

State: Pennsylvania **Filing Company:** Blue Cross of Northeastern Pennsylvania
TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.001 Qualified
Product Name: Long-Term Care
Project Name/Number: MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

Filing at a Glance

Company: Blue Cross of Northeastern Pennsylvania
Product Name: Long-Term Care
State: Pennsylvania
TOI: LTC03G Group Long Term Care
Sub-TOI: LTC03G.001 Qualified
Filing Type: Rate - Other (Not M.U. or G.I. Product)
Date Submitted: 08/21/2018
SERFF Tr Num: MILL-131614386
SERFF Status: Assigned
State Tr Num: MILL-131614386
State Status: Received Review in Progress
Co Tr Num: SERIES 11 GROUP (BCNEPA)

Implementation: On Approval
Date Requested:
Author(s): Missy Gordon, Courtney Williamson, Travis Reisch, Shawn Stender, Michael Emmert, Bryan Rask, Alex Moore, Brandon Johnson, Jack Bridges, Dexter Mosley, Cassi Noel, Megan Anderson, Peder Swenson, Derek Lesniak, Yi Shao, Matt Mickolichuk, Rylee Sevigny
Reviewer(s): Jim Laverty (primary)
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:
Proposed 40.9% increase on 10 PA policyholders of group LTC form GRP11-342-PA-1100.

State: Pennsylvania **Filing Company:** Blue Cross of Northeastern Pennsylvania
TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.001 Qualified
Product Name: Long-Term Care
Project Name/Number: MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

General Information

Project Name: MedAmerica Nationwide 2018 Rate Increase Status of Filing in Domicile: Pending
Project Number: 145MAI01-30.06 Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments: Pennsylvania is the state of
 domicile.
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Small and Large
Group Market Type: Employer Overall Rate Impact: 40.9%
Filing Status Changed: 08/22/2018
State Status Changed: 08/22/2018 Deemer Date:
Created By: Derek Lesniak Submitted By: Michael Emmert
Corresponding Filing Tracking Number:
State TOI: LTC03G Group Long Term Care State Sub-TOI: LTC03G.001 Qualified

Filing Description:

On behalf of the company, we are submitting the referenced rate filing for your review. These are existing products that provide long-term care coverage on a group basis. The company issued these products in Pennsylvania from August 1, 2002 to November 1, 2002 and is no longer marketing them in any jurisdiction. The company is making a similar request on the Series 11 Individual policy form(s) in a concurrent filing (SERFF Tracking # MILL-131567828).

The company is requesting a premium rate increase on these form(s), including all associated riders. The need for a premium rate increase is due to emerging and projected experience running more adverse than previously expected.

These products were designed and priced by MedAmerica Insurance Company (MedAmerica), which is an affinity partner. The products were issued on Blue Cross of Northeastern Pennsylvania (BCNEPA) paper, while MedAmerica administers and manages the block, including underwriting and claims handling. MedAmerica has 100% of the risk on these products via a reinsurance arrangement with BCNEPA.

Additionally, MedAmerica is making a similar request in concurrent filings. These filings use identical pooled nationwide experience of MedAmerica and its affinity partners individual and group business as described in the enclosed actuarial memorandum.

The company is requesting a premium rate increase that varies by benefit period to achieve the cumulative rate increases shown in the enclosed cover letter. The rate increase varies by benefit period to better align the rate increase with the adverse experience. The enclosed cover letter provides the average prior, requested, and cumulative rate increases by benefit period for these form(s).

There have been two prior increase(s) that were filed for use in May 2010 and September 2017 on the forms. The company is seeking this rate increase request to help alleviate the adverse performance on this block of business.

Similar to the prior increase(s), the company will offer insureds affected by the premium increase the option of reducing their policy benefits to provide flexibility of choice for those insureds who wish to maintain a premium level reasonably similar to what they were paying prior to the rate increase. The company will offer a contingent benefit upon lapse to insureds that trigger a substantial rate increase. Additionally, the company will voluntarily offer a contingent benefit upon lapse to insureds affected by the rate increase, even if the increase is not considered substantial.

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Company and Contact

Filing Contact Information

Michael Emmert, Associate Actuary michael.emmert@milliman.com
 8500 Normandale Lake Blvd. 952-820-3116 [Phone]
 Suite 1850
 Minneapolis, MN 55437

Filing Company Information

(This filing was made by a third party - millimaninc)

Blue Cross of Northeastern Pennsylvania 19 North Main Street Wilkes-Barre, PA 18711 (570) 200-4456 ext. [Phone]	CoCode: 54747 Group Code: 1270 Group Name: Hosp Serv Assn of NEPA Gp FEIN Number: 24-0615177	State of Domicile: Pennsylvania Company Type: HMDI State ID Number:
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Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

MILL-131614386

State Tracking #:

MILL-131614386

Company Tracking #:

SERIES 11 GROUP (BCNEPA)

State: Pennsylvania

Filing Company: Blue Cross of Northeastern Pennsylvania

TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.001 Qualified

Product Name: Long-Term Care

Project Name/Number: MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

Rate Information

Rate data applies to filing.

Filing Method: Review and Approval

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 20.000%

Effective Date of Last Rate Revision: 09/22/2017

Filing Method of Last Filing: Review and Approval

SERFF Tracking Number of Last Filing: MILL-130951718

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Blue Cross of Northeastern Pennsylvania	40.900%	40.900%	\$3,618	10	\$8,847	139.200%	40.900%

SERFF Tracking #:

MILL-131614386

State Tracking #:

MILL-131614386

Company Tracking #:

SERIES 11 GROUP (BCNEPA)

State:

Pennsylvania

Filing Company:

Blue Cross of Northeastern Pennsylvania

TOI/Sub-TOI:

LTC03G Group Long Term Care/LTC03G.001 Qualified

Product Name:

Long-Term Care

Project Name/Number:

MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Series 11 Group Rate Tables	GRP11-342-PA-1100	Revised	Previous State Filing Number: MILL-130951718 Percent Rate Change Request: 40.9	PA_BCNEPA_Current Premium Rates_Series 11 Group_20180815.pdf, PA_BCNEPA_Proposed Premium Rates_Series 11 Group_20180815.pdf,

Blue Cross of Northeastern Pennsylvania
19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302

Comprehensive Tax Qualified Certificate

Group Rates for Lifetime Premium Payment Option
0 Day Elimination Period
Annual Premium Rates with 20% Rate Increase
Rates per \$10 Daily Benefit

Issue Age	Certificate: GRP11-342-PA-1100 Base Certificate with No Inflation Protection					Rider: GRP11-SIP-PA-998 Simple Inflation Protection Rider					Rider: GRP11-CIP-PA-998 Compound Inflation Protection Rider				
	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime
<22	7	8	10	10	13	3	5	5	7	8	25	32	38	45	57
22	8	8	10	12	15	3	5	5	7	8	25	33	40	45	58
23	8	8	10	12	15	3	5	7	7	10	25	35	42	48	60
24	8	10	12	12	17	3	5	7	8	10	27	35	42	50	62
25	8	10	12	13	17	5	5	7	8	12	28	37	43	50	65
26	8	10	12	13	18	5	7	7	8	12	30	38	47	53	67
27	10	12	13	15	18	5	7	7	8	13	30	38	47	55	70
28	10	12	13	15	20	5	7	8	10	13	30	40	48	57	72
29	10	12	13	17	22	5	7	10	10	13	32	42	52	58	73
30	10	13	15	17	22	7	7	10	12	15	33	43	53	62	78
31	12	13	15	18	23	7	8	10	12	17	33	45	55	63	80
32	12	15	17	18	25	7	8	10	13	17	35	45	57	67	83
33	12	15	18	20	27	8	10	12	13	18	38	48	58	68	85
34	13	17	18	22	28	8	10	13	13	20	38	48	62	70	88
35	13	17	20	23	30	8	12	13	15	22	40	52	63	72	92
36	15	18	22	23	32	8	12	13	17	23	40	53	65	77	95
37	15	18	22	25	33	10	13	17	18	25	43	55	68	78	98
38	17	20	23	27	37	10	13	17	20	25	43	57	70	82	100
39	17	22	25	30	38	12	13	18	20	28	47	58	73	83	105
40	18	23	27	32	42	12	15	20	22	28	47	60	75	87	107
41	20	25	28	33	43	12	17	22	23	32	48	63	78	90	112
42	22	27	32	35	47	13	17	22	27	33	50	65	80	93	115
43	22	28	33	38	50	15	18	23	27	37	53	67	83	97	118
44	23	30	35	42	53	17	20	27	28	38	55	70	87	98	123
45	25	32	38	43	57	17	22	27	32	42	57	73	88	103	127
46	27	33	40	47	62	18	25	30	35	43	58	75	93	107	130
47	28	37	43	50	65	20	25	32	37	48	60	77	95	110	135
48	32	38	47	53	70	20	28	35	40	52	62	82	98	115	140
49	33	42	50	58	75	23	30	37	43	55	63	83	102	117	145
50	35	45	55	63	82	25	32	38	45	58	67	87	105	122	148
51	38	48	58	68	87	27	35	43	48	63	68	88	108	125	153
52	42	52	63	73	93	28	38	47	53	68	70	92	112	130	158
53	45	57	68	78	102	30	40	50	58	72	72	95	117	135	162
54	48	62	73	85	108	33	43	53	62	78	75	97	120	138	168
55	52	67	80	93	118	37	47	58	67	82	78	100	123	142	173
56	57	72	87	100	127	38	50	62	72	90	80	105	128	148	178
57	62	78	95	108	137	40	53	65	78	97	82	107	132	153	185
58	67	85	103	118	148	43	57	70	83	102	85	110	135	157	190
59	72	92	112	128	162	48	62	77	88	108	87	115	140	162	195
60	78	100	122	140	175	52	67	82	97	117	90	118	145	168	202
61	85	108	132	153	190	55	72	88	102	125	93	122	150	172	207
62	92	118	143	167	207	58	77	93	108	132	97	125	153	177	212
63	100	128	157	182	224	62	82	100	115	140	98	128	158	182	218
64	108	140	170	197	242	67	87	107	123	148	102	132	162	188	225
65	118	153	187	215	264	70	92	112	132	158	105	137	167	193	232
66	128	167	202	234	287	75	97	120	140	167	107	140	172	200	237
67	140	180	220	255	310	78	103	127	147	177	108	143	175	203	242
68	152	197	240	277	337	82	108	132	155	185	112	147	178	208	247
69	163	213	260	302	365	87	113	140	162	193	115	148	183	212	252
70	178	232	284	329	395	90	118	147	170	203	117	153	187	217	259
71	193	252	307	357	429	95	123	153	177	213	118	155	192	220	262
72	208	272	334	387	465	98	130	160	185	220	120	158	193	224	264
73	225	295	362	419	504	102	133	165	192	227	122	158	195	227	265
74	244	319	390	454	542	105	138	170	197	235	122	160	197	227	269
75	267	349	427	495	592	108	143	177	205	242	123	162	198	230	269
76	290	380	465	540	644	112	147	182	210	249	123	162	200	230	270
77	315	412	507	589	699	113	152	185	215	255	123	162	200	230	270
78	342	449	550	640	759	117	153	190	220	260	123	162	200	230	270
79	370	487	599	696	824	117	153	190	220	260	123	162	200	230	270
80	404	530	655	762	901	117	153	190	220	260	123	162	200	230	270
81	437	575	711	827	976	117	153	190	220	260	123	162	200	230	270
82	472	624	769	897	1,056	117	153	190	220	260	123	162	200	230	270
83	510	672	832	969	1,139	117	153	190	220	260	123	162	200	230	270
84	550	726	899	1,047	1,229	117	153	190	220	260	123	162	200	230	270
85	594	782	969	1,131	1,324	117	153	190	220	260	123	162	200	230	270

**Blue Cross of Northeastern Pennsylvania
19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302**

Comprehensive Tax Qualified Certificate

**Group Rates for 20-Year Premium Payment Option
0 Day Elimination Period
Annual Premium Rates with 20% Rate Increase
Rates per \$10 Daily Benefit**

Issue Age	Certificate: GRP11-342-PA-1100 Base Certificate with No Inflation Protection					Rider: GRP11-SIP-PA-998 Simple Inflation Protection Rider					Rider: GRP11-CIP-PA-998 Compound Inflation Protection Rider				
	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime
<22	12	13	17	18	23	7	8	10	13	18	70	92	112	130	160
22	12	13	17	18	25	7	10	12	15	18	72	93	113	133	163
23	12	15	17	20	27	8	10	13	15	18	73	95	117	135	165
24	13	15	18	20	27	8	12	13	17	22	73	97	118	138	170
25	13	17	20	22	28	8	12	13	17	22	75	98	120	140	173
26	13	17	20	23	30	10	12	15	17	23	78	100	123	142	175
27	15	18	22	25	32	10	12	15	17	25	78	102	125	143	178
28	15	18	22	25	33	10	13	17	20	27	80	105	128	148	182
29	17	20	23	27	35	10	13	18	20	28	80	105	130	150	185
30	17	20	25	28	37	12	17	18	22	30	83	108	132	152	188
31	18	22	27	30	38	12	17	20	23	32	83	110	133	155	192
32	18	23	27	32	42	13	17	22	25	32	87	112	137	158	193
33	20	25	28	33	43	13	17	23	27	35	87	113	140	160	198
34	20	25	30	35	47	15	20	25	28	35	88	117	142	163	200
35	22	27	32	37	48	15	20	27	30	38	90	118	143	167	203
36	23	28	35	40	52	17	22	27	30	40	92	120	145	168	207
37	23	30	37	42	55	18	23	28	33	42	93	122	148	172	210
38	25	32	38	43	57	20	25	30	35	47	95	123	150	175	215
39	27	33	40	47	60	20	27	32	37	48	97	125	153	177	217
40	28	35	43	50	65	22	28	33	38	50	97	128	155	178	218
41	30	38	45	52	68	22	28	37	43	53	98	128	158	183	224
42	32	40	48	55	72	23	32	38	45	57	100	130	160	185	227
43	33	42	52	58	77	25	33	40	48	60	102	133	162	188	229
44	35	45	53	62	80	27	35	43	52	65	103	135	165	192	234
45	37	47	57	67	85	30	38	47	53	68	105	137	168	193	237
46	40	50	60	70	90	30	40	50	57	72	107	138	170	197	239
47	42	53	65	75	95	32	42	52	60	77	108	140	172	198	242
48	45	57	68	78	102	33	45	55	65	80	108	142	175	202	245
49	47	60	73	83	108	37	47	57	68	83	112	145	177	205	247
50	50	63	77	90	115	38	50	62	72	88	112	147	180	207	250
51	53	68	82	95	122	40	53	67	77	95	113	148	182	210	254
52	57	72	88	102	128	43	57	68	80	102	115	152	183	213	259
53	60	77	93	108	137	47	60	73	85	107	117	153	187	215	260
54	63	82	100	115	147	50	63	78	92	112	118	155	188	218	262
55	68	88	107	123	157	52	67	83	97	117	120	155	192	222	265
56	73	93	115	132	167	55	72	87	102	123	120	158	192	224	269
57	78	100	122	142	177	57	75	93	107	132	122	160	195	225	272
58	83	108	132	152	190	62	78	97	113	138	123	160	197	229	274
59	90	115	140	163	202	63	83	103	118	147	123	163	200	230	277
60	97	123	152	175	217	67	88	108	125	153	125	165	202	234	280
61	103	133	162	187	232	70	92	115	133	162	127	167	205	237	284
62	110	142	173	202	249	75	98	120	138	168	128	168	207	239	285
63	118	153	187	215	265	78	102	125	147	177	130	170	208	242	289
64	127	163	200	232	285	82	108	132	153	185	132	172	210	244	289
65	137	177	215	250	305	85	113	138	160	193	132	173	213	245	294
66	147	190	232	269	327	90	117	145	168	203	133	175	215	249	295
67	157	203	250	289	352	93	123	150	175	210	135	177	215	250	297
68	168	220	269	312	377	98	127	157	182	218	137	177	218	252	300
69	182	237	289	335	405	100	132	163	190	227	137	178	220	254	302
70	195	255	312	362	437	105	137	168	197	234	138	180	220	255	302
71	210	274	337	390	470	108	143	173	203	240	138	182	222	257	302
72	225	295	362	420	505	112	147	180	208	249	138	183	224	257	304
73	242	317	390	452	542	115	150	185	215	257	138	182	224	259	304
74	260	340	419	487	582	117	155	190	220	262	138	182	224	259	304
75	284	370	454	527	629	118	157	195	227	267	138	182	224	259	304
76	305	400	492	572	681	123	162	198	230	274	138	182	224	259	304
77	330	434	534	620	737	125	163	202	235	277	138	182	224	259	304
78	357	469	577	672	797	127	167	207	239	282	138	182	224	259	304
79	385	507	625	727	861	127	167	207	239	282	138	182	224	259	304
80	417	550	679	791	934	127	167	207	239	282	138	182	224	259	304
81	450	594	734	854	1,009	127	167	207	239	282	138	182	224	259	304
82	485	640	792	924	1,087	127	167	207	239	282	138	182	224	259	304
83	522	691	854	996	1,171	127	167	207	239	282	138	182	224	259	304
84	562	742	919	1,074	1,259	127	167	207	239	282	138	182	224	259	304
85	604	799	989	1,154	1,353	127	167	207	239	282	138	182	224	259	304

