: 73-0714500

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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? Yes  
 Fee Explanation: \$50.00 - rate filing  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Fidelity Assurance Company	\$50.00	12/07/2011	54335810

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Donna Lambert	12/19/2011	12/19/2011

### 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	Donna Lambert	12/08/2011	12/08/2011	Ashlie Snyder	12/16/2011	12/16/2011

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## Disposition

Disposition Date: 12/19/2011

Implementation Date: 01/19/2012

Status: Approved

Comment: We have approved a 5% 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):
American Fidelity Assurance Company	5.000%	5.000%	\$61,128	2,867	\$1,222,564	5.000%	5.000%

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Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	Health - Actuarial Justification	Approved	No
<b>Supporting Document</b>	Health - Actuarial Justification	Replaced	No
<b>Supporting Document</b>	Response Letter from Actuary	Approved	No
<b>Rate (revised)</b>	C10 Projection Exhibit 2 -3 and 7 - 9	Approved	Yes
<b>Rate</b>	C10 Projection Exhibit 1 -3 and 7 - 9	Replaced	Yes
<b>Rate (revised)</b>	Exhibits 4 - 6	Approved	Yes
<b>Rate</b>	Exhibits 4 - 6	Replaced	Yes
<b>Rate (revised)</b>	Exhibit 8	Approved	Yes
<b>Rate</b>	Exhibit 8	Replaced	Yes
<b>Rate</b>	Exhibit I	Approved	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 12/08/2011  
Submitted Date 12/08/2011  
Respond By Date 01/09/2012

Dear Ashlie Snyder,

This will acknowledge receipt of the captioned filing.

After further review of this request, we would be willing to approve a 5% rate increase in lieu of disapproval.

A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete.

Please feel free to contact me if you have questions.

Sincerely,

Donna Lambert

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## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 12/16/2011  
 Submitted Date 12/16/2011

Dear Donna Lambert,

### Comments:

### Response 1

Comments: We have accepted the 5% increase and have updated all actuarial documents to reflect this percent.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Health - Actuarial Justification

Comment:

No Form Schedule items changed.

#### Rate/Rule Schedule Item Changes

Document Name:	Affected Form Numbers:	Rate Action:	Rate Action Information:	Attach Document:
C10 Projection	C10-98,AMDI-181	New	Previous State Filing Number	
Exhibit 2 -3 and 7 -				
9				0
<b>Previous Version</b>				
C10 Projection	C10-98,AMDI-181	New	Previous State Filing Number	
Exhibit 1 -3 and 7 -				
9				0
Exhibits 4 - 6	C10-98,AMDI-181	New	Previous State Filing Number	
				0
<b>Previous Version</b>				
Exhibits 4 - 6	C10-98,AMDI-181	New	Previous State Filing Number	

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Product Name: C10-98 RATE INCREASE  
Project Name/Number: C10-98 RATE INCREASE/

Exhibit 8 C10-98,AMDI-181 New 0  
Previous State Filing Number  
0

**Previous Version**

Exhibit 8 C10-98,AMDI-181 New 0  
Previous State Filing Number  
0  
Exhibit I C10-98,AMDI-181 New 0  
Previous State Filing Number  
0

Sincerely,  
Ann Hobson, Ashlie Snyder, Melissa Mahanes, Shari Vick

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**Post Submission Update Request Processed On 12/19/2011**

**Status:** Allowed  
**Created By:** Ashlie Snyder  
**Processed By:** Donna Lambert  
**Comments:**

**General Information:**

<b>Field Name</b>	<b>Requested Change</b>	<b>Prior Value</b>
Requested Filing Mode	Review & Approval	

**Company Rate Information:**

**Company Name:**American Fidelity Assurance Company

<b>Field Name</b>	<b>Requested Change</b>	<b>Prior Value</b>
Overall % Indicated Change	5.000%	15.000%
Overall % Rate Impact	5.000%	15.000%
Written Premium Change for this Program	\$61128	\$183385
Maximum %Change (where required)	5.000%	15.000%
Minimum %Change (where required)	5.000%	15.000%

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## Rate Information

Rate data applies to filing.

Filing Method: SERFF  
 Rate Change Type: Increase  
 Overall Percentage of Last Rate Revision: 15.000%  
 Effective Date of Last Rate Revision: 01/01/2011  
 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):
American Fidelity Assurance Company	5.000%	5.000%	\$61,128	2,867	\$1,222,564	5.000%	5.000%

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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 12/19/2011	C10 Projection Exhibit 2 -3 and 7 - 9	C10-98, AMDI-181	New		C10 PROJECTION 12 15 11 AR.pdf
Approved 12/19/2011	Exhibits 4 - 6	C10-98, AMDI-181	New		Exhibits RI.pdf
Approved 12/19/2011	Exhibit 8	C10-98, AMDI-181	New		
Approved 12/19/2011	Exhibit I	C10-98, AMDI-181	New		AR rates after 5% increase Dec 13 2011.pdf

**EXHIBIT II**  
**AMERICAN FIDELITY ASSURANCE**  
**POLICY FORM C10-98 (BASE POLICY ONLY)**  
**FREQUENCY AND SEVERITY TRENDS**

