

SERFF Tracking Number: BNLI-127615971 State: Arkansas  
Filing Company: Brokers National Life Assurance Company State Tracking Number: 49726  
Company Tracking Number: BNL-2011-1RI  
TOI: H10G Group Health - Dental Sub-TOI: H10G.000 Health - Dental  
Product Name: Group Dental  
Project Name/Number: Edge Premier/No Deductible Premier Rate Increase/BNL-2011-1RI

## Filing at a Glance

Company: Brokers National Life Assurance Company

Product Name: Group Dental

TOI: H10G Group Health - Dental

Sub-TOI: H10G.000 Health - Dental

Filing Type: Form

SERFF Tr Num: BNLI-127615971

SERFF Status: Closed-Accepted

For Informational Purposes

Co Tr Num: BNL-2011-1RI

Authors: Amy Irby, Mandi

Rodriguez, Holly Harrison, Raquel

Contreras

Date Submitted: 09/07/2011

State: Arkansas

State Tr Num: 49726

State Status: Filed-Closed

Reviewer(s): Rosalind Minor

Disposition Date: 09/09/2011

Disposition Status: Accepted For  
Informational Purposes

Implementation Date:

Implementation Date Requested: On Approval

State Filing Description:

## General Information

Project Name: Edge Premier/No Deductible Premier Rate Increase

Project Number: BNL-2011-1RI

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Group Market Type: Employer

Filing Status Changed: 09/09/2011

State Status Changed: 09/09/2011

Created By: Mandi Rodriguez

Corresponding Filing Tracking Number:

Filing Description:

This filing consists of a rate increase for our Edge Premier and No Deductible Premier Group Dental Plans. This rate increase is for new business only.

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Group

Group Market Size: Small and Large

Overall Rate Impact: 53.4%

Deemer Date:

Submitted By: Mandi Rodriguez

## Company and Contact

### Filing Contact Information

Mandi Rodriguez, Compliance Manager

mandi@bnlac.com

SERFF Tracking Number: *BNLI-127615971* State: *Arkansas*  
 Filing Company: *Brokers National Life Assurance Company* State Tracking Number: *49726*  
 Company Tracking Number: *BNL-2011-IRI*  
 TOI: *H10G Group Health - Dental* Sub-TOI: *H10G.000 Health - Dental*  
 Product Name: *Group Dental*  
 Project Name/Number: *Edge Premier/No Deductible Premier Rate Increase/BNL-2011-IRI*

7010 Hwy 71 West 800-798-1125 [Phone] 1401 [Ext]  
 Suite 100 512-383-8502 [FAX]  
 Austin, TX 78735

**Filing Company Information**

Brokers National Life Assurance Company	CoCode: 74900	State of Domicile: Arkansas
7010 Hwy 71 West	Group Code:	Company Type:
Suite 100	Group Name:	State ID Number:
Austin, TX 78735	FEIN Number: 63-0483783	
(800) 798-1125 ext. [Phone]		

-----

**Filing Fees**

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Brokers National Life Assurance Company	\$50.00	09/07/2011	51291102

SERFF Tracking Number: BNL-127615971 State: Arkansas  
 Filing Company: Brokers National Life Assurance Company State Tracking Number: 49726  
 Company Tracking Number: BNL-2011-IRI  
 TOI: H10G Group Health - Dental Sub-TOI: H10G.000 Health - Dental  
 Product Name: Group Dental  
 Project Name/Number: Edge Premier/No Deductible Premier Rate Increase/BNL-2011-IRI

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Accepted For Rosalind Minor Informational Purposes		09/09/2011	09/09/2011

**Filing Notes**

Subject	Note Type	Created By	Created On	Date Submitted
Correction - Wrong PDF attached	Note To Reviewer	Mandi Rodriguez	09/09/2011	09/09/2011

*SERFF Tracking Number:*      *BNLI-127615971*                      *State:*                      *Arkansas*  
*Filing Company:*              *Brokers National Life Assurance Company*      *State Tracking Number:*      *49726*  
*Company Tracking Number:*      *BNL-2011-IRI*  
*TOI:*                      *H10G Group Health - Dental*                      *Sub-TOI:*                      *H10G.000 Health - Dental*  
*Product Name:*              *Group Dental*  
*Project Name/Number:*      *Edge Premier/No Deductible Premier Rate Increase/BNL-2011-IRI*

## **Disposition**

Disposition Date: 09/09/2011

Implementation Date:

Status: Accepted For Informational Purposes

Comment:

We are accepting this submission for information purposes only since we do not regulate Group Dental rates.