**Blue Cross of Northeastern Pennsylvania
19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302**

Comprehensive Tax Qualified Certificate

**Group Rates for Lifetime Premium Payment Option
0 Day Elimination Period
Annual Premium Rates with the Requested Rate Increase
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	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime
<22	9	12	14	14	32	5	7	7	9	20	35	45	54	63	136
22	12	12	14	16	36	5	7	7	9	20	35	47	56	63	140
23	12	12	14	16	36	5	7	9	9	24	35	49	59	68	144
24	12	14	16	16	40	5	7	9	12	24	38	49	59	71	148
25	12	14	16	19	40	7	7	9	12	28	40	52	61	71	156
26	12	14	16	19	44	7	9	9	12	28	42	54	66	75	160
27	14	16	19	21	44	7	9	9	12	32	42	54	66	78	168
28	14	16	19	21	48	7	9	12	14	32	42	56	68	80	172
29	14	16	19	24	52	7	9	14	14	32	45	59	73	82	176
30	14	19	21	24	52	9	9	14	16	36	47	61	75	87	188
31	16	19	21	26	56	9	12	14	16	40	47	63	78	89	192
32	16	21	24	26	60	9	12	14	19	40	49	63	80	94	200
33	16	21	26	28	64	12	14	16	19	44	54	68	82	96	203
34	19	24	26	31	68	12	14	19	19	48	54	68	87	99	211
35	19	24	28	33	72	12	16	19	21	52	56	73	89	101	219
36	21	26	31	33	76	12	16	19	24	56	56	75	92	108	227
37	21	26	31	35	80	14	19	24	26	60	61	78	96	110	235
38	24	28	33	38	88	14	19	24	28	60	61	80	99	115	239
39	24	31	35	42	92	16	19	26	28	68	66	82	103	118	251
40	26	33	38	45	100	16	21	28	31	68	66	85	106	122	255
41	28	35	40	47	104	16	24	31	33	76	68	89	110	127	267
42	31	38	45	49	112	19	24	31	38	80	71	92	113	132	275
43	31	40	47	54	120	21	26	33	38	88	75	94	118	136	283
44	33	42	49	59	128	24	28	38	40	92	78	99	122	139	295
45	35	45	54	61	136	24	31	38	45	100	80	103	125	146	303
46	38	47	56	66	148	26	35	42	49	104	82	106	132	150	311
47	40	52	61	71	156	28	35	45	52	116	85	108	134	155	323
48	45	54	66	75	168	28	40	49	56	124	87	115	139	162	335
49	47	59	71	82	180	33	42	52	61	132	89	118	143	165	347
50	49	63	78	89	196	35	45	54	63	140	94	122	148	172	355
51	54	68	82	96	207	38	49	61	68	152	96	125	153	176	367
52	59	73	89	103	223	40	54	66	75	164	99	129	157	183	379
53	63	80	96	110	243	42	56	71	82	172	101	134	165	190	387
54	68	87	103	120	259	47	61	75	87	188	106	136	169	195	403
55	73	94	113	132	283	52	66	82	94	196	110	141	174	200	415
56	80	101	122	141	303	54	71	87	101	215	113	148	181	209	427
57	87	110	134	153	327	56	75	92	110	231	115	150	186	216	443
58	94	120	146	167	355	61	80	99	118	243	120	155	190	221	455
59	101	129	157	181	387	68	87	108	125	259	122	162	197	228	467
60	110	141	172	197	419	73	94	115	136	279	127	167	204	237	483
61	120	153	186	216	455	78	101	125	143	299	132	172	212	242	495
62	129	167	202	235	495	82	108	132	153	315	136	176	216	249	507
63	141	181	221	256	535	87	115	141	162	335	139	181	223	256	523
64	153	197	240	277	579	94	122	150	174	355	143	186	228	266	539
65	167	216	263	303	630	99	129	157	186	379	148	193	235	273	555
66	181	235	284	329	686	106	136	169	197	399	150	197	242	282	567
67	197	254	310	360	742	110	146	179	207	423	153	202	247	287	579
68	214	277	338	390	806	115	153	186	219	443	157	207	251	294	591
69	230	301	367	425	874	122	160	197	228	463	162	209	259	298	602
70	251	327	400	463	946	127	167	207	240	487	165	216	263	306	618
71	273	355	432	503	1,025	134	174	216	249	511	167	219	270	310	626
72	294	383	470	545	1,113	139	183	226	261	527	169	223	273	315	630
73	317	416	510	590	1,205	143	188	233	270	543	172	223	275	320	634
74	343	449	550	639	1,297	148	195	240	277	563	172	226	277	320	642
75	376	491	602	698	1,416	153	202	249	288	579	174	228	280	324	646
76	409	536	656	761	1,540	157	207	256	296	595	174	228	282	324	646
77	444	580	714	830	1,672	160	214	261	303	610	174	228	282	324	646
78	482	632	776	902	1,815	165	216	268	310	622	174	228	282	324	646
79	522	686	844	980	1,971	165	216	268	310	622	174	228	282	324	646
80	569	747	924	1,074	2,155	165	216	268	310	622	174	228	282	324	646
81	616	811	1,001	1,166	2,334	165	216	268	310	622	174	228	282	324	646
82	665	879	1,083	1,264	2,526	165	216	268	310	622	174	228	282	324	646
83	719	947	1,173	1,365	2,725	165	216	268	310	622	174	228	282	324	646
84	776	1,022	1,267	1,476	2,941	165	216	268	310	622	174	228	282	324	646
85	837	1,102	1,365	1,593	3,168	165	216	268	310	622	174	228	282	324	646

**Blue Cross of Northeastern Pennsylvania
19 North Main Street, Wilkes-Barre, Pennsylvania 18711-0302**

Comprehensive Tax Qualified Certificate

**Group Rates for 20-Year Premium Payment Option
0 Day Elimination Period
Annual Premium Rates with the Requested Rate Increase
Rates per \$10 Daily Benefit**

Issue Age	Certificate: GRP11-342-PA-1100 Base Certificate with No Inflation Protection					Rider: GRP11-SIP-PA-998 Simple Inflation Protection Rider					Rider: GRP11-CIP-PA-998 Compound Inflation Protection Rider				
	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime	2 Years	3 Years	4 Years	5 Years	Lifetime
<22	16	19	24	26	56	9	12	14	19	44	99	129	157	183	383
22	16	19	24	26	60	9	14	16	21	44	101	132	160	188	391
23	16	21	24	28	64	12	14	19	21	44	103	134	165	190	395
24	19	21	26	28	64	12	16	19	24	52	103	136	167	195	407
25	19	24	28	31	68	12	16	19	24	52	106	139	169	197	415
26	19	24	28	33	72	14	16	21	24	56	110	141	174	200	419
27	21	26	31	35	76	14	16	21	24	60	110	143	176	202	427
28	21	26	31	35	80	14	19	24	28	64	113	148	181	209	435
29	24	28	33	38	84	14	19	26	28	68	113	148	183	212	443
30	24	28	35	40	88	16	24	26	31	72	118	153	186	214	451
31	26	31	38	42	92	16	24	28	33	76	118	155	188	219	459
32	26	33	38	45	100	19	24	31	35	76	122	157	193	223	463
33	28	35	40	47	104	19	24	33	38	84	122	160	197	226	475
34	28	35	42	49	112	21	28	35	40	84	125	165	200	230	479
35	31	38	45	52	116	21	28	38	42	92	127	167	202	235	487
36	33	40	49	56	124	24	31	38	42	96	129	169	204	237	495
37	33	42	52	59	132	26	33	40	47	100	132	172	209	242	503
38	35	45	54	61	136	28	35	42	49	112	134	174	212	247	515
39	38	47	56	65	144	28	38	45	52	116	136	176	215	249	519
40	40	49	61	71	156	31	40	47	54	120	136	181	219	251	523
41	42	54	63	73	164	31	40	52	61	128	139	181	223	259	535
42	45	56	68	78	172	33	45	54	63	136	141	183	226	261	543
43	47	59	73	82	184	35	47	56	68	144	143	188	228	266	547
44	49	63	75	87	192	38	49	61	73	156	146	190	233	270	559
45	52	66	80	94	203	42	54	66	75	164	148	193	237	273	567
46	56	71	85	99	215	42	56	71	80	172	150	195	240	277	571
47	59	75	92	106	227	45	59	73	85	184	153	197	242	280	579
48	63	80	96	110	243	47	63	78	92	192	153	200	247	284	587
49	66	85	103	118	259	52	66	80	96	200	157	204	249	289	591
50	71	89	108	127	275	54	71	87	101	211	157	207	254	291	599
51	75	96	115	134	291	56	75	94	108	227	160	209	256	296	606
52	80	101	125	143	307	61	80	96	113	243	162	214	259	301	618
53	85	108	132	153	327	66	85	103	120	255	165	216	263	303	622
54	89	115	141	162	351	71	89	110	129	267	167	219	266	308	626
55	96	125	150	174	375	73	94	118	136	279	169	219	270	313	634
56	103	132	162	186	399	78	101	122	143	295	169	223	270	315	642
57	110	141	172	200	423	80	106	132	150	315	172	226	275	317	650
58	118	153	186	214	455	87	110	136	160	331	174	226	277	322	654
59	127	162	197	230	483	89	118	146	167	351	174	230	282	324	662
60	136	174	214	247	519	94	125	153	176	367	176	233	284	329	670
61	146	188	228	263	555	99	129	162	188	387	179	235	289	334	678
62	155	200	244	284	595	106	139	169	195	403	181	237	291	336	682
63	167	216	263	303	634	110	143	176	207	423	183	240	294	341	690
64	179	230	282	327	682	115	153	186	216	443	186	242	296	343	690
65	193	249	303	353	730	120	160	195	226	463	186	244	301	345	702
66	207	268	327	378	782	127	165	204	237	487	188	247	303	350	706
67	221	287	353	407	842	132	174	212	247	503	190	249	303	353	710
68	237	310	378	439	902	139	179	221	256	523	193	249	308	355	718
69	256	334	407	472	970	141	186	230	268	543	193	251	310	357	722
70	275	360	439	510	1,045	148	193	237	277	559	195	254	310	360	722
71	296	385	475	550	1,125	153	202	244	287	575	195	256	313	362	722
72	317	416	510	592	1,209	157	207	254	294	595	195	256	315	362	726
73	341	447	550	637	1,297	162	212	261	303	614	195	256	315	364	726
74	367	479	590	686	1,393	165	219	268	310	626	195	256	315	364	726
75	400	522	639	743	1,504	167	221	275	320	638	195	256	315	364	726
76	430	564	693	806	1,628	174	228	280	324	654	195	256	315	364	726
77	465	611	752	874	1,764	176	230	284	331	662	195	256	315	364	726
78	503	660	813	947	1,907	179	235	291	336	674	195	256	315	364	726
79	543	714	881	1,025	2,059	179	235	291	336	674	195	256	315	364	726
80	588	776	956	1,114	2,234	179	235	291	336	674	195	256	315	364	726
81	635	837	1,034	1,203	2,414	179	235	291	336	674	195	256	315	364	726
82	684	902	1,116	1,302	2,601	179	235	291	336	674	195	256	315	364	726
83	736	973	1,203	1,403	2,801	179	235	291	336	674	195	256	315	364	726
84	792	1,046	1,295	1,513	3,012	179	235	291	336	674	195	256	315	364	726
85	851	1,126	1,394	1,626	3,236	179	235	291	336	674	195	256	315	364	726

SERFF Tracking #:

MILL-131614386

State Tracking #:

MILL-131614386

Company Tracking #:

SERIES 11 GROUP (BCNEPA)

State: Pennsylvania

Filing Company:

Blue Cross of Northeastern Pennsylvania

TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.001 Qualified

Product Name: Long-Term Care

Project Name/Number: MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	PA_Cover Letter_BCNEPA_Group_LRRS_20180815.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification (A&H)
Bypass Reason:	Not applicable as this is not a form filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Explanatory Information (A&H)
Comments:	
Attachment(s):	PA_ActMemo_BCNEPA_Group_LRRS_20180815.pdf PA_Supplement_BCNEPA_Group_LRRS_20180815.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Advertisements (A&H)
Bypass Reason:	Not applicable as this is not a form filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Authorization to File (A&H)
Comments:	
Attachment(s):	2016 Highmark Letter of Authorization_20160407.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Insert Page Explanation (A&H)
Bypass Reason:	Not applicable as this is not a form filing.
Attachment(s):	
Item Status:	

SERFF Tracking #:

MILL-131614386

State Tracking #:

MILL-131614386

Company Tracking #:

SERIES 11 GROUP (BCNEPA)

State: Pennsylvania

Filing Company:

Blue Cross of Northeastern Pennsylvania

TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.001 Qualified

Product Name: Long-Term Care

Project Name/Number: MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

Status Date:	
Satisfied - Item:	Rate Table (A&H)
Comments:	Rate tables are attached on the Rate/Rule Schedule tab.
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Replacement Form with Highlighted Changes (A&H)
Bypass Reason:	Not applicable as this is not a form filing.
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Reserve Calculation (A&H)
Bypass Reason:	Not applicable as this is not a form filing.
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Variability Explanation (A&H)
Bypass Reason:	Not applicable as this is not a form filing.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Numerical Data in Excel
Comments:	
Attachment(s):	PA_Supplement Attachments_LRRS_20180815.xlsb
Item Status:	
Status Date:	
Satisfied - Item:	Sample Policyholder Notification Letter
Comments:	
Attachment(s):	Premier BC of NEPA PH Letter 7.16.18.pdf Premier BC of NEPA CNF 7.16.18.pdf
Item Status:	
Status Date:	

SERFF Tracking #:

MILL-131614386

State Tracking #:

MILL-131614386

Company Tracking #:

SERIES 11 GROUP (BCNEPA)

State:

Pennsylvania

Filing Company:

Blue Cross of Northeastern Pennsylvania

TOI/Sub-TOI:

LTC03G Group Long Term Care/LTC03G.001 Qualified

Product Name:

Long-Term Care

Project Name/Number:

MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

SERFF Tracking #:

MILL-131614386

State Tracking #:

MILL-131614386

Company Tracking #:

SERIES 11 GROUP (BCNEPA)

State:

Pennsylvania

Filing Company:

Blue Cross of Northeastern Pennsylvania

TOI/Sub-TOI:

LTC03G Group Long Term Care/LTC03G.001 Qualified

Product Name:

Long-Term Care

Project Name/Number:

MedAmerica Nationwide 2018 Rate Increase/145MAI01-30.06

Attachment PA_Supplement Attachments_LRRS_20180815.xlsb is not a PDF document and cannot be reproduced here.



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August 15, 2018

Honorable Jessica K. Altman
Insurance Commissioner
Pennsylvania Department of Insurance (Department)

Via SERFF

**Re: Blue Cross of Northeastern Pennsylvania (BCNEPA)
Company NAIC # 54747
SERFF Tracking # MILL-131614386
Series 11 Group
Comprehensive Form
Comprehensive Certificate**

**GRP11-341-PA-200
GRP11-342-PA-1100**

Dear Commissioner Altman:

On behalf of the company, we are submitting the referenced rate filing for your review. These are existing products that provide long-term care coverage on a group basis. The company issued these products in Pennsylvania from August 1, 2002 to November 1, 2002 and is no longer marketing them in any jurisdiction. The company is making a similar request on the Series 11 Individual policy form(s) in a concurrent filing (SERFF Tracking # MILL-131567828).

The company is requesting a premium rate increase on the above-listed form(s), including all associated riders. The need for a premium rate increase is due to emerging and projected experience running more adverse than previously expected.

These products were designed and priced by MedAmerica Insurance Company (MedAmerica), which is an affinity partner. The products were issued on BCNEPA paper, while MedAmerica administers and manages the block, including underwriting and claims handling. MedAmerica has 100% of the risk on these products via a reinsurance arrangement with BCNEPA.

Additionally, MedAmerica is making a similar request in concurrent filings. These filings use identical pooled nationwide experience of MedAmerica and its affinity partners individual and group business as described in the enclosed actuarial memorandum.

The company is requesting a premium rate increase that varies by benefit period to achieve the cumulative rate increases shown in the following table. The rate increase varies by benefit period to better align the rate increase with the adverse experience. The following table provides the average prior, requested, and cumulative rate increases by benefit period for the above-listed form(s).

Offices in Principal Cities Worldwide

This work product was prepared solely to provide assistance to MedAmerica. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends recipient be aided by its own actuary or other qualified professional when reviewing the Milliman work product.

**Pennsylvania – BCNEPA
Rate Increase Request**

Policy Form Cohort	Benefit Period	Prior Increase	Requested Increase	Cumulative Increase
Series 11 Group	Non-Lifetime	66.8%	40.9%	135%
	Lifetime	66.8	139.2	299
Average ^[1]		66.8	40.9	135

[1] As of December 31, 2017 and excludes policies assumed to be paid up prior to implementation of the requested rate increase.