<u>Incurring Year</u>	<u>Incurring Claims</u>	<u>Number of Claims</u>	<u>Severity</u>	<u>Annual Medical Trend</u>	<u>Number Exposed</u>	<u>Frequency</u>	<u>Annual Insurance Trend</u>	<u>Claim Cost</u>	<u>Overall Claim Cost Increase</u>	<u>Trend Due to Aging</u>		
1999	113,973	990	115.12		4,811	20.58%		23.69				
2000	1,239,115	5,778	214.45	86.28%	18,689	30.92%	50.23%	66.30	180%	0.3%		
2001	2,595,438	12,576	206.38	-3.76%	35,362	35.56%	15.03%	73.40	11%	3.6%		
2002	6,104,291	22,426	272.20	31.89%	55,403	40.48%	13.82%	110.18	50%	3.2%		
2003	9,507,379	33,004	288.07	5.83%	77,488	42.59%	5.22%	122.70	11%	3.4%		
2004	13,066,538	43,801	298.32	3.56%	103,290	42.41%	-0.44%	126.50	3%	2.1%		
2005	16,357,971	52,581	311.10	4.29%	122,996	42.75%	0.81%	133.00	5%	3.0%		
2006	20,850,149	61,996	336.31	8.10%	144,444	42.92%	0.40%	144.35	9%	2.8%		
2007	24,584,367	69,238	355.07	5.58%	153,356	45.15%	5.19%	160.31	11%	2.6%		
2008	25,843,417	67,093	385.19	8.48%	140,250	47.84%	5.96%	184.27	15%	6.8%		
2009	26,930,198	65,755	409.55	6.33%	128,197	51.29%	7.22%	210.07	14%	6.7%		
2010	26,163,293	60,932	429.39	4.84%	116,008	52.52%	2.40%	225.53	7%	7.1%		
4 Year Trends							<u>Medical Trend</u>	<u>Insurance Trend</u>	<u>Annual Claim Cost Increase</u>	<u>Trend Due to Aging</u>	<u>Trend Above Aging</u>	
							6%	5%	12%	6%	5.7%	

**AMERICAN FIDELITY ASSURANCE  
ACTUARIAL MEMORANDUM  
CANCER POLICY FORM C10-98**

**EXHIBIT III**

**Nationwide Past and Projected Experience by Incurred Year**

Note: Claims are stated on Incurral Year Basis

**NO FURTHER RATE INCREASE AND FUTURE TREND**

Cal Year (a)	Earned Premium (b)	Paid Claims (c)	Outstanding Claim Liability & Reserve (d)	Incurred Claims (e) = (c) + (d)	Incurred Loss Ratio (f)=(e)/(b)	Pricing Loss Ratio (h)	Actual/Pricing Loss Ratio Comparison (i)
1998	4,804	1,270	-	1,270	26%	31%	86%
1999	1,088,727	113,973	-	113,973	10%	33%	32%
2000	5,557,151	1,239,115	-	1,239,115	22%	33%	68%
2001	11,263,096	2,595,438	-	2,595,438	23%	34%	67%
2002	18,650,961	6,104,291	-	6,104,291	33%	35%	93%
2003	26,566,659	9,507,379	-	9,507,379	36%	36%	98%
2004	36,004,980	13,066,538	-	13,066,538	36%	37%	97%
2005	43,281,095	16,357,971	-	16,357,971	38%	38%	98%
2006	51,155,107	20,850,149	-	20,850,149	41%	39%	103%
2007	56,843,826	24,567,322	17,045	24,584,367	43%	40%	107%
2008	52,772,533	25,554,047	289,370	25,843,417	49%	43%	113%
2009	48,801,247	26,092,195	838,003	26,930,198	55%	46%	120%
2010	44,406,139	23,468,409	2,694,884	26,163,293	59%	49%	119%
2011	42,152,895			26,427,319	63%	53%	119%
2012	42,114,011			27,092,251	64%	56%	115%
2013	39,546,424			28,258,082	71%	60%	120%
2014	37,092,025			29,564,931	80%	63%	126%
2015	34,891,548			31,021,498	89%	67%	132%
2016	32,908,766			32,600,575	99%	71%	139%
2017	31,117,589			34,307,612	110%	76%	146%
2018	29,472,976			36,117,366	123%	80%	153%
2019	27,935,318			38,009,647	136%	85%	161%
2020	26,489,307			39,983,166	151%	89%	169%
2021	25,126,201			42,005,075	167%	94%	177%
2022	23,840,358			44,073,391	185%	99%	186%
2023	22,627,712			46,187,097	204%	104%	195%
2024	21,485,565			48,350,700	225%	110%	205%
2025	20,410,492			50,569,941	248%	115%	215%
Past	396,396,324			173,357,398	44%	41%	106%
Future	457,211,187			554,568,651	121%	77%	157%
Lifetime	853,607,511			727,926,049	85%	60%	141%
Interest 4.5%							
Past	479,996,786			204,894,876	43%	41%	105%
Future	349,439,864			390,176,553	112%	74%	152%
Lifetime	829,436,650			595,071,429	72%	55%	132%

Trend Above Aging  
5%

Projection assumes future nationwide is on Arkansas rate basis

**EXHIBIT VII  
 AMERICAN FIDELITY ASSURANCE  
 CANCER RIDER AMDI-181  
 NATIONWIDE PAST EXPERIENCE BY INCURRED YEAR AS OF 06/30/11  
 Note: Claims are stated on Incurral Year Basis**

YEAR	Earned Premium	Paid Claims	Claim Reserve Balance	Cancer Policy Reserve Balance	Incurred Claims Without Policy Reserves	Loss Ratio Without Policy Reserves
1999	35,819			-		
2000	174,694	46,392		10	46,392	27%
2001	381,464	89,616		4,562	89,616	23%
2002	738,174	359,629		25,590	359,629	49%
2003	1,146,754	580,648		74,550	580,648	51%
2004	1,657,778	981,132		175,311	981,132	59%
2005	2,090,439	1,514,961		329,034	1,514,961	72%
2006	2,598,885	1,918,364		540,800	1,918,364	74%
2007	3,161,478	2,882,177	855	787,320	2,883,033	91%
2008	3,167,708	3,427,383	16,635	1,074,297	3,444,019	109%
2009	3,154,503	3,989,298	73,538	1,414,297	4,062,836	129%
2010	2,966,259	3,761,525	329,274	1,727,973	4,090,799	138%
2011	1,423,276	1,182,327	1,060,603	1,867,560	2,242,929	158%

