IDOI Actuarial Memorandum Outline

Provide the data listed below in the actuarial memorandum as an attachment under the Supporting Documentation tab in SERFF.

# Benefit Structure

Provide sufficient detail for an analysis of the pricing including scope and purpose.

* 1. Provide market impacted.
	2. Provide a copy of the policy form or the appropriate SERFF tracking number containing such.
	3. Provide any changes from the most recent filing. Include any rate action requested.
	4. Provide the most recent SERFF tracking number.
	5. Provide a summary of the benefits provided.

# Current Rates (For Rate Revisions)

* 1. Include a complete set of current rates or the appropriate SERFF tracking number.

# Proposed Rates

* 1. Include a complete set of proposed rates.
	2. Include any guidelines that impact policyholder’s premium payment. Indicate if these rates apply to both new and/or existing policyholders.

# Assumptions

Include the following data and a detailed description of the basis for the assumptions used in pricing. Follow the guidelines from [Actuarial Standards of Practice (ASOP) No. 8. Section 3.2.2](http://www.actuarialstandardsboard.org/pdf/asops/asop008_129.pdf)

* 1. Annual Overall Trend Rate
		1. Provide the annual per individual rate of medical cost increase assumed for the next year.
		2. Provide the annual per individual rate of premium increase assumed for the next year.
	2. Morbidity
		1. Include indication of standard tables used.
		2. Provide any experience used for justifying the rates.
	3. Claim liability and reserves – describe the process to be used in the reserve process
	4. Active life reserves – provide an example of the calculation
	5. Underwriting
	6. Expenses
	7. Commissions
	8. Lifetime loss ratio
	9. General marketing method – individual sales/worksite/group sales/direct mail.

# Premium Guarantee Provision

* 1. Provide a detailed description of the premium rate guarantee provision. (guaranteed renewable/conditional/optional/non-cancellable)
	2. Include an estimate of average projected annual premium per policy.
	3. For rate revisions, include average current annual premium per policy.

# Rating Factors

* 1. Identify from the following which rating structures (and any others) are used for this product:
		1. Age Factors
		2. Geographic Factors
		3. Tobacco (Rate cannot vary by more than 150% over the non-tobacco rate.)
		4. Family Composition
		5. Benefit Plan Factors
	2. Non-Benefit Expenses
		1. Administrative Expenses
		2. Sales and Marketing Expenses
		3. Net Cost of Private Reinsurance
		4. Premium Tax
		5. Other Taxes, License and Fees
		6. Other Expenses
		7. Risk Margin
		8. Profit or Contribution to Surplus Margin
	3. Impact of Contractual Arrangement
		1. Provide information regarding the expected impact of contractual agreements with health care providers and administrators.

# Historical Experience (For Rate Revisions)

Indicate experience period, including last date of paid claims. Provide Indiana and Nationwide data for the following:

* 1. Earned Premium
		1. Provide the historical earned premium for each calendar year from inception.
		2. Include all premiums regardless of ownership of this block.
			1. Provide as much of the earned premium paid in the current year since the last calendar year as possible.
		3. Include the following items and any other changes that impact policyholder’s premium payment. All payments from policyholder are considered premium, including:
			1. Fees
			2. Taxes
			3. Modal loading
	2. Incurred Losses
		1. (Losses should exclude ALR, exclude LAE, show detail of IBNR and indicate the paid-to-date.)
		2. Provide the historical incurred losses for each calendar year from inception.
		3. Include all ownership regardless of ownership of this block.
			1. Provide as much of the incurred losses paid in the current year since the last calendar year as possible.
	3. Actual to Expected
		1. Provide a demonstration showing the historical actual loss ratio compared to expected loss ratio
		2. Provide a demonstration comparing the actual to expected lapse rates.
		3. Provide any other comparison that is pertinent to this rate request.

# Rate Change (For Rate Revisions)

Provide Indiana and Nationwide data for the following. Label clearly.

* 1. Rate change currently indicated to achieve the original target loss ratio
	2. Rate change requested
	3. Desired implementation date
	4. Three year rate increase history that includes the following:
		1. The rate increase percent with a month/year effective date
		2. We need this for both Indiana and Nationwide

# Projected Experience with Requested Rate Change (For Rate Revisions)

Provide best estimates for the data below.

* 1. Earned Premium with Enrollment Projections
		1. Provide the projected incurred claims using realistic assumptions for the following for the next 10 years.
	2. Incurred Claims
		1. Provide the anticipated projected incurred claims using realistic assumptions for the following for the next 10 years.
	3. Anticipated Loss Ratios
		1. Provide the present value of past experience, projected future experience, and projected lifetime experience including loss ratios.

# Projected Experience without Requested Rate Change

Provide best estimates for the data below.

* 1. Earned Premium with Enrollment Projections
		1. Provide the projected incurred claims using realistic assumptions for the following for the next 10 years
	2. Incurred Claims.
		1. Provide the anticipated projected incurred claims using realistic assumptions for the following for the next 10 years
	3. Anticipated Loss Ratios.
		1. Provide the present value of past experience, projected future experience, and projected lifetime experience including loss ratios.

# Actuarial Certification/Rate Attestation

* 1. Provide an actuarial certification with a clear statement attesting to the following:
		1. Compliance with all applicable state and federal statutes and regulations
		2. Compliance with actuarial standards of practice (ASOP)