The prior increase reflects the cumulative increase of two prior increase(s) that were filed for use in May 2010 and September 2017 on the forms. The company is seeking this rate increase request to help alleviate the adverse performance on this block of business.

Similar to the prior increase(s), the company will offer insureds affected by the premium increase the option of reducing their policy benefits to provide flexibility of choice for those insureds who wish to maintain a premium level reasonably similar to what they were paying prior to the rate increase. The company will offer a contingent benefit upon lapse to insureds that trigger a substantial rate increase. Additionally, the company will voluntarily offer a contingent benefit upon lapse to insureds affected by the rate increase, even if the increase is not considered substantial.

The following electronic items are included with this submission:

- cover letter
- letter from the company authorizing submission of this filing on its behalf
- actuarial memorandum
- supplement to the actuarial memorandum
- current and proposed premium rate schedules
- sample policyholder notification letter*

*Please note that in the future slight variations in language may occur that do not materially change the information being provided to the policyholder. It is our understanding that such variations do not need to be filed with the Department.

No filing fee is required for this submission.



Honorable Jessica Altman
8/15/2018

The contact person for this filing is:

Michael Emmert, ASA, MAAA
Associate Actuary
Milliman, Inc.
8500 Normandale Lake Blvd., Suite 1850
Minneapolis, MN 55437
(952) 820-3116
michael.emmert@milliman.com

Thank you for your assistance in reviewing this filing.

Respectfully,

A handwritten signature in blue ink that reads 'Missy Gordon'.

Missy Gordon, FSA, MAAA
Principal and Consulting Actuary

MAG/dpl

Enclosures

BLUE CROSS OF NORTHEASTERN PENNSYLVANIA
Address: 19 N Main St, Wilkes-Barre, Pennsylvania 18711

Series 11 and Prior Actuarial Memorandum

August 15, 2018

<u>Product</u>	<u>Number</u>
Series 11 Group	
Comprehensive Form	GRP11-341-PA-200
Comprehensive Certificate	GRP11-342-PA-1100

Blue Cross of Northeastern Pennsylvania (BCNEPA) is requesting a rate increase on the above-listed policy form(s). The company issued this policy form(s) in Pennsylvania from August 2002 through November 2002 and is no longer marketing it in any jurisdiction. As described in the enclosed cover letter, the affinity partner MedAmerica Insurance Company (MedAmerica) designed, priced, administers, and manages the above-listed policy form(s).

Nationwide, MedAmerica and its affinity partners are requesting a premium rate increase that varies by benefit period to achieve the same cumulative rate increase, except where limited by regulatory restrictions. This actuarial memorandum captures the pooled nationwide experience of the above-listed policy form(s) and similar individual and group policy forms of the same product series issued nationwide by MedAmerica and its affinity partners.

1. Purpose of Filing

This actuarial memorandum has been prepared for the purpose of demonstrating that the nationwide cumulative rate increase discussed in Section 2 meets the minimum requirements of the applicable sections of the 2014 National Association of Insurance Commissioners (NAIC) Long-Term Care Insurance Model Regulation (Model Regulation). The enclosed supplement to the actuarial memorandum demonstrates compliance with the applicable regulatory requirements of this jurisdiction to the extent they differ from the Model Regulation, and includes other commonly requested information of this jurisdiction. It may not be suitable for other purposes.

2. Requested Rate Increase

The company is requesting a rate increase that varies by benefit period to achieve the cumulative rate increases shown below. The company is seeking this current rate increase request to help alleviate the adverse performance on this block of business.

The cumulative rate increase levels were determined to vary by benefit period to better align the rate increase with the adverse experience. MedAmerica's goal is equity across all jurisdictions, to the extent practical. The rate increase was determined in such a way that minimizes subsidization across jurisdictions due to differences in the previously filed rate increases.

The table below provides the average prior, requested, and cumulative increases by benefit period based on the nationwide distribution business. The enclosed cover letter provides similar information based on the jurisdiction-specific distribution.

Nationwide Average^[1] Rate Increase Request

Policy Form Cohort	Benefit Period	Prior Increase	Requested Increase	Cumulative Increase
Prior to Series 11	Non-Lifetime	62.0%	45.1%	135%
	Lifetime	73.5	130.0	299
Series 11 Individual	Non-Lifetime	51.5	55.2	135
	Lifetime	67.0	138.9	299
Series 11 Group	Non-Lifetime	77.0	32.8	135
	Lifetime	69.6	135.2	299
Average		63.8	67.1	174

[1] As of December 31, 2017 and excludes policies assumed to be paid up prior to implementation of the requested rate increase. The enclosed cover letter provides the jurisdiction-specific distribution.

BLUE CROSS OF NORTHEASTERN PENNSYLVANIA
Address: 19 N Main St, Wilkes-Barre, Pennsylvania 18711

Series 11 and Prior Actuarial Memorandum

August 15, 2018

A larger cumulative rate increase is needed to certify that rates will remain stable under moderately adverse conditions. The company will continue to monitor the business and reserves the right to request additional rate increases in the future.

Corresponding rate tables reflecting the proposed rate increases for the policy form(s) affected by this rate increase are enclosed with this filing. Please note that the actual rates implemented may vary from those in the enclosed rate tables slightly due to implementation rounding algorithms.

As the company is not currently marketing new business, the required statement that the renewal premium rate schedules are not greater than the new business premium rate schedules is not applicable.

3. Description of Benefits

These products provide long-term care coverage. The Series 11 products are tax-qualified, and were issued on an individual or group basis. The Prior to Series 11 product includes tax-qualified and non-tax qualified policy forms, and was issued on an individual basis. Each product has benefit eligibility requirements that involve activities of daily living (ADL) deficiencies or cognitive impairment. Waiver of premium is provided when certain benefits are being paid. A daily benefit, benefit period, and elimination period were selected at issue.

At issue, the insured may have had the option to choose one of the following inflation options, the availability of which varied by policy form: simple inflation for life, simple inflation for 20 years, or compound inflation. The two simple inflation options provide for benefit levels that increase on each anniversary date by 5% of the daily benefit amount chosen at issue for either the life of the insured or 20 years depending on the option chosen. The compound inflation option provides for benefit levels that increase on each anniversary date by 5% compounded annually for the life of the insured. These automatic increasing benefits apply even when the insured is in claim status. For Series 11 Group forms, the insured may have also had the option of a guaranteed purchase option. Under this option, the insured can purchase additional coverage amounts of 5% per year without additional underwriting.

The available choices for benefit period, elimination period, and inflation option are shown in Section 21.

At issue the insured may have had the option of selecting riders that provide the following types of coverage: nonforfeiture, restoration of benefits, return of premium, shortened benefit period, spousal benefit transfer, survivorship benefit, or monthly home health care benefit. The insured may have had the option to select a lifetime, ten-year, or twenty-year premium payment option.

A contingent benefit upon lapse (CBUL) will be available to all insureds at the time of the rate increase.

4. Renewability

These policies are guaranteed renewable for life.

5. Applicability

This rate increase applies to all policies issued on the above-listed form(s) in this jurisdiction. The rate changes will apply to the premium of the base form and all applicable options and riders associated with the base form.

6. Actuarial Assumptions

The following assumptions are used to project the experience shown in this filing.

- a. Morbidity reflects claim costs developed using the 2014 Milliman *Long-Term Care Guidelines (Guidelines)* with adjustments for underwriting selection, an all-lives exposure basis, and three years of retrospective improvement to bring the *Guidelines* forward to 2017. The claim costs were further adjusted based on historical claim experience by policy form cohort, attained age, duration,

BLUE CROSS OF NORTHEASTERN PENNSYLVANIA
Address: 19 N Main St, Wilkes-Barre, Pennsylvania 18711

Series 11 and Prior Actuarial Memorandum

August 15, 2018

individual vs. group, payment type, and coverage type, to the extent credible. These adjustment factors can be found in Exhibit A-4a of Appendix A to this memorandum.

- b. Mortality Rates reflect the 1994 Group Annuitant Mortality (GAM) Static gender-distinct table with retrospective improvement applied to bring this table forward to 2017. These mortality rates are further adjusted based on historical mortality experience by individual/group, issue age band, and duration as shown in the following tables.

Mortality Durational Adjustment Factors for Individual Business												
Duration*	Issue Age											
	<25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75+
1	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	20%
2	35	35	35	35	35	35	35	35	35	35	35	30
3	40	40	40	40	40	40	40	40	40	40	40	45
4	43	43	43	43	43	43	43	43	44	45	45	50
5	46	46	46	46	46	46	46	46	48	50	50	55
6	49	49	49	49	49	49	49	49	52	55	55	60
7	52	52	52	52	52	52	52	52	56	60	60	65
8	55	55	55	55	55	55	55	55	60	65	65	70
9	56	56	56	56	56	56	56	56	61	68	69	76
10	57	57	57	57	57	57	57	57	62	71	73	82
11	58	58	58	58	58	58	58	58	63	74	77	88
12	59	59	59	59	59	59	59	59	64	77	81	94
13	60	60	60	60	60	60	60	60	65	80	85	100
14	62	62	62	62	62	62	62	62	69	82	88	101
15	64	64	64	64	64	64	64	64	73	84	91	102
16	66	66	66	66	66	66	66	66	77	86	94	103
17	68	68	68	68	68	68	68	68	81	88	97	104
18	70	70	70	70	70	70	70	70	85	90	100	105
23	70	70	70	70	70	70	70	85	90	100	105	105
28	70	70	70	70	70	70	85	90	100	105	105	105
33	70	70	70	70	70	85	90	100	105	105	105	105
38	70	70	70	70	85	90	100	105	105	105	105	105
43	70	70	70	85	90	100	105	105	105	105	105	105
48	70	70	85	90	100	105	105	105	105	105	105	105
53	70	85	90	100	105	105	105	105	105	105	105	105
58	85	90	100	105	105	105	105	105	105	105	105	105
63	90	100	105	105	105	105	105	105	105	105	105	105
68	100	105	105	105	105	105	105	105	105	105	105	105
73+	105	105	105	105	105	105	105	105	105	105	105	105

* The assumption varies by duration for 18+, but is shown every five years for display purposes.

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Mortality Durational Adjustment Factors for Group Business												
Duration*	Issue Age											
	<25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75+
1	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	40%
2	70	70	70	70	70	70	70	70	70	70	70	60
3	80	80	80	80	80	80	80	80	80	80	80	90
4	86	86	86	86	86	86	86	86	88	90	90	100
5	92	92	92	92	92	92	92	92	96	100	100	105
6	83	83	83	83	83	83	83	83	88	94	94	102
7	83	83	83	83	83	83	83	83	90	96	96	104
8	83	83	83	83	83	83	83	83	90	98	98	105
9	81	81	81	81	81	81	81	81	88	98	99	105
10	79	79	79	79	79	79	79	79	86	98	101	105
11	77	77	77	77	77	77	77	77	83	98	102	105
12	74	74	74	74	74	74	74	74	81	97	102	105
13	72	72	72	72	72	72	72	72	78	96	102	105
14	74	74	74	74	74	74	74	74	82	98	105	105
15	76	76	76	76	76	76	76	76	86	99	105	105
16	77	77	77	77	77	77	77	77	90	101	105	105
17	79	79	79	79	79	79	79	79	94	102	105	105
18	81	81	81	81	81	81	81	81	98	104	105	105
23	77	77	77	77	77	77	77	94	99	105	105	105
28	74	74	74	74	74	74	89	95	105	105	105	105
33	70	70	70	70	70	85	90	100	105	105	105	105
38	70	70	70	70	85	90	100	105	105	105	105	105
43	70	70	70	85	90	100	105	105	105	105	105	105
48	70	70	85	90	100	105	105	105	105	105	105	105
53	70	85	90	100	105	105	105	105	105	105	105	105
58	85	90	100	105	105	105	105	105	105	105	105	105
63	90	100	105	105	105	105	105	105	105	105	105	105
68	100	105	105	105	105	105	105	105	105	105	105	105
73+	105	105	105	105	105	105	105	105	105	105	105	105

* The assumption varies by duration for 18+, but is shown every five years for display purposes.

- c. Voluntary Lapse Rates vary by policy duration, policy form cohort, and premium payment option. The lifetime-pay voluntary lapse rates are shown in the table below.

Duration	Prior to Series 11	Series 11 Individual	Series 11 Group
1	16.50%	8.50%	6.50%
2	8.50	4.00	6.00
3	5.00	2.75	4.00
4	3.50	2.00	3.50
5	2.00	1.50	3.00
6	1.50	1.25	2.50
7	1.50	1.25	2.00
8	1.50	1.00	1.50
9	1.50	0.75	1.30
10+	1.00	0.60	1.30

The voluntary lapse rates in the above table were adjusted based on the following criteria for the limited-pay options:

- For the ten-pay option, a reduction of 65% of the above lapse rates is assumed for durations one through four, a reduction of 70% of the above lapse rates is assumed for durations five through eight, and 0% lapse thereafter.

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- For the twenty-pay option, a reduction of 50% of the above lapse rates is assumed for durations one through eight, a reduction of 75% of the above lapse rates is assumed for durations nine through fifteen, and 0% lapse thereafter.
- d. Benefit Expiry Rates reflect assumed policy termination due to exhaustion of benefits on limited benefit period policies. The rates are based on the *Guidelines* with adjustments for historical benefit expiry experience and vary by gender, benefit period, and attained age as shown in the following table.

Gender	Benefit Period in Years	Attained Age*										
		<65	65	70	75	80	85	90	95	100	105	110+
Female	1	0.0%	0.1%	0.1%	0.3%	0.7%	2.5%	6.1%	10.7%	13.4%	16.7%	33.0%
	2	0.0	0.0	0.1	0.2	0.5	1.6	4.5	8.7	11.7	16.3	33.0
	3	0.0	0.0	0.1	0.1	0.4	1.2	3.4	6.9	9.7	15.0	33.0
	4	0.0	0.0	0.0	0.1	0.3	1.0	2.5	5.0	7.8	13.2	33.0
	5	0.0	0.0	0.0	0.1	0.2	0.7	1.7	3.8	6.3	11.2	33.0
	Unlimited	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Male	1	0.0	0.0	0.1	0.2	0.5	1.5	3.9	6.3	7.8	9.4	33.0
	2	0.0	0.0	0.1	0.1	0.3	1.0	2.5	4.3	5.4	7.3	33.0
	3	0.0	0.0	0.1	0.1	0.2	0.7	1.7	3.0	4.0	5.8	33.0
	4	0.0	0.0	0.0	0.1	0.1	0.4	1.1	2.0	2.8	4.6	33.0
	5	0.0	0.0	0.0	0.0	0.1	0.3	0.8	1.5	2.3	3.6	33.0
	Unlimited	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

* The assumption varies by attained age, but is shown every five years for display purposes.

- e. Policyholder Behavior Due to the Rate Increase. At the time of a rate increase, insureds have the option to elect a CBUL or reduced benefit options (RBO). An increase in morbidity for adverse selection due to the rate increase based on the percentage of policies that elect CBUL and RBO is assumed.

Insureds who elect a CBUL are modeled as a lapse (i.e., the CBUL benefit is not modeled), which results in a slightly lower lifetime loss ratio than if the CBUL benefit had been modeled. The following table provides the CBUL and RBO election rates, reduction to premiums and benefits due to the impact of RBO elections, and increase in morbidity for lifetime-pay policies based on the varying cumulative rate increase levels. Limited-pay policies are assumed to not elect CBUL or RBO.

Policyholder Behavior Assumptions^[1]

Benefit Period	CBUL Election Rate	RBO Election Rate	Approximate Reduction for RBO	Morbidity Increase for Adverse Selection
Non-Lifetime	11%	20%	13%	5.5%
Lifetime	12	25	21	6.5

[1] The values shown are based on the average cumulative amounts found in Section 2. The assumption is applied on a seriatim basis and prorated for the requested increase needed to achieve the cumulative amounts in Section 2.

- f. Interest Rate consistent with the maximum valuation interest rate applicable to the year of issue (ranges from 3.5% to 5.5% and averages 4.3%) is used to demonstrate compliance with the minimum loss ratio requirements.

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- g. Annual Improvement in the mortality and morbidity assumptions is assumed for 15 years starting in 2018. Annual mortality improvement factors vary by attained age based on the G2 improvement scale from the 2012 Individual Annuity Mortality table. Annual morbidity improvement is assumed to be 1.0%.
- h. Expenses have not been explicitly projected. Originally filed expense assumptions are assumed to remain appropriate, except that reductions are made to the renewal commission rates so that the total commissions paid before and after any increase in premium are similar (i.e., commissions are not paid on the increased premium).

The above assumptions are based on the experience of the above-listed policy form(s) and similar forms issued by MedAmerica and its affinity partners and, where appropriate, other similar business, industry experience, and actuarial judgment. The above assumptions are deemed reasonable for the particular policy form(s) in this filing and are considered "most likely" (without explicit margin).