**EXHIBIT VIII  
 AMERICAN FIDELITY ASSURANCE  
 CANCER POLICY FORM C10-98 AND RIDER  
 EXPERIENCE SINCE 2006  
 State Report by Incurred Year as of 6/30/11**

Experience for: **Arkansas**

FORM C10-98 and AMDI-181

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Paid Claim Loss Ratio</u>	<u>Claim Reserves</u>	<u>Incurred Claims</u>	<u>Policy Reserves</u>	<u>Loss Ratios Excluding Policy Reserves</u>
2006	1,835,403	1,063,828	58%	-	1,063,828	675,760	58%
2007	1,827,651	938,850	51%	455	939,305	951,783	51%
2008	1,664,382	1,023,285	61%	7,732	1,031,017	1,268,283	62%
2009	1,510,240	1,151,389	76%	22,464	1,173,853	1,526,723	78%
2010	1,313,011	832,888	63%	72,491	905,378	1,653,610	69%
2011*	603,759	423,613	70%	216,452	640,065	1,742,997	106%
<b>TOTAL</b>	<b>8,754,446</b>	<b>5,433,853</b>	<b>62%</b>	<b>319,594</b>	<b>5,753,447</b>	<b>1,742,997</b>	<b>66%</b>

\*RATE INCREASE ACTIVITY BEGAN IN ARKANSAS IN 2011

**EXHIBIT IX**  
**AMERICAN FIDELITY ASSURANCE**  
**CANCER POLICY FORM C10-98 (No Rider Experience Included)**  
**NATIONWIDE PAST EXPERIENCE THROUGH 6/30/2011**  
**Note: Claims are stated on Incurral Year Basis**

Year	Earned Premium	Paid Claims	Outstanding Claim Reserve	Increase in Policy Reserve	INCURRED CLAIMS		LOSS RATIOS
					Without Policy Reserves	With Policy Reserves	Without Policy Reserves
1998	4,804	1,270	-	-	1,270	1,270	26%
1999	1,088,727	113,973	-	-	113,973	113,973	10%
2000	5,557,151	1,239,115	-	22,008	1,239,115	1,261,122	22%
2001	11,263,096	2,595,438	-	331,950	2,595,438	2,927,388	23%
2002	18,650,961	6,104,291	-	991,945	6,104,291	7,096,236	33%
2003	26,566,659	9,507,379	-	2,034,802	9,507,379	11,542,181	36%
2004	36,004,980	13,066,538	-	3,449,125	13,066,538	16,515,663	36%
2005	43,281,095	16,357,971	-	5,024,544	16,357,971	21,382,516	38%
2006	51,155,107	20,850,149	-	6,590,133	20,850,149	27,440,282	41%
2007	56,843,826	24,567,322	17,045	7,371,112	24,584,367	31,955,478	43%
2008	52,772,533	25,554,047	289,370	8,040,372	25,843,417	33,883,789	49%
2009	48,801,247	26,092,195	838,003	8,697,444	26,930,198	35,627,642	55%
2010	44,406,139	23,468,409	2,694,884	7,313,125	26,163,293	33,476,418	59%
2011*	20,971,895	7,756,162	8,035,898	3,259,507	15,792,060	19,051,568	75%

\*2011 in this exhibit includes rate increase activity that started in many parts of the country on 4/1/2011

**EXHIBIT IV**  
**AMERICAN FIDELITY ASSURANCE COMPANY**  
**ORIGINAL PRICING ASSUMPTIONS**  
**C10-98 LIMITED BENEFIT SPECIFIED DISEASE CANCER EXPENSE POLICY**

1. Sales Expenses (% of Premium):

Commissions:

First Year:	70%
Renewal (2-10)	17%
Renewal (11+)	13%

Other sales expenses assumptions are based upon company experience.

2. Home Office Expenses:

Overhead	5% of premium
Premium Tax	2.25% of premium
Fixed Costs	\$18 acquisition/ \$20.57 maintenance

3. Interest Rates

Investment	6.25%
Discount	15%
Loss Ratios	4.5%

4. Lapse Rates (vary by age)

Year 1	16.5% - 36%
Year 2	15% - 30%
Year 3	14% - 25.5%
Year 4	13% - 19%
Year 5	11% - 16%
Year 6	9% - 14%
Year 7-9	6.5% - 12%
Year 10+	6% - 7%

5. Policy Reserves

Policy claim costs were combined with the 1980 CSO Mortality Table at 4.5% using the two year preliminary term method.

6. Modeling Distribution is based upon company distribution of cancer policy sales by age and family structure, adjusted by actuarial judgment.

**EXHIBIT V**  
**AMERICAN FIDELITY ASSURANCE COMPANY**  
**OUTLINE OF BENEFITS**  
**C10-98 LIMITED BENEFIT SPECIFIED DISEASE CANCER EXPENSE POLICY**

This policy provides two levels of benefits, one of which will be chosen by the insured at the time of issue. The benefits provided are as follows:

BENEFITS:	BASIC OPTION	ENHANCED OPTION
A. Hospital Confinement	\$200 per day for 60 days \$400 per day thereafter	\$300 per day for 60 days \$600 per day thereafter
B. Drugs and Medicine	Up to \$125 per confinement Up to \$250 outpatient per year	Up to \$250 per confinement Up to \$500 outpatient per year
C. Malignant Growth Prevention	Up to \$125 per confinement Up to \$125 outpatient per year	Up to \$250 per confinement Up to \$250 outpatient per year
D. Surgical	Up to \$3000 based on schedule	Up to \$5000 based on schedule
E. Skin Cancer	Up to \$150 per operation	Up to \$240 per operation
F. Reconstructive Surgery	Up to \$300 per operation for surgeon Up to \$75 per operation for anesthesia Up to \$50 per operation for temporary prosthesis	Up to \$625 per operation for surgeon Up to \$155 per operation for anesthesia Up to \$100 per operation for temporary prosthesis
G. 2 <sup>nd</sup> and 3 <sup>rd</sup> Opinion	Up to \$150 per opinion	Up to \$200 per opinion
H. Outpatient Hospital or Ambulatory Surgical Center	\$100 per day	\$200 per day
I. Anesthesia	Up to 25% of surgical benefit	Up to 25% of surgical benefit
J. Attending Physician	Up to \$30 per day for first 5 days Up to \$25 per day thereafter	Up to \$45 per day for first 5 days Up to \$40 per day thereafter
K. Inpatient Special Nursing	Up to \$75 per day	Up to \$125 per day
L. Medical Equipment	Up to \$150 per calendar year	Up to \$250 per calendar year
M. Prosthesis	Up to \$75 for non-surgical device Up to \$1500 for surgically implanted	Up to \$150 for non-surgical device Up to \$2500 for surgically implanted
N. Blood ,Plasma, Platelets	Up to \$1000 per calendar year	Up to \$2000 per calendar year
O. Radiation/Chemotherapy	Up to \$7000 per calendar year	Up to \$12000 per calendar year
P. Bone Marrow Transplant	Up to \$5000 per lifetime	Up to \$10000 per lifetime
Q. Stem Cell Transplant	Up to \$250 per collection (max 3) Up to \$50 for one reinfusion	Up to \$350 per collection (max 3) Up to \$50 for one reinfusion
R. Experimental Treatment	Same as any other treatment	Same as any other treatment
S. Dread Disease	Up to \$100 per day confined up to 90 days Up to \$250 per day thereafter Lifetime maximum of \$50000	Up to \$200 per day confined up to 90 days Up to \$500 per day thereafter Lifetime maximum of \$100,000
T. U.S. Government/Charity Hospital, or HMO	\$100 per day confined in lieu of above \$100 per day outpatient in lieu of above	\$300 per day confined in lieu of above \$300 per day outpatient in lieu of above
U. Donor	Up to \$1000 medical expenses \$25 per day lodging up to 21 days Round trip coach fare or \$0.30 per mile	Up to \$1000 medical expenses \$30 per day lodging up to 21 days Round trip coach fare or \$0.40 per mile
V. Ambulance	Up to \$100 per admission	Up to \$150 per admission
W. Transportation, Outpatient Lodging	Round trip coach fare or \$0.30 per mile \$25 per day of outpatient treatment	Round trip coach fare or \$0.40 per mile \$30 per day of outpatient treatment
X. Family Transportation and Lodging	Round trip coach fare or \$0.30 per mile \$50 per day lodging if inpatient \$25 per day lodging if outpatient	Round trip coach fare or \$0.40 per mile \$50 per day lodging if inpatient \$30 per day lodging if outpatient
Y. Extended Care Facility	Up to \$50 per day	Up to \$100 per day

Z. Hospice Care	Up to \$50 per day for 60 days Up to \$25 per day thereafter Lifetime maximum of \$6000	Up to \$100 per day for 60 days Up to \$50 per day thereafter Lifetime maximum of \$12000
AA. Home Health Care	Up to \$40 per day up to 30 days per year	Up to \$50 per day up to 30 days per year
BB. Cancer Screening	\$50 per year per person	\$75 per year per person
CC. Cancer Screening Follow-up	\$40 per year per person	\$50 per year per person
DD. Waiver of Premium	90 day elimination period	90 day elimination period

**EXHIBIT VI**  
**AMERICAN FIDELITY ASSURANCE COMPANY**  
**EXPECTED LOSS RATIOS**  
**C10-98 LIMITED BENEFIT SPECIFIED DISEASE CANCER EXPENSE POLICY**

The expected incurred claim loss ratio excluding policy reserves for the first 30 years of this policy form are:

Policy Year	Expected Incurred Claim Loss Ratio
1	31%
2	34
3	37
4	40
5	43
6	46
7	48
8	51
9	55
10	59
11	63
12	66
13	70
14	75
15	80
16	84
17	89
18	94
19	99
20	105
21	110
22	115
23	121
24	126
25	132
26	138
27	143
28	149
29	154
30	159

**EXHIBIT I  
 AMERICAN FIDELITY ASSURANCE  
 POLICY FORM C10-98 AND RIDER AMDI-181  
 GROSS MONTHLY PREMIUM RATES  
 ARKANSAS**

		<u>Rates Prior to Proposed Increase</u>	
<b>Policy Form C10-98</b>		Basic	Enhanced
	Individual	\$ 20.48	\$ 31.28
	Single Parent Family	\$ 25.08	\$ 38.30
	Two Parent Family	\$ 30.72	\$ 46.92

		<u>Rates Prior to Proposed Increase</u>	
<b>Rider AMDI-181</b>		Basic	Enhanced
	Individual	\$ 4.14	\$ 4.50
	Single Parent Family	\$ 4.72	\$ 5.18
	Two Parent Family	\$ 6.68	\$ 7.48

		<u>Rates After 5% Increase</u>	
<b>Policy Form C10-98</b>		Basic	Enhanced
	Individual	\$ 21.50	\$ 32.84
	Single Parent Family	\$ 26.32	\$ 40.20
	Two Parent Family	\$ 32.24	\$ 49.26