Rate data does NOT apply to filing.

SERFF Tracking Number: *BNLI-127615971* State: *Arkansas*  
 Filing Company: *Brokers National Life Assurance Company* State Tracking Number: *49726*  
 Company Tracking Number: *BNL-2011-IRI*  
 TOI: *H10G Group Health - Dental* Sub-TOI: *H10G.000 Health - Dental*  
 Product Name: *Group Dental*  
 Project Name/Number: *Edge Premier/No Deductible Premier Rate Increase/BNL-2011-IRI*

<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification	Accepted for Informational Purposes	Yes
<b>Supporting Document</b>	Application	Accepted for Informational Purposes	Yes
<b>Rate</b>	Actuarial Memorandum	Accepted for Informational Purposes	No



**Brokers National Life Assurance Company  
(Brokers or the Company)**

**Rate increase Filing**

**Group Dental Form  
GDP(2008)**

**Actuarial Memorandum**

**I. Scope and Purpose of Filing**

This memorandum is intended to demonstrate the necessity of increases to the new business rates for certain benefit options. This product provides basic dental benefits. Two benefit options were added to the base plan: (1) Elimination of the deductible and (2) Increase in Maximums. This filing is for a new business rate increase for the additional costs of these benefits. It does not affect the base plan rates. Brokers refers to the combination plan with the increased maximums as Edge Premier. Brokers refers to the combination of the increased maximums and elimination of deductible as No-Deductible Edge Premier.

**II. Reliances**

G.P. Monnin Consulting, Inc. (GPMC) relied upon data provided by Brokers, VIP Systems, Inc., and Employer Plan Services. VIP Systems, Inc. provides services related to administration systems for Brokers, while Employer Plan Services performs claim processing services for Brokers. GPMC relied on the accuracy of the data received.

**III. Description of Benefits**

This form provides group dental insurance coverage for both large and small employer groups. Benefits vary by plan description. See Appendix A for a description of the Edge Premier or the No-Deductible Edge Premier plans.

**IV. Renewability Clause**

The form is renewable at the option of the company.

**V. Applicability**

This is a rate increase filing. The proposed rate increases apply to new business rates only. Renewal rates are based in part on the experience of the group and plan, and will not be affected by this increase.

**VI. Morbidity**

The actual company experience was used in this analysis.

**VII. Mortality**

No mortality was assumed.

**VIII. Expenses and Retention**

Expenses and retention for the plan is 40%.

**IX. Marketing Method**

The form is sold through independent broker-agents with no particular target market.

**X. Underwriting**

New business under these policy forms is not underwritten. Groups are subject to experience rating at the time of renewal.

**XI. Premiums**

New business premiums.

See section XXI.

**XII. Issue Age Range**

Working population age range

**XIII. Premium Modalization Rules and Policy Fees**

A large majority of the groups are on a monthly basis. There are no policy fees.

**XIV. Claim Liability and Reserves**

The claim reserve at any point in time consists of a) incurred by unreported claims and (b) unpaid claims which have been reported and are in the course of settlement.

The IBNR claim liability is calculated using a claim lag run produced by the company to develop completion factors that are applied to monthly paid claim amounts. Due to the short run-off period of this type of business, no interest discount is applied.

**XV. Active Life Reserves**

No active life reserves are held.

**XVI. Trend Assumptions**

A. Medical trend – The medical trend used in this analysis is 7.5%. The trend assumption is based on an SHPS report on dental trend for indemnity plans. Since this increase only pertains to new business, no antiselection was assumed as a result of the increase. Also, no trend was assumed in the calculation of the increase for the elimination of the \$50 deductible.

B. Insurance trend -- Given no underwriting, no insurance trend was assumed in the original pricing.

**XVII. Anticipated Loss Ratio**

The company reserves the right to manage the block to any loss ratio in excess of the minimum. Current experience shows the loss ratio above the target loss ratio for the block of 60%.

**XVIII. Distribution of Business**

The in force distribution consists of various large and small groups.