In establishing the assumptions described in this section, the policy design, underwriting, and claims adjudication practices for the above-referenced policy form(s) were taken into consideration. Appendix A to this memorandum provides a description of the development of and justification for the assumptions used in this filing.

The company is not currently marketing long-term care products. As a result, the requirement to reflect on any assumptions that deviate from those used for pricing other forms currently available for sale is not applicable.

7. Marketing Method

Agents and brokers of the company marketed these products.

8. Underwriting Description

Policies on the individual forms were fully underwritten.

On the group forms, actively at work employees were subject to short form underwriting. All others were subject to full underwriting.

Groups of at least 500 employees were eligible to elect modified guaranteed issue underwriting for those actively at work. If the employer agreed to contribute 100% of premium for a base plan for a minimum of three years, no underwriting was required for those actively at work.

For both individual and group business, the company used various underwriting tools in addition to the application, which may have included medical records, an attending physician's statement, telephone interview, and/or face-to-face assessment.

9. Premiums

Premiums are unisex and payable for life unless the insured selected a ten-year or twenty-year premium payment option. The premiums may vary by policy form, issue age, elimination period, benefit period, initial daily benefit, inflation option, premium payment option, underwriting class, joint/group discounts, home care percentage, copayment option, marital status at issue, and the selection of any riders.

10. Issue Age Range

Issue ages are from 18 to 85.

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11. Area Factors

Area factors are not used for these products.

12. Premium Modalization Rules

The following modal factors and percent distributions (based on the nationwide in-force count as of December 31, 2017) are applied to the annual premium (AP):

Premium Mode	Modal Factors	Percent Distribution
Annual	1.00*AP	45%
Semi-Annual	0.52*AP	4
Quarterly	0.26*AP	29
Monthly	0.09*AP	22

13. Reserves

Active life reserves and reserves for the election of a CBUL have not been used in the experience exhibits for this rate increase analysis. Claim reserves as of December 31, 2017 have been discounted to the incurral date of each respective claim and included in historical incurred claims. An incurred but not reported (IBNR) reserve balance as of December 31, 2017 has been allocated to the 2017 calendar year and included in historical incurred claims.

14. Trend Assumptions

As this is not medical insurance, an explicit medical cost trend is not included in the projections.

15. Demonstration of Satisfaction of Loss Ratio Requirements

This filing uses pooled nationwide experience of the above-listed form(s) and similar individual and group policy forms issued nationwide by MedAmerica and its affinity partners. The pooled experience is appropriate to increase credibility and allow for a uniform rate increase request across similar business. Applying a uniform rate increase to the pool of forms maintains the original pricing relationships of the product design and differences between individual and group business.

Further, pooling experience is appropriate because the products issued are identical, the marketing and distribution employed is similar, and the same company (MedAmerica) administers and manages the entire block (including underwriting and claims handling). MedAmerica has 50% to 100% of the risk of the affinity partner forms via reinsurance arrangements with each affinity partner.

Exhibit I provides actual and projected experience using current assumptions. Actual experience is provided from inception through 2017 and then projected on a seriatim basis for 60 years using the current assumptions described above in Section 6. The actual and projected experience is based on nationwide premiums that reflect prior rate increases filed for use between 2010 and April 2018, which average 64% across all jurisdictions. The after increase projected experience reflects the additional increase needed to achieve the cumulative increases shown in Section 2 on a seriatim basis.

Values in Exhibit I are shown (a) before and (b) after the nationwide requested rate increase. Included are calendar year earned premiums, incurred claims, end of year lives, annual loss ratios, and cumulative loss ratios. As shown in Exhibit I-b, the anticipated lifetime loss ratio with the nationwide requested rate increase exceeds the minimum loss ratio required by pre-rate stability regulation.

The following table demonstrates that the lifetime loss ratios by policy form cohort and benefit period exceed the minimum loss ratio required by pre-rate stability regulation. The final row corresponds to that shown in Exhibit I.

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**Lifetime Loss Ratios at the Maximum Valuation
Interest Rate by Policy Form Cohort and Benefit Period**

Policy Form Cohort	Benefit Period	Before Increase	After Increase
Prior to Series 11	All	103%	98%
Series 11 Individual	All	124	105
Series 11 Group	All	103	91
All	Non-Lifetime	96	87
All	Lifetime	161	132
All	All	113	100

Exhibit II provides a demonstration that the nationwide requested rate increase meets the 58%/85% test required by post-rate stability regulation. This exhibit shows that the sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times 58%,
2. 85% of the accumulated value of prior premium rate schedule increases,
3. Present value of projected initial earned premium times 58%, and
4. 85% of the present value of projected premium in excess of the projected initial earned premium.

The projected incurred claims in Exhibit II were increased by 15% from the current assumptions described in Section 6 to reflect assumptions that include moderately adverse conditions.

The following table demonstrates that the 58%/85% test is passed by policy form cohort and benefit period. The 'All' row corresponds to that shown in Exhibit II. Values in the table are shown in millions of dollars.

58%/85% Test by Policy Form Cohort and Benefit Period

Policy Form Cohort	Benefit Period	Item 5^[1]	Item 7^[2]	Result^[3]
Prior to Series 11	All	\$148.5	\$256.7	Pass
Series 11 Individual	All	322.9	585.2	Pass
Series 11 Group	All	138.8	216.0	Pass
All	Non-Lifetime	431.0	655.9	Pass
All	Lifetime	179.2	402.0	Pass
All	All	610.2	1,057.9	Pass

[1] Item 5 is the Lifetime Earned Premium Times Prescribed Factor.

[2] Item 7 is Lifetime Incurred Claims with Rate Increase.

[3] Test of whether Item 7 is not less than Item 5.

16. Actual-to-Expected Experience

The following table provides a comparison of actual and projected experience using current assumptions to that expected using original pricing assumptions. Values in the following table are shown (a) before and (b) after the nationwide requested rate increase.

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Actual and Expected Loss Ratios by Policy Form Cohort and Benefit Period

Policy Form Cohort	Benefit Period	Lifetime Loss Ratio			Actual-to-Expected	
		Before Increase	After Increase	Expected	Before Increase	After Increase
Prior to Series 11	All	98%	93%	66%	1.49	1.42
Series 11 Individual	All	115	98	58	1.97	1.69
Series 11 Group	All	91	81	70	1.31	1.16
All	Non-Lifetime	88	81	64	1.39	1.27
All	Lifetime	150	124	60	2.51	2.08
All	All	105	93	63	1.68	1.49

Actual and projected experience in the above table is identical to that described in Exhibit I, except uses the current most-likely interest rate assumption of 5.00%. This rate represents MedAmerica's expectation of its long-term investment earnings rate, which is supported by the average net investment earnings rate projected for MedAmerica's cash flow testing.

Expected experience uses the actual policies sold and projects from issue on a seriatim basis using the original pricing assumptions.

Exhibit III provides a comparison of the current and original pricing assumptions that underlie the actual and expected experience described above.

17. History of Previous Rate Revisions

Please see the enclosed cover letter, which provides the jurisdiction-specific average prior rate increase and rate history for the above-listed form(s).

Nationwide, there have been two prior rate increase requests on this block of business, which began in December 2009. Departments of insurance filed these increases for use between 2010 and 2017. As the goal of achieving similar cumulative rate increases across all jurisdictions is ongoing, additional increases have also been filed for use in 2018. On average, a cumulative increase of 64% has been filed for use on this block of business.

18. Analysis Performed to Consider a Rate Increase

The experience table in Section 16 above demonstrates that experience has been more adverse from that expected using original pricing assumptions as the A:E loss ratios exceeds 1.0. The adverse experience is due to a combination of higher persistency and lower interest.

The following table provides a comparison of actual and projected nationwide experience to that expected in pricing with respect to morbidity, mortality, lapse (combination of voluntary lapse and benefit expiry), interest, and improvement. The current and original pricing assumptions are provided in Exhibit III. Please note that to isolate the impact of each changed assumption from pricing, the experience in the table below has been restated to reflect no prior rate increases.

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Impact of Changing from Pricing to Current Assumptions

Scenario	Lifetime Loss Ratio (LLR)	Incremental Impact on the LLR^[1]	Increase Needed^[2]
Original pricing assumptions	63%	N/A	N/A
Historical experience through 2017 & projections with pricing assumptions	71	14%	180%
Historical experience through 2017 & projections with pricing assumptions except for current:			
Interest	92	29	265
Interest, lapse	97	5	41
Interest, lapse, mortality	123	28	198
Interest, lapse, mortality, morbidity	124	0	2
Interest, lapse, mortality, morbidity, improvement	119	-4	-26
Historical experience through 2017 & projections with all current most-likely assumptions ^[3]	119	90	634

[1] Calculated as the ratio of the lifetime loss ratio in a given row to that in the row immediately above it less one.

[2] Shows the rate increase needed to reproduce the lifetime loss ratio in the row immediately above it. Calculated without regard to CBUL, RBO, adverse selection, and higher waiver claims due to the needed rate increase.

[3] This row is calculated in regards to the pricing lifetime loss ratio of 63%.

For the business subject to rate stability regulation, an analysis of the projected loss ratio compared to that assumed at the time of original pricing revealed that experience has unfolded more than moderately adverse and crossed the original pricing threshold for which the company could consider a rate increase. At the time the product was priced, MedAmerica management determined the threshold for future increases would be defined as experience exhibiting deterioration of more than 10% of premium compared to that assumed in pricing. Section 16 demonstrates that the 'All' lifetime loss ratio before the requested rate increase using current assumptions is over 100% and well in excess of this original pricing threshold.

19. Average Annual Premium in Pennsylvania (Based on December 31, 2017 In-Force)

The number of insureds and the corresponding average annual premium that will be affected by this and the identical, concurrent rate increase filing are shown in the table(s) below. The values provided in the table(s) below exclude policies assumed to be paid up prior to implementation of the requested rate increase, and the annualized premium reflects all rate increases filed for use as of April 12, 2018.

Pennsylvania – MedAmerica

Policy Form Cohort	Benefit Period	Number of Insureds	Before Increase Premium	After Requested Increase Premium
Prior to Series 11	Non-Lifetime	111	\$1,774	\$2,499
	Lifetime	15	3,469	8,298
	Total	126	1,975	3,189
Series 11 Individual	Non-Lifetime	76	2,723	3,836
	Lifetime	32	3,475	8,313
	Total	108	2,946	5,163
Series 11 Group	Non-Lifetime	67	1,663	2,343
	Lifetime	0	0	0
	Total	67	1,663	2,343
Total	Non-Lifetime	254	2,028	2,858
	Lifetime	47	3,473	8,308
	Total	301	2,254	3,709

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Pennsylvania – Blue Cross of Northeastern Pennsylvania

Policy Form Cohort	Benefit Period	Number of Insureds	Before Increase Premium	After Requested Increase Premium
Series 11 Individual	Non-Lifetime	96	\$2,034	\$2,865
	Lifetime	1	5,301	12,681
	Total	97	2,067	2,967
Series 11 Group	Non-Lifetime	10	885	1,246
	Lifetime	0	0	0
	Total	10	885	1,246
Total	Non-Lifetime	106	1,925	2,713
	Lifetime	1	5,301	12,681
	Total	107	1,957	2,806

20. Proposed Effective Date

This rate increase will apply to policies on their next premium payment date following at least a 60-day policyholder notification period following being filed for use by the department of insurance, but no sooner than 12 months after the prior rate increase was effective.

21. Distribution of Business as of December 31, 2017 (Based on Nationwide In-Force Insured Count)

Issue Ages	Percent Distribution
<40	8%
40-44	7
45-49	11
50-54	17
55-59	21
60-64	18
65-69	11
70-74	6
75+	1

Elimination Period	Percent Distribution
0-Day	4%
20-Day	21
30-Day	<1
60-Day	6
90-Day	53
100-Day	5
180-Day	10
365-Day	<1

Benefit Period	Percent Distribution
1-Year	<1%
2-Year	17
3-Year	39
4-Year	8
5-Year	18
Lifetime	18

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Inflation Option	Percent Distribution
None	40%
Simple for Life	3
Compound for Life	38
Simple for 20 Years	19
GPO	<1

Premium Payment Option	Percent Distribution
Ten-Pay	14%
Twenty-Pay	10
Lifetime-Pay	76

Coverage Type	Percent Distribution
Facility Only	11%
Comprehensive	88
Home Health Only	1

22. Number of Insureds and Annualized Premium (Based on December 31, 2017 In-Force)

The number of insureds and annualized premium that will be affected by this and the identical, concurrent rate increase filing are shown in the tables below. The values provided in the tables below exclude policies assumed to be paid up prior to implementation of the requested rate increase, and the annualized premium reflects all rate increases filed for use as of April 12, 2018.

Pennsylvania – MedAmerica

Policy Form Cohort	Benefit Period	Number of Insureds	Annualized Premium
Prior to Series 11	Non-Lifetime	111	\$196,859
	Lifetime	15	52,031
	Total	126	248,890
Series 11 Individual	Non-Lifetime	76	206,931
	Lifetime	32	111,204
	Total	108	318,135
Series 11 Group	Non-Lifetime	67	111,402
	Lifetime	0	0
	Total	67	111,402
Total	Non-Lifetime	254	515,192
	Lifetime	47	163,235
	Total	301	678,427

Pennsylvania – Blue Cross of Northeastern Pennsylvania

Policy Form Cohort	Benefit Period	Number of Insureds	Annualized Premium
Series 11 Individual	Non-Lifetime	96	\$195,242
	Lifetime	1	5,301
	Total	97	200,543
Series 11 Group	Non-Lifetime	10	8,847
	Lifetime	0	0
	Total	10	8,847
Total	Non-Lifetime	106	204,089
	Lifetime	1	5,301
	Total	107	209,390

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Nationwide

Policy Form Cohort	Benefit Period	Number of Insureds	Annualized Premium
Prior to Series 11	Non-Lifetime	855	\$1,882,265
	Lifetime	401	1,054,068
	Total	1,256	2,936,333
Series 11 Individual	Non-Lifetime	5,095	8,845,290
	Lifetime	1,713	4,713,899
	Total	6,808	13,559,189
Series 11 Group	Non-Lifetime	5,149	7,885,909
	Lifetime	73	179,276
	Total	5,222	8,065,185
Total	Non-Lifetime	11,099	18,613,464
	Lifetime	2,187	5,947,243
	Total	13,286	24,560,707

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23. Actuarial Certification

I am a Principal and Consulting Actuary for Milliman, Inc. and retained by MedAmerica to render an opinion with regard to long-term care insurance rates. I am a member of the American Academy of Actuaries. I meet the Academy's qualification standards to render this actuarial opinion and am familiar with the requirements for filing long-term care insurance premiums and rate increases.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including Actuarial Standards of Practice No. 8, "Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits" and 18, "Long-Term Care Insurance".

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of this jurisdiction and the rules of this department of insurance.

In my opinion, the rates are not excessive or unfairly discriminatory, and bear reasonable relationship to the benefits based on the loss ratio standards of this jurisdiction.

This filing will enhance premium adequacy, but may not be sufficient to prevent future rate action. Additional rate increases are needed to certify that rates will remain stable under moderately adverse conditions.

In forming my opinion, I have used actuarial assumptions and actuarial methods (which gave consideration to policy design, underwriting, and claim adjudication) and such tests of the actuarial calculations as I considered necessary. Based on these assumptions, or statutory requirements where necessary, this premium rate filing is in compliance with the loss ratio standards of this jurisdiction.

I have relied on data and information provided by MedAmerica to develop this memorandum, including but not limited to management's view of when a rate change may be considered, policy design, underwriting and claim adjudication process, seriatim in-force data, claim data, and the company's long-term earnings rate. I have not audited or independently verified the data and information provided, but have reviewed it for reasonableness.

The basis for contract reserves has been previously filed and there is no anticipation of any changes.