		<u>Rates After 5% Increase</u>	
<b>Rider AMDI-181</b>		Basic	Enhanced
	Individual	\$ 4.34	\$ 4.72
	Single Parent Family	\$ 4.94	\$ 5.42
	Two Parent Family	\$ 7.00	\$ 7.84

SERFF Tracking Number: AFDL-127874784 State: Arkansas  
 Filing Company: American Fidelity Assurance Company State Tracking Number: 50421  
 Company Tracking Number: C10-98 RATE INCREASE  
 TOI: H071 Individual Health - Specified Disease - Limited Benefit Sub-TOI: H071.002A Dread Disease - Cancer Only  
 Product Name: C10-98 RATE INCREASE  
 Project Name/Number: C10-98 RATE INCREASE/

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
12/07/2011	Rate and Rule	C10 Projection Exhibit 1 -3 and 7 - 9	12/16/2011	C10 PROJECTION 11 17 11 AR to send.pdf (Superseded)
12/07/2011	Rate and Rule	Exhibits 4 - 6	12/16/2011	Exhibits RI.pdf (Superseded)
12/07/2011	Rate and Rule	Exhibit 8	12/16/2011	C10 PROJECTION 11 17 11 AR Exhibit VIII.pdf (Superseded)

**EXHIBIT I**  
**AMERICAN FIDELITY ASSURANCE**  
**POLICY FORM C10-98 AND RIDER AMDI-181**  
**GROSS MONTHLY PREMIUM RATES**  
**ARKANSAS**

		<u>Rates Prior to Proposed Increase</u>	
<b>Policy Form C10-98</b>		Basic	Enhanced
	Individual	\$ 20.48	\$ 31.28
	Single Parent Family	\$ 25.08	\$ 38.30
	Two Parent Family	\$ 30.72	\$ 46.92

		<u>Rates Prior to Proposed Increase</u>	
<b>Rider AMDI-181</b>		Basic	Enhanced
	Individual	\$ 4.14	\$ 4.50
	Single Parent Family	\$ 4.72	\$ 5.18
	Two Parent Family	\$ 6.68	\$ 7.48

		<u>Rates After 15% Increase</u>	
<b>Policy Form C10-98</b>		Basic	Enhanced
	Individual	\$ 23.54	\$ 35.96
	Single Parent Family	\$ 28.84	\$ 44.04
	Two Parent Family	\$ 35.32	\$ 53.94

		<u>Rates After 15% Increase</u>	
<b>Rider AMDI-181</b>		Basic	Enhanced
	Individual	\$ 4.76	\$ 5.16
	Single Parent Family	\$ 5.42	\$ 5.94
	Two Parent Family	\$ 7.68	\$ 8.60

**EXHIBIT II**  
**AMERICAN FIDELITY ASSURANCE**  
**POLICY FORM C10-98 (BASE POLICY ONLY)**  
**FREQUENCY AND SEVERITY TRENDS**

<u>Incurring Year</u>	<u>Incurring Claims</u>	<u>Number of Claims</u>	<u>Severity</u>	<u>Annual Medical Trend</u>	<u>Number Exposed</u>	<u>Frequency</u>	<u>Annual Insurance Trend</u>	<u>Claim Cost</u>	<u>Overall Claim Cost Increase</u>	<u>Trend Due to Aging</u>		
1999	113,973	990	115.12		4,811	20.58%		23.69				
2000	1,239,115	5,778	214.45	86.28%	18,689	30.92%	50.23%	66.30	180%	0.3%		
2001	2,595,438	12,576	206.38	-3.76%	35,362	35.56%	15.03%	73.40	11%	3.6%		
2002	6,104,291	22,426	272.20	31.89%	55,403	40.48%	13.82%	110.18	50%	3.2%		
2003	9,507,379	33,004	288.07	5.83%	77,488	42.59%	5.22%	122.70	11%	3.4%		
2004	13,066,538	43,801	298.32	3.56%	103,290	42.41%	-0.44%	126.50	3%	2.1%		
2005	16,357,971	52,581	311.10	4.29%	122,996	42.75%	0.81%	133.00	5%	3.0%		
2006	20,850,149	61,996	336.31	8.10%	144,444	42.92%	0.40%	144.35	9%	2.8%		
2007	24,584,367	69,238	355.07	5.58%	153,356	45.15%	5.19%	160.31	11%	2.6%		
2008	25,843,417	67,093	385.19	8.48%	140,250	47.84%	5.96%	184.27	15%	6.8%		
2009	26,930,198	65,755	409.55	6.33%	128,197	51.29%	7.22%	210.07	14%	6.7%		
2010	26,163,293	60,932	429.39	4.84%	116,008	52.52%	2.40%	225.53	7%	7.1%		
4 Year Trends							<u>Medical Trend</u>	<u>Insurance Trend</u>	<u>Annual Claim Cost Increase</u>	<u>Trend Due to Aging</u>	<u>Trend Above Aging</u>	
							6%	5%	12%	6%	5.7%	

**AMERICAN FIDELITY ASSURANCE  
ACTUARIAL MEMORANDUM  
CANCER POLICY FORM C10-98**

**EXHIBIT III  
Nationwide Past and Projected Experience by Incurred Year**  
Note: Claims are stated on Incurral Year Basis