**XIX. Contingency and Risk Margins**

This form has no contingency margin other than expected profit.

**XX. Experience on the Form**

The experience summaries related to the specific benefit and premium changes in the Edge Premier and the No-Deductible Edge Premier benefit plans are included in Appendix B.

**XXI. Assumptions and methodology**

GPMC initially calculated rate differences as follows based on theoretical claim costs and an assumed 65% loss ratio:

1. Change Maximum benefit in year 1 to 1000, year 2 to 1500 and year 3 to 2000.

Tier	Increase in monthly rate
EE	2.10
EE+1	4.00
EE+Family	4.80

These rates apply to Brokers Area 5. Brokers adjusts these rates for other areas based on its area factor relationships.

2. Eliminate 50 deductible

Additions to rates for all areas are as follows:

Tier	Increase in monthly rate
EE	1.60
EE+1	3.20
EE+Family	6.45

These rates were intended to cover the increase in benefits along with any associated antiselection.

For this rate review, GPMC received data that allowed us to analyze separately the premium and claim experience resulting from the increased maximums and the removal of the deductible. The following charts show the experience that emerged (through June of 2011) directly from the increased maximums and the removal of the deductible. Premiums and claims attributable to base plan benefits are not included in these charts. Since this rate increase only applies to the new business rate, the effects of renewal rate increases were removed from the premium totals presented below. As a result, the experience presented below should be a reasonable demonstration of the progression of loss ratios based on new business rates.

<b>Experience Resulting from Increase in Maximums</b>				
Year	Collected Premiums	Paid Claims	Incurred Claims	Incurred Ratio
2007	282	0	0	0.0%
2008	12,453	4,142	4,520	36.3%
2009	69,699	41,147	43,347	62.2%
2010	116,241	81,671	83,976	72.2%
2011	69,520	62,642	65,667	94.5%

<b>Experience Resulting from Elimination of Deductible</b>				
Year	Collected Premiums	Paid Claims	Incurred Claims	Incurred Ratio
2007	197	0	0	0.0%
2008	954	500	735	77.0%
2009	24,584	23,602	24,534	99.8%
2010	56,249	44,403	45,067	80.1%
2011	37,685	35,884	38,559	102.3%

Brokers is requesting an increase of 53.4% to the original new business rates for the increase in maximums. In calculating this increase, a starting loss ratio of 94.5% was assumed (as seen in Appendix B), with a target loss ratio of 65%. (This ratio is chosen since the base plan is experiencing slightly worse than the

60% target). The chart below has the increased new business rates (after rounding) for groups selecting the increased maximums.

Tier	Increase in monthly rate
EE	3.20
EE+1	6.10
EE+Family	7.40

Brokers is requesting an increase of 40.0% to the rates for the elimination of the deductible. In calculating this increase, a starting loss ratio of 91.0% was assumed (as seen in Appendix B), with a target loss ratio of 65%. The chart below has the increased new business rates (after rounding) for groups selecting the elimination of the deductible.

Tier	Increase in monthly rate
EE	2.20
EE+1	4.50
EE+Family	9.00

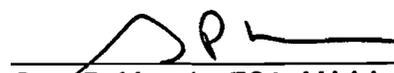
**XXII. Proposed Effective Date**

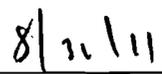
The new rates will be effective upon approval.

**XXIII. Actuarial Certification**

I, Gary P. Monnin, FSA, MAAA, am an actuary for G.P. Monnin Consulting, Inc. I am a member of the American Academy of Actuaries and am qualified in the area of life and health insurance. I certify that, to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of your state and the rules of the Department of Insurance, and complies with Actuarial Standards of Practice and that the benefits provided are reasonable in relation to the proposed premiums.

In my opinion, the premium schedule is not excessive, inadequate, nor unfairly discriminatory.