Missy Gordon, FSA, MAAA
Principal and Consulting Actuary

Date: August 15, 2018

**Exhibit I-a
MedAmerica and Affinity Partners
Actual and Projected Experience by Calendar Year
Nationwide Experience Before Requested Rate Increase
Series 11 and Prior Policy Forms**

	Calendar Year	Actual or Projected Experience using Current Assumptions				Cumulative LR with Interest
		A Earned Premium	B Incurred Claims	C = B / A Incurred Loss Ratio	D End of Year Lives	E Actual (Column C) with Max. Val. Interest
Historical Experience	1992	17,324	0	0%	111	0%
	1993	557,528	112,935	20%	634	19%
	1994	1,500,482	28,746	2%	1,376	7%
	1995	2,485,029	109,652	4%	1,943	6%
	1996	3,462,207	134,262	4%	2,687	5%
	1997	4,391,783	264,541	6%	3,003	5%
	1998	5,340,763	631,867	12%	3,664	7%
	1999	6,825,955	1,469,714	22%	4,763	11%
	2000	8,935,626	1,172,992	13%	6,197	11%
	2001	11,902,742	2,210,887	19%	8,449	13%
	2002	16,096,324	4,269,807	27%	11,471	16%
	2003	21,497,993	3,540,618	16%	17,712	16%
	2004	27,113,898	6,347,428	23%	19,115	18%
	2005	28,578,579	6,751,292	24%	20,244	19%
	2006	28,839,355	7,395,470	26%	20,095	20%
	2007	28,383,387	10,644,803	38%	20,145	22%
	2008	27,838,059	8,302,139	30%	19,941	23%
2009	26,881,880	11,107,735	41%	19,480	24%	
2010	25,543,217	15,851,176	62%	18,490	27%	
2011	24,605,324	14,100,771	57%	17,662	29%	
2012	25,238,498	16,193,346	64%	17,589	31%	
2013	24,380,172	14,635,134	60%	17,254	33%	
2014	22,501,372	23,851,886	106%	16,796	36%	
2015	21,535,035	24,822,983	115%	16,188	39%	
2016	21,200,216	22,803,799	108%	15,979	41%	
2017	20,290,067	24,920,645	123%	15,486	44%	
Projected Future Experience (60 Years)	2018	20,160,101	23,437,745	116%	14,591	46%
	2019	20,409,564	24,519,507	120%	14,074	48%
	2020	20,280,014	25,947,839	128%	13,589	50%
	2021	19,511,160	27,458,679	141%	13,103	52%
	2022	18,478,095	29,023,103	157%	12,617	54%
	2023	17,235,027	30,574,267	177%	12,132	56%
	2024	16,001,079	32,186,531	201%	11,649	58%
	2025	14,960,197	33,746,050	226%	11,167	60%
	2026	13,997,487	35,318,229	252%	10,687	63%
	2027	13,097,004	36,915,618	282%	10,210	65%
	2028	12,169,960	38,493,952	316%	9,737	67%
	2029	11,337,776	40,050,776	353%	9,269	70%
	2030	10,539,591	41,549,905	394%	8,806	72%
	2031	9,772,280	42,944,911	439%	8,350	74%
	2032	9,035,048	44,180,071	489%	7,900	77%
	2033	8,329,513	45,499,037	546%	7,458	79%
	2034	7,653,677	46,871,039	612%	7,022	81%
	2035	7,007,189	48,086,821	686%	6,593	84%
	2036	6,390,910	48,984,238	766%	6,173	86%
	2037	5,805,860	49,641,116	855%	5,762	88%
	2038	5,252,740	49,951,719	951%	5,362	90%
	2039	4,732,129	49,936,198	1,055%	4,974	92%
	2040	4,244,382	49,556,133	1,168%	4,600	94%
	2041	3,789,925	48,805,734	1,288%	4,240	96%
	2042	3,369,174	47,677,195	1,415%	3,897	98%
	2043	2,981,852	46,247,223	1,551%	3,571	99%
	2044	2,627,355	44,626,890	1,699%	3,263	101%
2045	2,304,637	42,794,267	1,857%	2,973	102%	
2046	2,012,700	40,800,636	2,027%	2,702	104%	
2047	1,750,230	38,606,295	2,206%	2,450	105%	
2048-2052	5,729,232	157,780,238	2,754%	9,105	109%	
2053-2057	2,572,498	101,166,015	3,933%	5,318	112%	
2058-2062	1,086,882	58,328,449	5,367%	3,008	113%	
2063-2067	437,018	31,208,982	7,141%	1,591	113%	
2068-2072	166,355	14,977,982	9,004%	736	113%	
2073-2077	60,394	6,593,432	10,917%	277	113%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	676,463,033	295,592,596	44%
Future	207,442,993	707,218,337	341%
Lifetime	883,906,026	1,002,810,933	113%

**Exhibit I-b
MedAmerica and Affinity Partners
Actual and Projected Experience by Calendar Year
Nationwide Experience After Requested Rate Increase
Series 11 and Prior Policy Forms**

	Calendar Year	Actual or Projected Experience using Current Assumptions				Cumulative LR with Interest
		A Earned Premium	B Incurred Claims	C = B / A Incurred Loss Ratio	D End of Year Lives	E Actual (Column C) with Max. Val. Interest
Historical Experience	1992	17,324	0	0%	111	0%
	1993	557,528	112,935	20%	634	19%
	1994	1,500,482	28,746	2%	1,376	7%
	1995	2,485,029	109,652	4%	1,943	6%
	1996	3,462,207	134,262	4%	2,687	5%
	1997	4,391,783	264,541	6%	3,003	5%
	1998	5,340,763	631,867	12%	3,664	7%
	1999	6,825,955	1,469,714	22%	4,763	11%
	2000	8,935,626	1,172,992	13%	6,197	11%
	2001	11,902,742	2,210,887	19%	8,449	13%
	2002	16,096,324	4,269,807	27%	11,471	16%
	2003	21,497,993	3,540,618	16%	17,712	16%
	2004	27,113,898	6,347,428	23%	19,115	18%
	2005	28,578,579	6,751,292	24%	20,244	19%
	2006	28,839,355	7,395,470	26%	20,095	20%
	2007	28,383,387	10,644,803	38%	20,145	22%
	2008	27,838,059	8,302,139	30%	19,941	23%
2009	26,881,880	11,107,735	41%	19,480	24%	
2010	25,543,217	15,851,176	62%	18,490	27%	
2011	24,605,324	14,100,771	57%	17,662	29%	
2012	25,238,498	16,193,346	64%	17,589	31%	
2013	24,380,172	14,635,134	60%	17,254	33%	
2014	22,501,372	23,851,886	106%	16,796	36%	
2015	21,535,035	24,822,983	115%	16,188	39%	
2016	21,200,216	22,803,799	108%	15,979	41%	
2017	20,290,067	24,920,645	123%	15,486	44%	
Projected Future Experience (60 Years)	2018	20,160,101	23,437,745	116%	14,591	46%
	2019	23,940,291	23,836,189	100%	13,538	47%
	2020	27,226,638	24,345,168	89%	12,921	49%
	2021	27,446,759	25,633,115	93%	12,403	50%
	2022	26,662,533	26,999,149	101%	11,937	52%
	2023	24,891,098	28,397,202	114%	11,485	53%
	2024	23,073,543	29,863,010	129%	11,034	55%
	2025	21,562,554	31,288,551	145%	10,585	56%
	2026	20,164,124	32,734,152	162%	10,137	58%
	2027	18,849,598	34,208,980	181%	9,691	60%
	2028	17,491,936	35,672,675	204%	9,249	62%
	2029	16,276,327	37,124,754	228%	8,811	63%
	2030	15,110,600	38,533,648	255%	8,378	65%
	2031	13,990,305	39,855,468	285%	7,950	67%
	2032	12,914,476	41,035,606	318%	7,528	69%
	2033	11,885,784	42,302,158	356%	7,113	71%
	2034	10,901,426	43,623,147	400%	6,703	73%
	2035	9,961,176	44,805,033	450%	6,299	75%
	2036	9,066,553	45,696,313	504%	5,902	77%
	2037	8,218,997	46,364,725	564%	5,514	78%
	2038	7,419,435	46,710,600	630%	5,136	80%
	2039	6,668,635	46,751,367	701%	4,768	82%
	2040	5,966,935	46,446,529	778%	4,413	84%
	2041	5,314,804	45,791,886	862%	4,072	85%
	2042	4,712,524	44,776,689	950%	3,746	87%
	2043	4,159,472	43,476,736	1,045%	3,435	88%
	2044	3,654,613	41,994,709	1,149%	3,142	89%
2045	3,196,271	40,307,806	1,261%	2,865	91%	
2046	2,782,780	38,461,398	1,382%	2,606	92%	
2047	2,412,014	36,414,550	1,510%	2,365	93%	
2048-2052	7,819,761	149,015,565	1,906%	8,808	96%	
2053-2057	3,440,166	95,678,209	2,781%	5,165	98%	
2058-2062	1,419,019	55,182,238	3,889%	2,932	99%	
2063-2067	555,906	29,587,701	5,322%	1,555	100%	
2068-2072	206,207	14,241,293	6,906%	720	100%	
2073-2077	73,271	6,275,070	8,564%	271	100%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	676,463,033	295,592,596	44%
Future	281,100,696	662,874,765	236%
Lifetime	957,563,729	958,467,361	100%

Exhibit II
Demonstration that the Requested Cumulative Rate Increase Passes the 58%/85% Loss Ratio Minimum
MedAmerica and Affinity Partners' Nationwide Experience with Prior Approved Increases
Series 11 and Prior Policy Forms

1	Accumulated value of initial earned premium	646,425,805	x	58%	=	374,926,967
2a	Accumulated value of earned premium	676,463,033				
2b	Accumulated value of prior premium rate schedule increases (2a - 1)	30,037,228	x	85%	=	25,531,644
3	Present value of future projected initial earned premium	108,296,977	x	58%	=	62,812,246
4a	Present value of future projected premium	281,100,696				
4b	Present value of future projected premium in excess of the projected initial earned premiums (4a - 3)	172,803,719	x	85%	=	146,883,161
5	Lifetime Earned Premium Times Prescribed Factor: Sum of 1, 2b, 3, and 4b					610,154,018
6a	Accumulated value of incurred claims without the inclusion of active life reserves					295,592,596
6b	Present value of future projected incurred claims without the inclusion of active life reserves					762,305,980
7	Lifetime Incurred Claims with Rate Increase: Sum 6a and 6b					1,057,898,576
8	Test: 7 is not less than 5					Pass
<p><i>All values are accumulated or discounted at the maximum valuation interest rate for contract reserves applicable for the year of issue, which ranges from 3.5% to 5.5%.</i></p> <p><i>Future projected initial earned premium schedule (i.e., without the requested rate increase) reflects the assumed impact of CBUL and RBO.</i></p> <p><i>The future projected incurred claims (item 6b) were increased by 15% to reflect assumptions with moderately adverse experience.</i></p>						

**Exhibit III
MedAmerica and Affinity Partners
Comparison of Current and Original Pricing Assumptions**

		Morbidity
Current Assumptions	Series 11 and Prior	Expected claim costs are developed using the 2014 Milliman <i>Long-Term Care Guidelines (Guidelines)</i> with adjustments for underwriting selection, all-lives exposure basis, and three years of retrospective improvement to bring the <i>Guidelines</i> forward to 2017. The claim costs were further adjusted based on historical claim experience by policy form cohort, attained age, duration, individual vs. group, payment type, and coverage type, to the extent credible. These adjustment factors can be found in Exhibit A-4a of Appendix A of the actuarial memorandum.
Original Assumptions	Prior to Series 11	For Series 5, the original pricing expected nursing home incidence rates and continuance tables were developed from a number of sources, but primarily using data published by the Connecticut Department of Health Services. The 1985 National Nursing Home Survey was also used. Selected frequencies were adjusted up for up to the first 12 years following issue to reflect the favorable morbidity expected as a result of the underwriting process. Frequency and length of treatment of the home care and adult day care benefit were based on the 1982 National Long-Term Care Survey. They are adjusted to reflect the effects of elimination periods, policy maximums, and eligibility standards. For Series 8 and 9, the Institutional Benefit rates were developed using source data from the 1977 and 1985 National Nursing Home Surveys. The Home and Community Benefits were developed using source data from the 1989 National Long-Term Care Survey. Adjustments were made to the source data to reflect the selection effect of underwriting and the non-duplication of benefits with other payment sources.
	Series 11	The original pricing expected nursing home and home care incidence rates and continuance tables were taken from the 1997 <i>Guidelines</i> and adjusted for MedAmerica's experience available at the time this rate schedule was developed relative to the <i>Guidelines</i> . All values were adjusted to reflect the effects of product types, elimination periods, policy maximums, and the eligibility standards.
		Mortality
Current Assumptions	Series 11 and Prior	1994 Group Annuitant Mortality (GAM) Static gender-distinct table with retrospective improvement applied to bring this table forward to 2017. These mortality rates are further adjusted based on historical mortality experience by issue age band and duration. Tables providing these adjustment factors are provided in Section 6 of the actuarial memorandum.
Original Assumptions	Prior to Series 11	Series 5 policy forms used the 1965-70 US Society of Actuaries Basic Mortality Table without selection. Series 8 and Series 9 policy forms used the 1980 Commissioners Standard Ordinary Basic Mortality Tables assuming a gender mix of 60% female and 40% male and without selection.
	Series 11 Individual	1980 Commissioners Standard Ordinary Basic Mortality Table.
	Series 11 Group	Premier Group policy forms use the 1980 Commissioners Standard Ordinary Basic Mortality Table. TNSE policy forms use the 1983 GAM Static table.

**Exhibit III
MedAmerica and Affinity Partners
Comparison of Current and Original Pricing Assumptions**

		Lapse Rates			
		Voluntary lapse rates (excludes benefit expiry) vary by policy duration and policy form cohort.			
Current Assumptions	Series 11 and Prior	Lifetime-Pay Lapse Rates			
		Duration	Prior to Series 11	Series 11 Individual	Series 11 Group
		1	16.50%	8.50%	6.50%
		2	8.50%	4.00%	6.00%
		3	5.00%	2.75%	4.00%
		4	3.50%	2.00%	3.50%
		5	2.00%	1.50%	3.00%
		6	1.50%	1.25%	2.50%
		7	1.50%	1.25%	2.00%
		8	1.50%	1.00%	1.50%
		9	1.50%	0.75%	1.30%
10+	1.00%	0.60%	1.30%		
<p>For the 10-pay option, a reduction of 65% of these lapse rates is assumed for durations 1 to 4, a reduction of 70% of these lapse rates is assumed for durations 5 to 8, and 0% lapse thereafter. For the 20-pay option, a reduction of 50% of these lapse rates is assumed for durations 1 to 8, a reduction of 75% of these lapse rates is assumed for durations 9 to 15, and 0% lapse thereafter.</p>					

**Exhibit III
MedAmerica and Affinity Partners
Comparison of Current and Original Pricing Assumptions**

Original Assumptions

Prior to Series 11

Lapse Rates

Lapse rates vary by policy form series, duration, premium payment option, and issue age.

Series 5 Lapse Rates											
Duration	Issue Age										
	<61	61	62	63	64	65	66	67	68	69	70+
1	20.00%	19.00%	18.00%	17.00%	16.00%	15.00%	14.00%	13.00%	12.00%	11.00%	10.00%
2	15.00%	14.00%	13.00%	12.00%	11.00%	10.00%	9.00%	8.00%	7.00%	6.00%	5.00%
3	10.00%	9.40%	8.80%	8.20%	7.60%	7.00%	6.40%	5.80%	5.20%	4.60%	4.00%
4	8.00%	7.60%	7.20%	6.80%	6.40%	6.00%	5.60%	5.20%	4.80%	4.40%	4.00%
5	6.00%	5.70%	5.40%	5.10%	4.80%	4.50%	4.20%	3.90%	3.60%	3.30%	3.00%
6	5.00%	4.80%	4.60%	4.40%	4.20%	4.00%	3.80%	3.60%	3.40%	3.20%	3.00%
7	5.00%	4.80%	4.60%	4.40%	4.20%	4.00%	3.80%	3.60%	3.40%	3.20%	3.00%
8	5.00%	4.80%	4.60%	4.40%	4.20%	4.00%	3.80%	3.60%	3.40%	3.20%	3.00%
9+	5.00%	4.70%	4.40%	4.10%	3.80%	3.50%	3.20%	2.90%	2.60%	2.30%	2.00%

Series 8 Lapse Rates		
Duration	Issue Age	
	<85	85+
1	15.00%	12.00%
2	10.00%	8.00%
3	8.00%	6.40%
4	6.00%	4.80%
5+	5.00%	4.00%

Series 9 Lapse Rates											
Duration	Issue Age										
	<76	76	77	78	79	80	81	82	83	84	85+
1	15.00%	14.70%	14.40%	14.10%	13.80%	13.50%	13.20%	12.90%	12.60%	12.30%	12.00%
2	10.00%	9.80%	9.60%	9.40%	9.20%	9.00%	8.80%	8.60%	8.40%	8.20%	8.00%
3	8.00%	7.84%	7.68%	7.52%	7.36%	7.20%	7.04%	6.88%	6.72%	6.56%	6.40%
4	6.00%	5.88%	5.76%	5.64%	5.52%	5.40%	5.28%	5.16%	5.04%	4.92%	4.80%
5+	5.00%	4.90%	4.80%	4.70%	4.60%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%

Policy Form Series 8 and 9 issued business under a group trust in a small number of jurisdictions. The original pricing assumptions for claim costs, mortality, and interest did not vary between individual and group trust business but the original pricing voluntary termination rates did. The Series 8 and 9 group trust original pricing voluntary termination rates are shown in the following table

Series 8 and 9 Group Trust										
Duration	Issue Age									
	<25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
1	16.00%	15.00%	13.50%	12.00%	11.00%	10.00%	8.00%	6.00%	4.00%	3.00%
2	11.00%	10.00%	8.50%	7.00%	7.00%	7.00%	5.50%	4.50%	3.50%	3.00%
3	7.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.00%	4.50%	3.00%	2.00%
4	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.50%	3.00%	2.00%
5	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.50%	3.00%	2.00%
6	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.50%	3.00%	2.00%
7+	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

The original pricing voluntary lapse rates were expected to be 0.0% for durations 10 and later for policyholders who selected the 10-pay option.