**2012 RATE INCREASE AND FUTURE TREND**

Cal Year (a)	Earned Premium (b)	Paid Claims (c)	Outstanding Claim Liability & Reserve (d)	Incurred Claims (e) = (c) + (d)	Incurred Loss Ratio (f)=(e)/(b)
1998	4,804	1,270	-	1,270	26%
1999	1,088,727	113,973	-	113,973	10%
2000	5,557,151	1,239,115	-	1,239,115	22%
2001	11,263,096	2,595,438	-	2,595,438	23%
2002	18,650,961	6,104,291	-	6,104,291	33%
2003	26,566,659	9,507,379	-	9,507,379	36%
2004	36,004,980	13,066,538	-	13,066,538	36%
2005	43,281,095	16,357,971	-	16,357,971	38%
2006	51,155,107	20,850,149	-	20,850,149	41%
2007	56,843,826	24,567,322	17,045	24,584,367	43%
2008	52,772,533	25,554,047	289,370	25,843,417	49%
2009	48,801,247	26,092,195	838,003	26,930,198	55%
2010	44,406,139	23,468,409	2,694,884	26,163,293	59%
2011	42,152,895			26,427,319	63%
2012	46,831,952			27,092,251	58%
2013	45,478,388			28,258,082	62%
2014	42,655,829			29,564,931	69%
2015	40,125,280			31,021,498	77%
2016	37,845,081			32,600,575	86%
2017	35,785,227			34,307,612	96%
2018	33,893,922			36,117,366	107%
2019	32,125,616			38,009,647	118%
2020	30,462,703			39,983,166	131%
2021	28,895,131			42,005,075	145%
2022	27,416,412			44,073,391	161%
2023	26,021,868			46,187,097	177%
2024	24,708,399			48,350,700	196%
2025	23,472,066			50,569,941	215%
Past	396,396,324			173,357,398	44%
Future	517,870,770			554,568,651	107%
Lifetime	914,267,094			727,926,049	80%
Interest 4.5%					
Past	479,996,786			204,894,876	43%
Future	394,173,561			390,176,553	99%
Lifetime	874,170,347			595,071,429	68%

Trend Above Aging    2012 Rate Increase  
5%                            15%

Projection assumes future nationwide is on Arkansas rate basis

**AMERICAN FIDELITY ASSURANCE  
ACTUARIAL MEMORANDUM  
CANCER POLICY FORM C10-98**

**EXHIBIT III**

**Nationwide Past and Projected Experience by Incurred Year**

Note: Claims are stated on Incurral Year Basis

**NO FURTHER RATE INCREASE AND FUTURE TREND**

Cal Year (a)	Earned Premium (b)	Paid Claims (c)	Outstanding Claim Liability & Reserve (d)	Incurred Claims (e) = (c) + (d)	Incurred Loss Ratio (f)=(e)/(b)	Pricing Loss Ratio (h)	Actual/Pricing Loss Ratio Comparison (i)
1998	4,804	1,270	-	1,270	26%	31%	86%
1999	1,088,727	113,973	-	113,973	10%	33%	32%
2000	5,557,151	1,239,115	-	1,239,115	22%	33%	68%
2001	11,263,096	2,595,438	-	2,595,438	23%	34%	67%
2002	18,650,961	6,104,291	-	6,104,291	33%	35%	93%
2003	26,566,659	9,507,379	-	9,507,379	36%	36%	98%
2004	36,004,980	13,066,538	-	13,066,538	36%	37%	97%
2005	43,281,095	16,357,971	-	16,357,971	38%	38%	98%
2006	51,155,107	20,850,149	-	20,850,149	41%	39%	103%
2007	56,843,826	24,567,322	17,045	24,584,367	43%	40%	107%
2008	52,772,533	25,554,047	289,370	25,843,417	49%	43%	113%
2009	48,801,247	26,092,195	838,003	26,930,198	55%	46%	120%
2010	44,406,139	23,468,409	2,694,884	26,163,293	59%	49%	119%
2011	42,152,895			26,427,319	63%	53%	119%
2012	42,114,011			27,092,251	64%	56%	115%
2013	39,546,424			28,258,082	71%	60%	120%
2014	37,092,025			29,564,931	80%	63%	126%
2015	34,891,548			31,021,498	89%	67%	132%
2016	32,908,766			32,600,575	99%	71%	139%
2017	31,117,589			34,307,612	110%	76%	146%
2018	29,472,976			36,117,366	123%	80%	153%
2019	27,935,318			38,009,647	136%	85%	161%
2020	26,489,307			39,983,166	151%	89%	169%
2021	25,126,201			42,005,075	167%	94%	177%
2022	23,840,358			44,073,391	185%	99%	186%
2023	22,627,712			46,187,097	204%	104%	195%
2024	21,485,565			48,350,700	225%	110%	205%
2025	20,410,492			50,569,941	248%	115%	215%
Past	396,396,324			173,357,398	44%	41%	106%
Future	457,211,187			554,568,651	121%	77%	157%
Lifetime	853,607,511			727,926,049	85%	60%	141%
Interest 4.5%							
Past	479,996,786			204,894,876	43%	41%	105%
Future	349,439,864			390,176,553	112%	74%	152%
Lifetime	829,436,650			595,071,429	72%	55%	132%

Trend Above Aging  
5%

Projection assumes future nationwide is on Arkansas rate basis

**EXHIBIT VII  
 AMERICAN FIDELITY ASSURANCE  
 CANCER RIDER AMDI-181  
 NATIONWIDE PAST EXPERIENCE BY INCURRED YEAR AS OF 06/30/11  
 Note: Claims are stated on Incurral Year Basis**

YEAR	Earned Premium	Paid Claims	Claim Reserve Balance	Cancer Policy Reserve Balance	Incurred Claims Without Policy Reserves	Loss Ratio Without Policy Reserves
1999	35,819			-		
2000	174,694	46,392		10	46,392	27%
2001	381,464	89,616		4,562	89,616	23%
2002	738,174	359,629		25,590	359,629	49%
2003	1,146,754	580,648		74,550	580,648	51%
2004	1,657,778	981,132		175,311	981,132	59%
2005	2,090,439	1,514,961		329,034	1,514,961	72%
2006	2,598,885	1,918,364		540,800	1,918,364	74%
2007	3,161,478	2,882,177	855	787,320	2,883,033	91%
2008	3,167,708	3,427,383	16,635	1,074,297	3,444,019	109%
2009	3,154,503	3,989,298	73,538	1,414,297	4,062,836	129%
2010	2,966,259	3,761,525	329,274	1,727,973	4,090,799	138%
2011	1,423,276	1,182,327	1,060,603	1,867,560	2,242,929	158%