  
 \_\_\_\_\_  
 Gary P. Monnin, FSA, MAAA  
 President

  
 \_\_\_\_\_  
 Date

GPM  
 08111101GM004

## **Appendix A**

## **DESCRIPTION OF BENEFITS**

### **Base Plan**

This form provides dental insurance coverage for groups. Under the base plan, eligible expenses are split into four categories: Preventative (Type I), Restorative (Type II), Major (Type III) and Orthodontia (Type IV). The Type I benefits provide no deductible and the company pays 100%. The Type II benefits provide for a \$50 per year deductible and the company pays 80% after the deductible. The Type III coverage pays no benefits during the first policy year, but starting with the second year has a \$50 deductible and the company pays 50% after the deductible. The maximum benefit payable for the First Policy Year for Type I & II is \$750; Second Policy Year for Type I, II & III is \$1,000; and the Third Policy Year for Type I, II & III is \$1,500. Type IV benefits are payable with a \$50 deductible and the company pays 50% after the deductible, except no benefits are payable during the first and second policy years. There is a maximum lifetime benefit for Type IV expenses equal to \$1,000.

### **Edge Premier Plan**

Under the Edge Premier plan, the maximums for Types I, II, and III are increased, while all other benefits are unchanged from the base plan. The maximum benefit payable for the First Policy Year for Type I & II is \$1000; Second Policy Year for Type I, II & III is \$1,500; and the Third Policy Year for Type I, II & III is \$2,000.

### **No-Deductible Edge Premier Plan**

The No-Deductible Edge Premier plan has the same benefits as the Edge Premier plan with the exception of the deductible, which is eliminated in the No-Deductible Edge Premier plan.

## **Appendix B**

**Experience Resulting from Increase in Maximums**

Year	Collected Premiums	Paid Claims	Incurred Claims	Incurred Ratio
2007	282	0	0	0.0%
2008	12,453	4,142	4,520	36.3%
2009	69,699	41,147	43,347	62.2%
2010	116,241	81,671	83,976	72.2%
2011	69,520	62,642	65,667	94.5%

**Rate Increase Calculation for the Increase in Maximums**

(1)	Starting Loss Ratio	94.5%
(2)	Annual Inflation Rate	7.5%
(3)	Months to Midpoint	9
(4)	Inflation Rate to Midpoint	5.6%
(5)	Projected Loss Ratio	99.7%
(6)	Target Loss Ratio	65.0%
(7)	Rate Increase to get to Target	53.4%

<b>Experience Resulting from Elimination of Deductible</b>				
<b>Year</b>	<b>Collected Premiums</b>	<b>Paid Claims</b>	<b>Incurred Claims</b>	<b>Incurred Ratio</b>
2007	197	0	0	0.0%
2008	954	500	735	77.0%
2009	24,584	23,602	24,534	99.8%
2010	56,249	44,403	45,067	80.1%
2011	37,685	35,884	38,559	102.3%
<b>Total</b>	<b>119,669</b>	<b>104,388</b>	<b>108,894</b>	<b>91.0%</b>

**Rate Increase Calculation for the Elimination of the \$50 Deductible**

(1)	Starting Loss Ratio	91.0%
(2)	Annual Inflation Rate	0.0%
(3)	Projected Loss Ratio	91.0%
(4)	Target Loss Ratio	65.0%
(5)	Rate Increase to get to Target	40.0%

SERFF Tracking Number: *BNLI-127615971* State: *Arkansas*  
 Filing Company: *Brokers National Life Assurance Company* State Tracking Number: *49726*  
 Company Tracking Number: *BNL-2011-IRI*  
 TOI: *H10G Group Health - Dental* Sub-TOI: *H10G.000 Health - Dental*  
 Product Name: *Group Dental*  
 Project Name/Number: *Edge Premier/No Deductible Premier Rate Increase/BNL-2011-IRI*

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Accepted for Informational Purposes 09/09/2011	Actuarial Memorandum	GDP(2008)	New		Actuarial Memorandum 9-6-11.pdf

SERFF Tracking Number: BNLI-127615971 State: Arkansas  
 Filing Company: Brokers National Life Assurance Company State Tracking Number: 49726  
 Company Tracking Number: BNL-2011-IRI  
 TOI: H10G Group Health - Dental Sub-TOI: H10G.000 Health - Dental  
 Product Name: Group Dental  
 Project Name/Number: Edge Premier/No Deductible Premier Rate Increase/BNL-2011-IRI

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Flesch Certification	Accepted for Informational Purposes	09/09/2011
<b>Bypass Reason:</b>	N/A		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Application	Accepted for Informational Purposes	09/09/2011
<b>Bypass Reason:</b>	N/A		
<b>Comments:</b>			