**Exhibit III
MedAmerica and Affinity Partners
Comparison of Current and Original Pricing Assumptions**

		Lapse Rates						
		Lapse rates vary by duration, premium payment option, and issue age. Lapse rates for the lifetime payment option are provided in the tables below for Series 11 Individual, Premier Group, and TNSE policy forms.						
Original Assumptions	Series 11	Series 11 Individual						
			Lapse Rates by Issue Age					
		Duration	<60	60-64	65-69	70-74	75-79	80+
		1	10.00%	11.00%	12.00%	12.00%	12.00%	12.00%
		2	7.00%	7.00%	7.00%	6.00%	4.00%	2.00%
		3	5.00%	4.00%	3.00%	3.00%	3.00%	2.00%
		4	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%
		5	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		6+	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		Premier Group						
			Lapse Rates by Issue Age					
		Duration	<60	60-64	65-69	70-74	75-79	80+
		1	10.00%	11.00%	12.00%	12.00%	12.00%	12.00%
		2	7.00%	7.00%	7.00%	6.00%	4.00%	2.00%
		3	5.00%	4.00%	3.00%	3.00%	3.00%	2.00%
		4	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%
		5	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		6+	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		TNSE						
	Lapse Rates by Issue Age							
Duration	<60	60-64	65-69	70-79	80+			
1	5.00%	5.00%	5.00%	4.00%	3.00%			
2	5.00%	5.00%	5.00%	4.00%	3.00%			
3	5.00%	4.00%	3.00%	3.00%	3.00%			
4	4.00%	4.00%	3.00%	3.00%	3.00%			
5	4.00%	3.00%	3.00%	3.00%	3.00%			
6+	3.00%	3.00%	3.00%	3.00%	3.00%			
For the 10-pay option, a reduction of 50% of these lapse rates is assumed for durations 1 to 6, and 0% lapse thereafter. For the 20-pay option, a reduction of 50% of these lapse rates is assumed for durations 1 to 13, and 0% lapse thereafter.								

**Exhibit III
MedAmerica and Affinity Partners
Comparison of Current and Original Pricing Assumptions**

		Benefit Expiry Rates
Current Assumptions	Series 11 and Prior	Benefit expiry rates reflect assumed policy termination due to exhaustion of benefits on limited benefit period policies. The rates are based on the <i>Guidelines</i> with adjustments for historical benefit expiry experience and vary by gender, benefit period, and attained age. A table containing the benefit expiry rates is provided in Section 6 of the actuarial memorandum.
Original Assumptions	Series 11 and Prior	Benefit expiry was not separated from the lapse assumption.
		Interest Rate
Current Assumptions	Series 11 and Prior	The current most-likely earnings rate assumption is 5.00%. This rate represents MedAmerica's expectation of its long-term investment earnings rate, which is supported by the average net investment earnings rate projected for MedAmerica's cash flow testing The maximum valuation interest rate applicable to the year of issue ranges from 3.5% to 5.5% and averages 4.3%
Original Assumptions	Prior to Series 11	Series 5 policy forms used an original pricing earnings rate assumption of 7.10% and Series 8 and 9 policy forms used an original pricing earnings rate assumption of 7.50%.
	Series 11 Individual	An original pricing earnings rate assumption of 7.50% was assumed.
	Series 11 Group	Premier Group policy forms used an original pricing earnings rate assumption of 7.50% and TNSE policy forms used an original pricing earnings rate assumption of 6.00%.
		Improvement
Current Assumptions	Series 11 and Prior	Annual improvement in the mortality and morbidity assumptions is assumed for 15 years starting in 2018. Annual mortality improvement factors vary by attained age based on the G2 improvement scale from the 2012 Individual Annuity Mortality table. Annual morbidity improvement is assumed to be 1.0%.
Original Assumptions	Series 11 and Prior	No mortality or morbidity improvement was assumed.

Appendix A Development and Justification of Current Assumptions

Milliman developed the current actuarial assumptions used in this filing.

The persistency and morbidity assumptions were developed using historical experience. Where actual experience had low credibility or did not exist, industry experience and actuarial judgement was also used. The experience used to develop these assumptions includes historical experience of MedAmerica Insurance Company (MAPA); MAPA's two sister companies, MedAmerica Insurance Company of Florida (MAFL) and MedAmerica Insurance Company of New York (MANY) (MAPA, MAFL, and MANY collectively referred to as MedAmerica); and MedAmerica's affinity partners that issued the same products and, where appropriate, other similar business. For persistency, policy termination experience through December 31, 2015 was used. For morbidity, claim experience through June 30, 2016 was used with six months of runout.

Improvement (mortality and morbidity) was developed based on individual annuitant or industry experience, along with actuarial judgment. The rate increase dependent assumptions were developed using historical experience, and actuarial judgement where experience had low credibility or did not exist.

Predictive analytics was used in the development of the morbidity assumption. The persistency assumption utilized traditional techniques and credibility measures.

The rest of this appendix provides details on the development and justification of the current assumptions.

Persistency

The assumptions for mortality and lifetime-pay voluntary lapse were developed based on detailed historical experience through December 31, 2015 for MedAmerica's organic (including affinity partners) and acquired business. For the acquired business, experience prior to acquisition was excluded as it predates MedAmerica's administration of the block. The assumptions for limited-pay voluntary lapse were developed based on experience through March 31, 2015.

The benefit expiry assumption was developed using the 2014 Milliman *Long-Term Care Guidelines (Guidelines)* with adjustments based on MedAmerica's actual benefit expiry experience through December 31, 2015 on its organic business.

Mortality Durational Factors for Individual Policies

Exhibit A-1a supports the individual business mortality assumption and provides the following information for all companies and products (both individual and group) combined, but separately for issue age bands (i) 75 and older, (ii) 70 to 74, (iii) 65 to 69, and (iv) 60 to 64:

- Exposure that reflects a full year of exposure for each death and the length of time a covered life is exposed to the risk of death during the year for each life that does not die.
- Mortality rates for actual, expected, and an additional standard table for comparison. All of these rates were brought forward to 2015 for consistency with the basis of the expected table by applying mortality improvement factors that reflect annual improvement of 0.5% for females and 1.0% for males.

Actual mortality rates equal the number of deaths divided by exposure. The number of deaths includes a scalar to capture improvement between the year of death and 2015. For example, if 10 males died in 2010, then the number of deaths (10) would be multiplied by 5 years of improvement (0.951).

2015GAM mortality rates equal 94GAM with 21 years of improvement, which results in scalars of 90% for females and 81% for males. These are the expected mortality rates to which the factors in Section 6 of the actuarial memorandum are applied.

2015IAM is equal to 2012 Individual Annuity Mortality (2012IAM) Period standard table mortality rates with 3 years of improvement (scalars of 98.5% for females and 97% for males).

- Ratios of actual and standard table mortality rates to the 2015GAM expected (A:E) mortality rates.
- Credibility percentage based on the number of deaths (with improvement scalars described above) and the credibility measure described at the end of this appendix.
- A:E ratio that is credibility weighted with the two standard table options for a complement.
- Smoothed durational factors that correspond to that shown in Section 6 of the actuarial memorandum.

Appendix A Development and Justification of Current Assumptions

We developed the smoothed factors by issue age band and duration. We started with the older issue ages to develop an ultimate factor and then worked backward to younger issue age bands, making experience adjustments for the first 20 durations. In developing these experience adjustments, we considered the A:E ratios, level of credibility, whether in the select or ultimate period, and A:E credibility-weighted ratios.

An ultimate level of 105% of 2015GAM was assumed based on the combined experience of issue ages 70 and older for attained ages older than 95 to the extent credible. For the first 20 durations, the factors were pegged for the mid-point of a quinquennial durational band and then interpolated in between to develop smoothed factors. The smoothed factors were determined such that the bands of quinquennial durations reproduced the actual experience, to the extent credible.

Theoretical adjustments are made, following the diagonal, according to the adjustments made for older issue age bands to maintain mortality relationships across attained ages. For example, we assume an 85% factor for attained age 80, which appears in duration 18 for issue age 62 and duration 23 for issue age 57 as shown in Section 6 of the actuarial memorandum; following along this diagonal the assumption is consistent.

Exhibit A-1b provides similar information as Exhibit A-1a for individual business only with issue ages under 60. For development of the mortality assumption for issue ages under 60, the experience was split between individual and group because there is a material amount of group experience under 60. Mortality can differ between individual and group business because of adverse selection associated with group underwriting.

For projection purposes, two years of additional improvement was applied to the 2015GAM mortality rates to bring them forward to 2017 using the G2 improvement scale from the 2012IAM table. The G2 scale is discussed further in the Improvement section below.

Mortality Durational Factors for Group Certificates

Exhibit A-1c supports the group business mortality assumption and provides exposure, actual and expected mortality rates, mortality A:E ratios, credibility percent, and smoothed scalars. The expected mortality rates include the individual durational mortality factors described above. The smoothed scalars were developed based on group products for issue ages under 60 only because it captures most of the group experience. We did not analyze group experience for other issue ages. These scalars are applied to the individual mortality durational factors, but capped at 105%, to produce the group mortality durational factors shown in Section 6 of the actuarial memorandum.

Lifetime-Pay Voluntary Lapse Rates

Exhibit A-2a provides total exposure, composite termination rates, expected mortality rates, derived voluntary lapse rates, credibility percent, and smoothed voluntary lapse rates by duration for lifetime-pay Prior to Series 11 policies. Exhibit A-2b and Exhibit A-2c provide similar information for Series 11 Individual and Series 11 Group policies, respectively.

In general, the smoothed voluntary lapse rates were set in such a way that the combined duration smoothed rates were close to the derived voluntary lapse rates (see the rows at the bottom of the exhibits). The smoothed voluntary lapse rates in the early durations were chosen to reproduce actual history, to the extent possible, so that the transition from historical to projected policy persistency was smooth. In developing the ultimate voluntary lapse rate, the level of credibility of the actual voluntary lapse experience and the experience of other forms were considered, as applicable. The degree of closeness of the smoothed voluntary lapse rate compared to actual experience depends on the level of credibility.

The actual composite (mortality and voluntary lapse) termination rates were calculated by duration as follows:

$$\text{Annualized Composite Termination Rate} = \frac{\text{Number of Deaths and Voluntary Lapses during the Year}}{\text{Number of Lives Exposed during the Year}}$$

A death or voluntary lapse (excluding benefit expiry) was assigned to the duration in which it occurred, or the preceding duration, if the termination was on the anniversary date. Each death or voluntary lapse contributes 1.0 to the numerator and a full year to the denominator. For lives whose benefits expire or do not terminate, the number of lives exposed to termination is based on the length of time a covered life is exposed to the risk of termination due to death or voluntary lapse during the year. This calculation logic is consistent with that used in the LTC Insurance Persistency Experience reports sponsored by LIMRA International and the SOA LTC Experience Committee.

Appendix A Development and Justification of Current Assumptions

The expected mortality rate assumes the gender-distinct 2015GAM table with the durational factors shown in Section 6 of the actuarial memorandum applied by duration.

The derived voluntary lapse rate is then calculated according to the following formula:

$$\text{Derived Voluntary Lapse Rate} = 1 - \frac{1 - \text{Composite Termination Rate}}{1 - \text{Expected Mortality Rate}}$$

Limited-Pay Voluntary Lapse Rates

The algorithm for the limited-pay options is similar to that used in original pricing. The smoothed lapse rates are a scalar of the lifetime-pay lapse rates. Less than 4% of the in-force policies with a limited-pay option will be subject to the lapse assumption because they will not yet be paid-up during the first six years of the projection. As a result, the impact of the limited-pay assumptions on the projections is assumed to be immaterial.

For the ten-pay and twenty-pay options, the scalars were developed from a comparison of the lifetime-pay derived lapse rates to the limited-pay option's derived lapse rates based on MedAmerica and its affinity partners' experience on all products combined. The relationships derived from this analysis were used to develop the smoothed lapse assumptions as shown in Section 6 of the actuarial memorandum.

Benefit Expiry

Benefit expiry rates reflect assumed policy lapses due to exhaustion of benefits based on the 2014 *Guidelines* with adjustments for historical benefit expiry experience and vary by attained age, gender, and benefit period. Policies with lifetime benefits do not have an expiry assumption (i.e., rate of 0%).

We compared MedAmerica's actual benefit expiry experience through December 31, 2015 to that expected by the 2014 *Guidelines*. We developed adjustment factors by attained age based on the experience of a subset of MedAmerica's organic business, which included the Series 11 and Prior business. Factors were developed by quinquennial attained age band and then interpolated to produce scalars for each attained age. These scalars were then applied to the benefit expiry rates developed by the 2014 *Guidelines* in order to produce the final benefit expiry assumptions shown in Section 6 of the actuarial memorandum.

Exhibit A-3 provides exposure, actual and expected benefit expiry rates, A:E ratios, credibility percent, credibility-weighted A:E ratios, and smoothed adjustment factors. The exposure used reflects a full year of exposure for each benefit expiry and the length of time a covered life is exposed to the risk of benefit expiry during the year for each life that does not expire benefits.

Morbidity

The claim costs were developed using the 2014 *Guidelines* with experience-adjustment factors based on all products of MedAmerica, its affinity partners, and any acquired business from January 1, 2004 through June 30, 2016, with runout through December 31, 2016. The experience-adjustment factors were developed using predictive analytics as described in the Predictive Analytics section below.

- Exhibit A-4a – provides the adjustment factors that are to be applied to the 2014 *Guidelines* claim costs for the Series 11 and Prior policy forms.
- Exhibit A-4b – provides a summary of A:E experience for the Series 11 and Prior policy forms.
 - Exposure [A] reflects the length of time a covered life is in force (i.e., an exact exposure basis).
 - Actual incurred claim counts [B] and dollars [C] are based on historical claim experience from inception through June 30, 2016, with runout through December 31, 2016. Actual incurred claim dollars were valued as paid claims plus claim reserves. Paid claims and claim reserves were discounted to the year of incurral.
 - 2014 *Guidelines* expected incurred claims [D] are valued as the 2014 *Guidelines* claim costs multiplied by actual all-lives exposure. The claim costs vary by gender, attained age, policy duration, benefit period, elimination period, payment type, level of home care coverage, inflation type, and coverage type (comprehensive/facility only/home health care only). Policy design, claims adjudication, and degree of underwriting were considered in developing the claim costs.
 - Adjusted expected incurred claims [E] are calculated by applying each applicable adjustment from Exhibit A-4a to the 2014 *Guidelines* expected incurred claims [D].

Appendix A Development and Justification of Current Assumptions

- A:E ratios are calculated as actual incurred claims to the 2014 *Guidelines* expected incurred claims [F] and adjusted expected incurred claims [G]. The adjusted A:E [G] provides an indication of fit. This fit will not be perfect (i.e., ratio deviates from 1.0) because the main goal is to develop an assumption that generalizes well to new data by balancing assumption complexity and fit on the historical experience.
- Exhibit A-4c – provides information similar to Exhibit A-4b, except provides the experience for all products of MedAmerica, its affinity partners, and any acquired business.

Prior to developing the experience-adjustment factors, the 2014 *Guidelines* were adjusted for an assumed level of morbidity improvement. The 2014 *Guidelines* claim costs reflect morbidity improvement such that they are as of calendar year 2014. We assume this improvement has also occurred in the actual historical experience. Therefore, a backward or forward projection of morbidity improvement was applied to the expected claim costs on a seriatim basis based on the calendar year in which a given policy's duration fell. An annual improvement level of 1.0% was used in the backward or forward projections.

For projection purposes, three years of 1.0% improvement was applied to the 2014 *Guidelines* to bring them forward to 2017.

Improvement

For projected mortality improvement, the G2 improvement scale from the 2012IAM mortality table was used. The G2 improvement scale varies by attained age and is applied beginning in the first projection year and continues for 15 projection years.

For projected morbidity improvement, a level of 1.0% is assumed for 15 years beginning January 1, 2018. This assumption is set based on the underlying morbidity improvement from the 2014 *Guidelines*. This level is also reasonable based on the SOA July 2016 study, *Long Term Care Morbidity Improvement Study: Estimates for the Non-Insured U.S. Elderly Population Based on the National Long Term Care Survey 1984-2004*. This study reported population annual morbidity improvement of 2.3% for unisex, 2.5% for males, and 2.1% for females. The SOA July 2016 study uses population data, so it is uncertain how well these findings will translate to an insured population. The SOA June 2011 study suggests that an annuitant cohort has more mortality improvement over the general population, so it is possible that this could be true for morbidity as well. Based on these studies, a reasonable range for morbidity improvement is between 0.0% to 2.5% for males and 0.0% to 2.1% for females for 10 to 20 years.

Rate Increase Dependent Assumptions

At the time of a rate increase, insureds have options to elect a contingent benefit upon lapse (CBUL) or reduced benefit options (RBO). Adverse selection is assumed relative to CBUL and RBO elections. These insured behavior assumptions are provided in Section 6 of the actuarial memorandum. These assumptions are based on MedAmerica's actual CBUL and RBO election rate experience to the extent it exists and is credible and actuarial judgment, particularly at the higher rate increase magnitudes where little experience exists.