**EXHIBIT VIII  
 AMERICAN FIDELITY ASSURANCE  
 CANCER POLICY FORM C10-98 AND RIDER  
 EXPERIENCE SINCE 2006  
 State Report by Incurred Year as of 6/30/11**

Experience for: **Arkansas**

FORM C10-98 and AMDI-181

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Paid Claim Loss Ratio</u>	<u>Claim Reserves</u>	<u>Incurred Claims</u>	<u>Policy Reserves</u>	<u>Loss Ratios Excluding Policy Reserves</u>
2006	1,835,403	1,063,828	58%	-	1,063,828	675,760	58%
2007	1,827,651	938,850	51%	455	939,305	951,783	51%
2008	1,664,382	1,023,285	61%	7,732	1,031,017	1,268,283	62%
2009	1,510,240	1,151,389	76%	22,464	1,173,853	1,526,723	78%
2010	1,313,011	832,888	63%	72,491	905,378	1,653,610	69%
2011*	603,759	423,613	70%	216,452	640,065	1,742,997	106%
<b>TOTAL</b>	<b>8,754,446</b>	<b>5,433,853</b>	<b>62%</b>	<b>319,594</b>	<b>5,753,447</b>	<b>1,742,997</b>	<b>66%</b>

\*RATE INCREASE ACTIVITY BEGAN IN ARKANSAS IN 2011

**EXHIBIT IX**  
**AMERICAN FIDELITY ASSURANCE**  
**CANCER POLICY FORM C10-98 (No Rider Experience Included)**  
**NATIONWIDE PAST EXPERIENCE THROUGH 6/30/2011**  
**Note: Claims are stated on Incurral Year Basis**

Year	Earned Premium	Paid Claims	Outstanding Claim Reserve	Increase in Policy Reserve	INCURRED CLAIMS		LOSS RATIOS
					Without Policy Reserves	With Policy Reserves	Without Policy Reserves
1998	4,804	1,270	-	-	1,270	1,270	26%
1999	1,088,727	113,973	-	-	113,973	113,973	10%
2000	5,557,151	1,239,115	-	22,008	1,239,115	1,261,122	22%
2001	11,263,096	2,595,438	-	331,950	2,595,438	2,927,388	23%
2002	18,650,961	6,104,291	-	991,945	6,104,291	7,096,236	33%
2003	26,566,659	9,507,379	-	2,034,802	9,507,379	11,542,181	36%
2004	36,004,980	13,066,538	-	3,449,125	13,066,538	16,515,663	36%
2005	43,281,095	16,357,971	-	5,024,544	16,357,971	21,382,516	38%
2006	51,155,107	20,850,149	-	6,590,133	20,850,149	27,440,282	41%
2007	56,843,826	24,567,322	17,045	7,371,112	24,584,367	31,955,478	43%
2008	52,772,533	25,554,047	289,370	8,040,372	25,843,417	33,883,789	49%
2009	48,801,247	26,092,195	838,003	8,697,444	26,930,198	35,627,642	55%
2010	44,406,139	23,468,409	2,694,884	7,313,125	26,163,293	33,476,418	59%
2011*	20,971,895	7,756,162	8,035,898	3,259,507	15,792,060	19,051,568	75%

\*2011 in this exhibit includes rate increase activity that started in many parts of the country on 4/1/2011

**EXHIBIT IV**  
**AMERICAN FIDELITY ASSURANCE COMPANY**  
**ORIGINAL PRICING ASSUMPTIONS**  
**C10-98 LIMITED BENEFIT SPECIFIED DISEASE CANCER EXPENSE POLICY**

1. Sales Expenses (% of Premium):

Commissions:

First Year:	70%
Renewal (2-10)	17%
Renewal (11+)	13%

Other sales expenses assumptions are based upon company experience.

2. Home Office Expenses:

Overhead	5% of premium
Premium Tax	2.25% of premium
Fixed Costs	\$18 acquisition/ \$20.57 maintenance

3. Interest Rates

Investment	6.25%
Discount	15%
Loss Ratios	4.5%

4. Lapse Rates (vary by age)

Year 1	16.5% - 36%
Year 2	15% - 30%
Year 3	14% - 25.5%
Year 4	13% - 19%
Year 5	11% - 16%
Year 6	9% - 14%
Year 7-9	6.5% - 12%
Year 10+	6% - 7%

5. Policy Reserves

Policy claim costs were combined with the 1980 CSO Mortality Table at 4.5% using the two year preliminary term method.

6. Modeling Distribution is based upon company distribution of cancer policy sales by age and family structure, adjusted by actuarial judgment.

**EXHIBIT V**  
**AMERICAN FIDELITY ASSURANCE COMPANY**  
**OUTLINE OF BENEFITS**  
**C10-98 LIMITED BENEFIT SPECIFIED DISEASE CANCER EXPENSE POLICY**

This policy provides two levels of benefits, one of which will be chosen by the insured at the time of issue. The benefits provided are as follows:

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C. Malignant Growth Prevention	Up to \$125 per confinement Up to \$125 outpatient per year	Up to \$250 per confinement Up to \$250 outpatient per year
D. Surgical	Up to \$3000 based on schedule	Up to \$5000 based on schedule
E. Skin Cancer	Up to \$150 per operation	Up to \$240 per operation
F. Reconstructive Surgery	Up to \$300 per operation for surgeon Up to \$75 per operation for anesthesia Up to \$50 per operation for temporary prosthesis	Up to \$625 per operation for surgeon Up to \$155 per operation for anesthesia Up to \$100 per operation for temporary prosthesis
G. 2 <sup>nd</sup> and 3 <sup>rd</sup> Opinion	Up to \$150 per opinion	Up to \$200 per opinion
H. Outpatient Hospital or Ambulatory Surgical Center	\$100 per day	\$200 per day
I. Anesthesia	Up to 25% of surgical benefit	Up to 25% of surgical benefit
J. Attending Physician	Up to \$30 per day for first 5 days Up to \$25 per day thereafter	Up to \$45 per day for first 5 days Up to \$40 per day thereafter
K. Inpatient Special Nursing	Up to \$75 per day	Up to \$125 per day
L. Medical Equipment	Up to \$150 per calendar year	Up to \$250 per calendar year
M. Prosthesis	Up to \$75 for non-surgical device Up to \$1500 for surgically implanted	Up to \$150 for non-surgical device Up to \$2500 for surgically implanted
N. Blood ,Plasma, Platelets	Up to \$1000 per calendar year	Up to \$2000 per calendar year
O. Radiation/Chemotherapy	Up to \$7000 per calendar year	Up to \$12000 per calendar year
P. Bone Marrow Transplant	Up to \$5000 per lifetime	Up to \$10000 per lifetime
Q. Stem Cell Transplant	Up to \$250 per collection (max 3) Up to \$50 for one reinfusion	Up to \$350 per collection (max 3) Up to \$50 for one reinfusion
R. Experimental Treatment	Same as any other treatment	Same as any other treatment
S. Dread Disease	Up to \$100 per day confined up to 90 days Up to \$250 per day thereafter Lifetime maximum of \$50000	Up to \$200 per day confined up to 90 days Up to \$500 per day thereafter Lifetime maximum of \$100,000
T. U.S. Government/Charity Hospital, or HMO	\$100 per day confined in lieu of above \$100 per day outpatient in lieu of above	\$300 per day confined in lieu of above \$300 per day outpatient in lieu of above
U. Donor	Up to \$1000 medical expenses \$25 per day lodging up to 21 days Round trip coach fare or \$0.30 per mile	Up to \$1000 medical expenses \$30 per day lodging up to 21 days Round trip coach fare or \$0.40 per mile
V. Ambulance	Up to \$100 per admission	Up to \$150 per admission
W. Transportation, Outpatient Lodging	Round trip coach fare or \$0.30 per mile \$25 per day of outpatient treatment	Round trip coach fare or \$0.40 per mile \$30 per day of outpatient treatment
X. Family Transportation and Lodging	Round trip coach fare or \$0.30 per mile \$50 per day lodging if inpatient \$25 per day lodging if outpatient	Round trip coach fare or \$0.40 per mile \$50 per day lodging if inpatient \$30 per day lodging if outpatient
Y. Extended Care Facility	Up to \$50 per day	Up to \$100 per day

Z. Hospice Care	Up to \$50 per day for 60 days Up to \$25 per day thereafter Lifetime maximum of \$6000	Up to \$100 per day for 60 days Up to \$50 per day thereafter Lifetime maximum of \$12000
AA. Home Health Care	Up to \$40 per day up to 30 days per year	Up to \$50 per day up to 30 days per year
BB. Cancer Screening	\$50 per year per person	\$75 per year per person
CC. Cancer Screening Follow-up	\$40 per year per person	\$50 per year per person
DD. Waiver of Premium	90 day elimination period	90 day elimination period

**EXHIBIT VI**  
**AMERICAN FIDELITY ASSURANCE COMPANY**  
**EXPECTED LOSS RATIOS**  
**C10-98 LIMITED BENEFIT SPECIFIED DISEASE CANCER EXPENSE POLICY**

The expected incurred claim loss ratio excluding policy reserves for the first 30 years of this policy form are:

Policy Year	Expected Incurred Claim Loss Ratio
1	31%
2	34
3	37
4	40
5	43
6	46
7	48
8	51
9	55
10	59
11	63
12	66
13	70
14	75
15	80
16	84
17	89
18	94
19	99
20	105
21	110
22	115
23	121
24	126
25	132
26	138
27	143
28	149
29	154
30	159

**EXHIBIT VIII  
 AMERICAN FIDELITY ASSURANCE  
 CANCER POLICY FORM C10-98 AND RIDER  
 EXPERIENCE SINCE 2006  
 State Report by Incurred Year as of 6/30/11**

Experience for: **Arkansas**

FORM C10-98 and AMDI-181

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Paid Claim Loss Ratio</u>	<u>Claim Reserves</u>	<u>Incurred Claims</u>	<u>Policy Reserves</u>	<u>Loss Ratios Excluding Policy Reserves</u>
2006	1,835,403	1,063,828	58%	-	1,063,828	675,760	58%
2007	1,827,651	938,850	51%	455	939,305	951,783	51%
2008	1,664,382	1,023,285	61%	7,732	1,031,017	1,268,283	62%
2009	1,510,240	1,151,389	76%	22,464	1,173,853	1,526,723	78%
2010	1,313,011	832,888	63%	72,491	905,378	1,653,610	69%
2011*	603,759	423,613	70%	216,452	640,065	1,742,997	106%
<b>TOTAL</b>	<b>8,754,446</b>	<b>5,433,853</b>	<b>62%</b>	<b>319,594</b>	<b>5,753,447</b>	<b>1,742,997</b>	<b>66%</b>

\*RATE INCREASE ACTIVITY BEGAN IN ARKANSAS IN 2011