Contingent Benefit Upon Lapse Election

The assumed CBUL election rate varies based on the cumulative rate increase. The assumption is applied on a seriatim basis and prorated for the requested increase needed to achieve the cumulative rate increase amounts. No CBUL elections are assumed for limited-pay policies.

Reduced Benefit Options

We assume that those electing RBO will reduce their benefits so that premiums after the increase are closer to those before the increase. We assume that the percent reduction in premium corresponds to an equivalent percent reduction in claims. We assume a RBO election rate that varies based on the cumulative rate increase. The assumption is applied on a seriatim basis and prorated for the requested increase needed to achieve the cumulative rate increase amounts. No RBO elections are assumed for limited-pay policies.

The reduction to premium and claims varies based on the level of the rate increase and can then be determined as follows:

Appendix A Development and Justification of Current Assumptions

Reduction to premium and claims due to the election of RBO
= $1 - (\text{Average premium level after the rate increase with RBO election} / \text{Premium level after the full rate increase without any RBO election})$, where

Average premium level after the rate increase with RBO election
= weighted average premium level of those assumed to elect RBO with those assumed to accept the full rate increase

Adverse Selection

The adverse selection assumption is a function of the CBUL and RBO election rates, such that the relative increase to morbidity due to adverse selection varies by the rate increase's magnitude. The increase to morbidity due to adverse selection was developed from the following formula and actuarial judgment. We assume that at the time of the rate increase, insureds that elect a CBUL will be selective in that their relative morbidity is 25% lower than that of the remaining pool. Similarly, we assume that at the time of the rate increase, insureds that elect an RBO will be selective in that their relative morbidity is 12.5% lower than that of the remaining pool.

$\text{PoolMorb} = \text{AdvSelMorb} \times (1 - \text{CBUL} - \text{RBO}) + [(1 - 25\%) \times \text{AdvSelMorb}] \times \text{CBUL} + [(1 - 12.5\%) \times \text{AdvSelMorb}] \times \text{RBO}$, where

PoolMorb = morbidity of the pool before the rate increase = 1.0
AdvSelMorb = adverse morbidity of the remaining pool after the rate increase due to selective lapses
CBUL = percentage of policies that elect CBUL
RBO = percentage of policies that elect RBO

Solving the above for the adverse selection component results in the following formula for lifetime-pay policies:

Adverse Selection = $1 / (1 - 25\% \times \text{CBUL} - 12.5\% \times \text{RBO})$

Predictive Analytics

In developing the morbidity experience-adjustment factors, predictive analytics was employed in the form of a penalized generalized linear model (GLM).

A penalized GLM is similar to a traditional GLM. The only difference is that it adds an additional constraint that penalizes the size of the model's coefficients in order to control overfitting the model to the historical data. This penalty placed on the coefficients can be seen as a credibility lever, which controls how much weight is given to the company's actual experience. A high penalty would give no weight to the data, leaving the benchmark assumption (i.e., the 2014 *Guidelines* for morbidity) unadjusted. No penalty would give full weight to the company's actual data potentially making large adjustments to the benchmark, which could be overfitting the actual experience. When using a penalized GLM it is important to choose a penalty that gives the right amount of weight to the actual data to avoid underfitting or overfitting the experience.

A standard approach for choosing such a penalty is to use a *k*-fold cross-validation to test a series of penalty values. A *k*-fold cross-validation splits the data into *k* subsets and iteratively trains and tests the model independently on each subset of the data. This process gives an estimation of how well a model will generalize to new data that was not used to develop the assumption. Through the *k*-fold cross-validation we evaluated the impact the penalty had on the model's generalizability by testing a range of 100 penalties. We selected the penalty that minimized the *k*-fold cross-validation prediction error. Using this approach, we were able to determine the amount of weight to give actual experience versus the benchmark assumption through a statistically robust and automated process.

Credibility

The methodology employed to develop the persistency assumptions considers actual historical experience and its associated credibility. Credibility percentage for the persistency assumptions was determined as $(\text{Number of Events} / \text{Credibility Threshold})^{1/2}$, with events defined as deaths, voluntary lapses, or benefit expiries. A credibility standard of a 90% confidence interval for the number of events with an error of plus or minus 7.5% was chosen. Based on these parameters, 481 events is the criterion for full credibility.

Exhibit A-1a
Actual-to-Expected (A:E) Mortality Experience through December 31, 2015
All Products

Duration	Exposure	Mortality Rate			Ratios to 2015GAM		Credibility Percent	A:E Credibility-Weighted with:		Smoothed Durational Factors
		Actual (A)	2015GAM (E)	2015IAM (X)	Actual (A:E)	2015IAM (X:E)		2015GAM (E:E=1.00)	2015IAM (X:E)	
Issue Age 75+										
1-5	24,998	1.8%	4.4%	3.1%	0.40	0.70	95%	0.43	0.41	0.41
6-10	20,553	5.0%	7.0%	5.5%	0.71	0.78	100%	0.71	0.71	0.71
11-15	11,268	10.1%	10.5%	8.8%	0.96	0.84	100%	0.96	0.96	0.96
16-20	3,330	16.3%	16.1%	14.2%	1.02	0.88	100%	1.02	1.02	1.04
21-25	415	25.3%	22.2%	20.6%	1.14	0.93	47%	1.07	1.03	1.05
26+	25	7.8%	32.1%	30.8%	0.24	0.96	6%	0.95	0.91	1.05
21+	440	24.3%	22.8%	21.2%	1.07	0.93	47%	1.03	0.99	1.05
All	60,589	5.4%	7.2%	5.7%	0.75	0.79	100%	0.75	0.75	0.75
Issue Ages 70 - 74										
1-5	39,706	0.9%	2.2%	1.4%	0.41	0.64	87%	0.49	0.45	0.40
6-10	38,186	2.4%	3.7%	2.5%	0.66	0.67	100%	0.66	0.66	0.65
11-15	27,286	4.9%	6.0%	4.4%	0.83	0.74	100%	0.83	0.83	0.84
16-20	10,157	9.1%	9.4%	7.7%	0.98	0.82	100%	0.98	0.98	0.98
21-25	2,029	14.6%	14.3%	12.3%	1.02	0.86	78%	1.02	0.99	1.04
26+	138	25.8%	20.4%	18.6%	1.27	0.91	27%	1.07	1.01	1.05
21+	2,167	15.3%	14.7%	12.7%	1.04	0.87	83%	1.03	1.01	1.04
All	117,501	3.3%	4.4%	3.2%	0.75	0.73	100%	0.75	0.75	0.75
Issue Ages 65 - 69										
1-5	67,094	0.6%	1.4%	0.9%	0.42	0.65	90%	0.48	0.44	0.40
6-10	65,409	1.4%	2.2%	1.4%	0.64	0.64	100%	0.64	0.64	0.65
11-15	50,103	2.9%	3.7%	2.4%	0.78	0.66	100%	0.78	0.78	0.79
16-20	23,101	5.3%	5.9%	4.3%	0.90	0.74	100%	0.90	0.90	0.90
21-25	6,829	9.5%	9.3%	7.6%	1.03	0.82	100%	1.03	1.03	0.99
26+	533	13.8%	13.6%	11.6%	1.01	0.86	39%	1.01	0.92	1.04
21+	7,362	9.8%	9.6%	7.9%	1.03	0.82	100%	1.03	1.03	0.99
All	213,069	2.2%	3.0%	2.0%	0.75	0.69	100%	0.75	0.75	0.74
Issue Ages 60 - 64										
1-5	93,335	0.3%	0.9%	0.6%	0.41	0.72	82%	0.51	0.46	0.39
6-10	85,284	0.8%	1.4%	0.9%	0.57	0.65	100%	0.57	0.57	0.59
11-15	58,636	1.5%	2.3%	1.5%	0.68	0.65	100%	0.68	0.68	0.67
16-20	27,386	3.2%	3.8%	2.5%	0.85	0.67	100%	0.85	0.85	0.83
21-25	9,435	5.5%	6.1%	4.5%	0.90	0.75	100%	0.90	0.90	0.90
26+	782	9.5%	9.1%	7.5%	1.05	0.82	39%	1.02	0.91	0.97
21+	10,217	5.8%	6.3%	4.8%	0.92	0.76	100%	0.92	0.92	0.91
All	274,857	1.2%	1.8%	1.2%	0.68	0.68	100%	0.68	0.68	0.67

Exhibit A-1b
Actual-to-Expected (A:E) Mortality Experience through December 31, 2015
Individual Products

Duration	Exposure	Mortality Rate			Ratios to 2015GAM		Credibility Percent	A:E Credibility-Weighted with:		Smoothed Durational Factors
		Actual (A)	2015GAM (E)	2015IAM (X)	Actual (A:E)	2015IAM (X:E)		2015GAM (E:E=1.00)	2015IAM (X:E)	
Issue Age <60										
1-5	213,822	0.1%	0.3%	0.2%	0.39	0.86	66%	0.59	0.55	0.38
6-10	134,800	0.3%	0.5%	0.4%	0.54	0.77	88%	0.59	0.56	0.54
11-15	57,646	0.6%	0.9%	0.7%	0.61	0.69	83%	0.67	0.62	0.60
16-20	24,577	1.1%	1.5%	1.0%	0.70	0.67	74%	0.78	0.69	0.70
21-25	9,193	1.7%	2.4%	1.6%	0.70	0.67	57%	0.83	0.68	0.79
26+	759	2.9%	4.4%	3.1%	0.65	0.72	21%	0.93	0.70	0.87
21+	9,952	1.8%	2.6%	1.7%	0.69	0.68	61%	0.81	0.68	0.80
All	440,797	0.3%	0.6%	0.4%	0.56	0.75	100%	0.56	0.56	0.57

Exhibit A-1c
Actual-to-Expected (A:E) Mortality Experience through December 31, 2015
Group Products

Duration	Exposure	Actual Mortality Rate	Expected Mortality Rate ^[1]	Mortality A:E	Credibility Percent	Smoothed Scalars
Issue Age <60						
1-5	120,598	0.2%	0.1%	2.00	65%	2.00
6-10	109,681	0.3%	0.2%	1.48	85%	1.50
11-15	71,689	0.5%	0.4%	1.20	83%	1.20
16-20	25,556	0.7%	0.6%	1.15	59%	1.15
21-25	11,926	0.8%	0.9%	0.93	45%	1.10
26-30	305	1.3%	1.2%	1.06	9%	1.05
31+	0	N/A	N/A	N/A	0%	1.00

[1] Includes the durational adjustment factors developed for individual business.

Exhibit A-2a
Derived Lifetime-Pay Voluntary Lapse Experience through December 31, 2015
Prior to Series 11 Policy Forms

Duration	Exposure	Composite Termination Rates	Expected Mortality Rates	Derived Lapse Rates	Credibility Percent	Smoothed Lapse Rates
1	5,409	16.9%	0.6%	16.4%	100%	16.50%
2	4,493	9.3%	0.9%	8.4%	89%	8.50%
3	4,076	6.5%	1.3%	5.2%	68%	5.00%
4	3,810	5.3%	1.5%	3.6%	55%	3.50%
5	3,607	4.0%	1.9%	2.0%	41%	2.00%
6	3,457	3.1%	2.0%	0.9%	34%	1.50%
7	3,345	3.7%	2.3%	1.2%	29%	1.50%
8	3,209	4.6%	2.5%	1.8%	33%	1.50%
9	3,047	4.0%	2.8%	1.0%	30%	1.50%
10	2,913	4.5%	3.1%	1.2%	31%	1.00%
11	2,765	5.4%	3.4%	1.8%	27%	1.00%
12	2,604	5.2%	3.7%	1.3%	25%	1.00%
13	2,447	5.5%	3.9%	1.4%	22%	1.00%
14	2,289	5.6%	4.2%	1.2%	20%	1.00%
15	2,087	4.9%	4.6%	0.2%	16%	1.00%
16	1,858	5.7%	5.0%	0.6%	18%	1.00%
17	1,504	6.8%	5.5%	1.3%	18%	1.00%
18	1,104	6.6%	6.0%	0.5%	9%	1.00%
19	710	7.2%	6.6%	0.5%	8%	1.00%
20	422	8.8%	7.1%	1.7%	6%	1.00%
21	224	8.9%	7.5%	1.4%	6%	1.00%
22	99	12.1%	8.9%	3.5%	6%	1.00%
23	28	7.2%	10.6%	-3.8%	5%	1.00%
24	1	0.0%	12.6%	-14.4%	0%	1.00%
1-3	13,978	11.4%	0.9%	10.5%	100%	10.6%
4-6	10,875	4.1%	1.8%	2.2%	77%	2.4%
7-9	9,601	4.1%	2.5%	1.4%	53%	1.5%
5+	37,720	4.8%	3.4%	1.3%	100%	1.3%
6+	34,113	4.9%	3.6%	1.2%	92%	1.2%
7+	30,656	5.1%	3.8%	1.2%	85%	1.2%
8+	27,311	5.3%	4.0%	1.2%	80%	1.1%
9+	24,103	5.4%	4.2%	1.1%	73%	1.1%
10+	21,056	5.6%	4.3%	1.1%	66%	1.0%
All	55,509	6.5%	2.7%	3.8%	100%	3.8%

Exhibit A-2b
Derived Lifetime-Pay Voluntary Lapse Experience through December 31, 2015
Series 11 Individual Policy Forms

Duration	Exposure	Composite Termination Rates	Expected Mortality Rates	Derived Lapse Rates	Credibility Percent	Smoothed Lapse Rates
1	12,157	8.6%	0.2%	8.3%	100%	8.50%
2	11,116	4.4%	0.4%	4.0%	96%	4.00%
3	10,632	3.4%	0.5%	2.8%	79%	2.75%
4	10,244	2.6%	0.6%	2.0%	65%	2.00%
5	9,933	2.1%	0.8%	1.3%	54%	1.50%
6	9,696	2.3%	0.9%	1.4%	54%	1.25%
7	9,432	2.4%	1.1%	1.3%	52%	1.25%
8	9,116	2.1%	1.3%	0.8%	41%	1.00%
9	8,825	2.4%	1.5%	0.9%	38%	0.75%
10	8,499	2.5%	1.7%	0.8%	36%	0.60%
11	8,129	2.5%	1.9%	0.6%	34%	0.60%
12	7,460	2.7%	2.1%	0.5%	31%	0.60%
13	5,806	3.0%	2.4%	0.5%	25%	0.60%
14	4,305	3.2%	2.8%	0.4%	23%	0.60%
15	2,813	3.4%	3.2%	0.2%	12%	0.60%
16	1,878	3.6%	3.4%	0.2%	8%	0.60%
17	1,351	5.0%	3.5%	1.6%	8%	0.60%
18	108	2.8%	3.7%	-1.0%	0%	0.60%
1-3	33,905	5.6%	0.4%	5.2%	100%	5.2%
4-6	29,874	2.4%	0.8%	1.6%	100%	1.6%
7-9	27,373	2.3%	1.3%	1.0%	76%	1.0%
5+	87,352	2.6%	1.6%	0.9%	100%	0.9%
6+	77,419	2.6%	1.8%	0.8%	100%	0.8%
7+	67,722	2.7%	1.9%	0.8%	100%	0.8%
8+	58,290	2.7%	2.0%	0.7%	89%	0.7%
9+	49,175	2.8%	2.1%	0.6%	80%	0.6%
10+	40,349	2.9%	2.3%	0.6%	70%	0.6%
All	131,501	3.3%	1.2%	2.1%	100%	2.1%

Exhibit A-2c
Derived Lifetime-Pay Voluntary Lapse Experience through December 31, 2015
Series 11 Group Policy Forms

Duration	Exposure	Composite Termination Rates	Expected Mortality Rates	Derived Lapse Rates	Credibility Percent	Smoothed Lapse Rates
1	7,058	6.4%	0.1%	6.3%	95%	6.50%
2	6,497	6.4%	0.2%	6.2%	91%	6.00%
3	5,951	4.4%	0.2%	4.2%	71%	4.00%
4	5,489	4.0%	0.3%	3.7%	63%	3.50%
5	5,008	3.3%	0.3%	3.0%	56%	3.00%
6	4,811	2.7%	0.4%	2.3%	46%	2.50%
7	4,644	2.2%	0.4%	1.8%	40%	2.00%
8	4,498	2.3%	0.5%	1.8%	40%	1.50%
9	4,297	1.7%	0.6%	1.1%	32%	1.30%
10	4,093	2.0%	0.6%	1.4%	36%	1.30%
11	3,468	2.4%	0.7%	1.7%	32%	1.30%
12	2,846	1.8%	0.8%	1.0%	26%	1.30%
13	1,498	1.3%	0.8%	0.5%	12%	1.30%
14	346	3.2%	0.7%	2.5%	10%	1.30%
15	74	1.4%	0.9%	0.5%	5%	1.30%
16	31	3.2%	1.0%	2.2%	5%	1.30%
17	3	0.0%	1.5%	-1.5%	0%	1.30%
1-3	19,506	5.8%	0.2%	5.6%	100%	5.6%
4-6	15,308	3.4%	0.3%	3.0%	96%	3.0%
7-9	13,439	2.1%	0.5%	1.6%	65%	1.6%
5+	35,618	2.3%	0.5%	1.8%	100%	1.8%
6+	30,609	2.2%	0.6%	1.6%	98%	1.6%
7+	25,799	2.1%	0.6%	1.5%	87%	1.5%
8+	21,154	2.0%	0.6%	1.4%	77%	1.3%
9+	16,656	1.9%	0.7%	1.3%	66%	1.3%
10+	12,359	2.0%	0.7%	1.3%	57%	1.3%
All	60,612	3.6%	0.4%	3.2%	100%	3.2%

Exhibit A-3
Actual-to-Expected (A:E) Benefit Expiration Experience through December 31, 2015
Subset of MedAmerica Organic Business

Attained Age Band	Exposure	Actual Expiry Rate	Expected Expiry Rate	Expiry A:E	Credibility Percent	Credibility-Weighted A:E	Smoothed Adjustment Factors
<80	528,089	0.03%	0.04%	0.70	56%	0.83	0.85
80-84	50,683	0.52%	0.41%	1.27	74%	1.20	1.25
85-89	22,568	1.52%	1.04%	1.46	85%	1.39	1.45
90+	6,638	4.43%	2.47%	1.79	78%	1.62	1.65
All	607,979	0.17%	0.14%	1.28	100%	1.28	1.28

Exhibit A-4a
MedAmerica and Affinity Partners
Morbidity Adjustment Factors
Series 11 and Prior Policy Forms

Duration	Product-Specific Adjustment Factors		
	Prior to Series 11	Series 11 Individual	Series 11 Group
1	1.01	1.00	0.89
2	1.03	0.98	0.83
3	1.04	0.96	0.78
4	1.09	0.99	0.74
5	1.17	0.97	0.71
6	1.19	0.97	0.76
7	1.18	1.00	0.82
8	1.16	1.02	0.91
9	1.09	0.97	1.01
10	1.01	0.98	1.13
11	0.96	1.01	1.23
12	0.97	1.04	1.24
13	1.00	1.06	1.17
14	1.05	1.09	1.09
15	1.11	1.14	1.00
16	1.12	1.11	0.96
17	1.11	1.07	0.95
18	1.08	1.05	0.96
19	1.04	1.03	0.98
20+	1.02	1.02	0.99

Attained Age	Product-Specific Adjustment Factors		
	Prior to Series 11	Series 11 Individual	Series 11 Group
<55	1.05	1.00	1.02
55	1.05	1.00	1.02
56	1.05	1.00	1.02
57	1.04	1.00	1.01
58	1.02	0.97	0.99
59	1.09	0.94	0.99
60	1.09	0.93	0.97
61	1.15	0.93	0.98
62	1.23	0.89	0.99
63	1.36	0.86	1.00
64	1.28	0.87	0.99
65	1.23	0.90	0.97
66	1.20	0.90	0.95
67	1.18	0.95	0.93
68	1.08	1.07	0.95
69	1.08	1.11	0.93
70	1.06	1.09	0.93
71	1.00	1.10	0.94
72	0.94	1.13	0.95
73	0.94	1.09	0.95
74	0.94	1.10	0.98
75	0.91	1.13	0.99
76	0.90	1.13	1.00
77	0.92	1.05	0.99
78	0.90	1.05	0.98
79	0.89	1.04	0.98
80	0.93	1.03	1.00
81	0.98	1.03	1.01
82	0.96	1.09	1.04
83	0.99	1.10	1.06
84	0.99	1.09	1.06
85	0.99	1.09	1.04
86	0.96	1.09	1.03
87	0.98	1.06	1.01
88	0.97	1.05	1.00
89	0.98	1.07	0.99
90	0.98	1.06	0.99
91	0.99	1.06	0.99
92	1.00	1.05	0.99
93	1.01	1.02	0.99
94	1.01	0.99	0.99
95	1.02	0.98	1.00
96	1.01	0.97	1.00
97	1.00	0.97	1.00
98	1.00	0.98	1.00
99	1.00	0.99	1.00
100	1.00	0.99	1.00
101+	1.00	1.00	1.00

Attained Age	Payment Type Adjustment Factors		
	Series 11 and Prior Individual		Series 11 Group
	Non-Tax-Qualified (NTQ)	Tax-Qualified (TQ)	
<55	0.99	0.94	1.07
55	0.99	0.94	1.07
56	0.99	0.94	1.07
57	0.94	0.92	1.12
58	0.88	0.92	1.11
59	0.90	0.88	1.11
60	0.91	0.91	1.04
61	0.91	0.90	1.02
62	0.96	0.87	0.92
63	1.05	0.81	0.90
64	0.96	0.81	0.90
65	0.89	0.85	0.91
66	0.89	0.82	0.93
67	0.90	0.87	1.01
68	0.83	0.95	1.07
69	0.88	1.01	1.04
70	0.94	0.99	1.01
71	0.98	1.03	0.99
72	1.00	1.05	0.96
73	1.06	1.05	0.96
74	1.11	1.04	0.97
75	1.14	1.04	0.93
76	1.10	1.08	0.93
77	1.08	1.07	0.88
78	1.07	1.09	0.82
79	1.06	1.12	0.77
80	1.03	1.19	0.79
81	1.06	1.15	0.78
82	1.08	1.14	0.82
83	1.14	1.14	0.87
84	1.08	1.10	0.94
85	1.10	1.07	0.95
86	1.09	1.09	0.98
87	1.10	1.17	0.98
88	1.06	1.18	0.97
89	1.09	1.22	0.97
90	1.06	1.24	0.96
91	1.04	1.24	0.97
92	1.02	1.15	0.98
93	1.02	1.11	0.99
94	1.01	1.06	0.99
95	1.03	1.04	0.99
96	1.02	1.01	0.98
97	1.03	1.01	0.98
98	1.00	1.01	0.97
99	1.00	1.01	0.97
100	1.00	1.02	0.98
101+	1.00	1.02	0.98

Attained Age	Non-MANY Adjustment Factor	
	Series 11 and Prior Individual	Series 11 Group
<55	1.07	1.01
55	1.07	1.01
56	1.07	1.01
57	1.06	1.00
58	0.99	0.98
59	0.95	0.99
60	0.89	0.99
61	0.89	1.01
62	0.88	1.03
63	0.94	1.03
64	1.00	1.01
65	1.00	1.00
66	1.09	0.98
67	1.17	0.97
68	1.25	1.00
69	1.26	1.00
70	1.28	1.00
71	1.13	1.01
72	1.09	1.02
73	1.03	1.01
74	1.03	1.02
75	0.99	1.03
76	1.00	1.03
77	0.97	1.02
78	0.97	1.00
79	0.97	1.00
80	1.02	1.01
81	1.08	1.01
82	1.12	1.03
83	1.13	1.05
84	1.11	1.04
85	1.08	1.03
86	1.05	1.02
87	1.03	1.01
88	1.02	1.00
89	1.05	0.99
90	1.05	0.99
91	1.05	0.99
92	1.05	0.99
93	1.04	0.99
94	1.00	0.99
95	1.00	1.00
96	0.98	1.00
97	0.97	1.00
98	0.98	1.00
99	0.99	1.00
100	0.99	1.00
101+	1.00	1.00

Coverage Type	Adjustment Factor
Comprehensive	0.90
Nursing Home Only	1.03
Home Care Only	1.10

Exhibit A-4b
MedAmerica and Affinity Partners
Actual-to-Expected (A:E) Morbidity Experience through June 30, 2016 with Claim Runout
Series 11 and Prior Policy Forms

Policy or Policyowner Characteristic	Exposure [A]	Actual Incurred Claims		Expected Incurred Claims		A:E Incurred Claims	
		Count [B]	Dollars [C]	2014 Guidelines [D]	New [E]	2014 Guidelines [F] = [C] / [D]	New [G] = [C] / [E]
Group / Individual							
Individual	193,242	2,249	178,975,634	156,954,375	176,559,724	1.14	1.01
Group	70,814	144	12,926,716	15,433,614	12,861,010	0.84	1.01
Payment-Type / Tax Status (TQ = Tax-Qualified, NTQ = Non-Tax-Qualified)							
Cash / TQ	-	-	-	-	-	-	-
Reimbursement / NTQ	39,927	917	65,409,856	59,812,646	63,796,383	1.09	1.03
Reimbursement / TQ	224,130	1,476	126,492,493	112,575,343	125,624,350	1.12	1.01
Coverage Type							
Comprehensive	227,746	1,884	150,906,765	139,676,235	147,922,870	1.08	1.02
Nursing Home Only	32,685	460	38,605,492	30,464,462	38,400,192	1.27	1.01
Home Care Only	3,625	49	2,390,092	2,247,291	3,097,671	1.06	0.77
Attained Age							
< 60	83,038	42	4,870,844	5,365,561	4,676,717	0.91	1.04
60 - 69	79,848	159	19,010,143	18,287,944	16,392,665	1.04	1.16
70 - 79	70,206	692	61,059,411	58,372,138	61,346,118	1.05	1.00
80 - 89	28,701	1,254	93,780,632	78,168,887	93,335,869	1.20	1.00
90 +	2,264	246	13,181,321	12,193,459	13,669,365	1.08	0.96
Policy Duration							
< 7	100,261	233	18,673,085	21,414,416	20,738,173	0.87	0.90
7 - 10	81,762	596	50,705,841	45,309,295	48,390,377	1.12	1.05
11 - 15	68,137	1,050	84,288,017	73,690,605	83,520,887	1.14	1.01
16 - 20	13,264	475	36,640,193	30,113,053	34,827,994	1.22	1.05
21 +	632	39	1,595,214	1,860,621	1,943,302	0.86	0.82
Product							
Series 11 Group	70,814	144	12,926,716	15,433,614	12,861,010	0.84	1.01
Series 11 Individual	153,316	1,332	113,565,777	97,141,729	112,763,341	1.17	1.01
Prior to Series 11	39,927	917	65,409,856	59,812,646	63,796,383	1.09	1.03
Total	264,057	2,393	191,902,350	172,387,989	189,420,734	1.11	1.01

Exhibit A-4c
MedAmerica, Affinity Partners, and Acquired Business
Actual-to-Expected (A:E) Morbidity Experience through June 30, 2016 with Claim Runout
All Products

Policy or Policyowner Characteristic	Exposure [A]	Actual Incurred Claims		Expected Incurred Claims		A:E Incurred Claims	
		Count [B]	Dollars [C]	2014 Guidelines [D]	New [E]	2014 Guidelines [F] = [C] / [D]	New [G] = [C] / [E]
Group / Individual							
Individual	912,916	9,926	800,367,697	733,049,215	794,361,129	1.09	1.01
Group	346,699	1,374	130,339,904	156,675,596	133,888,114	0.83	0.97
Payment-Type / Tax Status (TQ = Tax-Qualified, NTQ = Non-Tax-Qualified)							
Cash / TQ	343,731	558	62,039,510	57,638,053	59,620,193	1.08	1.04
Reimbursement / NTQ	300,053	6,653	510,365,552	479,343,318	507,745,230	1.06	1.01
Reimbursement / TQ	615,831	4,089	358,302,538	352,743,439	360,883,820	1.02	0.99
Coverage Type							
Comprehensive	1,136,716	8,789	756,597,258	749,849,298	758,592,612	1.01	1.00
Nursing Home Only	106,185	2,145	154,205,174	127,829,789	153,061,713	1.21	1.01
Home Care Only	16,715	366	19,905,169	12,045,724	16,594,918	1.65	1.20
Attained Age							
< 60	453,624	244	33,805,437	30,149,268	30,328,735	1.12	1.11
60 - 69	360,462	666	78,589,161	88,054,403	75,788,341	0.89	1.04
70 - 79	291,092	2,748	262,147,876	268,144,812	267,494,038	0.98	0.98
80 - 89	138,826	5,979	465,876,836	417,634,186	464,847,833	1.12	1.00
90 +	15,611	1,663	90,288,290	85,742,142	89,790,297	1.05	1.01
Policy Duration							
< 7	497,039	823	75,787,355	82,648,988	79,201,077	0.92	0.96
7 - 10	307,411	1,867	174,015,180	164,578,241	170,058,801	1.06	1.02
11 - 15	278,526	3,765	317,411,016	297,015,693	316,181,994	1.07	1.00
16 - 20	129,643	3,188	245,115,546	230,142,856	242,291,028	1.07	1.01
21 +	46,996	1,657	118,378,503	115,339,033	120,516,343	1.03	0.98
Total	1,259,615	11,300	930,707,601	889,724,811	928,249,243	1.05	1.00

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Supplement to the Series 11 and Prior Actuarial Memorandum

August 15, 2018

<u>Product</u>	<u>Number</u>
Series 11 Group	
Comprehensive Form	GRP11-341-PA-200
Comprehensive Certificate	GRP11-342-PA-1100

1. Purpose of Filing

This supplement has been prepared for the purpose of demonstrating that the requested rate increase complies with Chapter 18 Section 3803(c) and (e), and Reg. 89.83 of the Insurance Regulations for the state of Pennsylvania. It may not be appropriate for other purposes.

This supplement to the actuarial memorandum captures the pooled nationwide experience of the above-listed policy form(s) and similar individual and group policy forms of the same product series issued nationwide by MedAmerica Insurance Company (MedAmerica) and its affinity partners. Pennsylvania-specific experience is not considered fully credible, but is being provided as required.

2. Demonstration of Compliance with Chapter 18 Section 3803

(c) and (e): We believe that we comply with these subsections of the regulation by submitting these rates before they are being used.

3. Demonstration of Compliance with Reg. 89.83

89.83 (a): This subsection requires no action.

89.83 (b): This subsection is not applicable since this filing is not for rates for a new policy form.

89.83 (c): Revision of Current Rates

(1): For policies issued prior to September 16, 2002, the effective date of rate stability in Pennsylvania, the minimum loss ratio requirement is 60%, as specified in Reg. 89a.117.(b). For policies issued on or after September 16, 2002, the loss ratio requirements are specified in Reg. 89a.118.(c)(2), (i.e., the 58%/85% test). Demonstration of satisfaction of these requirements is discussed in Section 15 of the enclosed actuarial memorandum.

As of December 31, 2017, 149 of the 408 policies that are in force and subject to the requested rate increase in Pennsylvania were issued on or after September 16, 2002 (approximately 37%). However, because the company manages this block of business as a whole, this rate increase filing complies with both sets of requirements for all of the policies, regardless of issue date.

(2): Section 3 of the actuarial memorandum provides a description of benefits. Copies of the affected policy forms may be provided upon request.

(2)(i): The primary reason why these forms are in need of a premium rate increase is due to emerging experience running more adverse than expected in pricing.

The company is requesting a premium rate increase that varies by benefit period to achieve the cumulative rate increases as shown in Section 2 of the enclosed actuarial memorandum. The company is seeking this current rate increase request to help alleviate the adverse performance on this block of business. The cumulative rate increase levels were determined to vary by benefit period to better align the rate increase with the adverse experience. The table in Section 2 of the enclosed actuarial memorandum provides the average prior, requested, and cumulative increase by benefit period based on the nationwide distribution. The enclosed cover letter provides similar information on a Pennsylvania-specific distribution.

The current rate schedules along with the proposed rate schedules are enclosed with this filing. Please note that the actual rates implemented may vary slightly from those shown due to rounding algorithms.

Exhibit I of the actuarial memorandum provides nationwide earned premium and incurred claim actual

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and projected experience using current assumptions, as described in Section 6 of the actuarial memorandum. Attachment 1 to this supplement provides nationwide written premium and paid claim actual and projected experience using current assumptions. Values in Exhibit I and Attachment 1 are shown both before and after the requested rate increase. The interest rate used in Exhibit I and Attachment 1 to accumulate and discount values is the maximum valuation interest rate for contract reserves applicable for the year of issue (which ranges from 3.5% to 5.5%, and averages 4.3%).

Attachments 2 and 3 to this supplement provide similar information as Exhibit I and Attachment 1 respectively, except provides Pennsylvania-specific experience.

(2)(ii)(A): There have been two rate increases approved and implemented on these policy forms in Pennsylvania. The cumulative prior approved increase is 67% and has been implemented on the individual and group policy forms. The most recent rate increase was filed for use by the Department on September 22, 2017.

(2)(ii)(B): Table 1a shows the original pricing commission scales by issue age and duration for lifetime-pay individual policies.

Table 1a
Commission Percentages by Issue Age and Duration^[1]

Individual Policy Form	Issue Ages	Commissions by Duration		
		1	2-10	11+
LTC-LBP-2PA	<71	45-78	10-21	0-5
LTC-LBP8-MA-PA		40-68	8-18	0-5
LTC-CD5-2PA		35-58	5-15	0-5
LTC-CD8-MA-PA	80+			
LTC-CD9-MA-PA	All Ages	30-50	5-10	5-10
LTQ11-336-PA-998	<75	30-50	5-10	0-10
NTQ11-337-PA-998				
HTQ11-338-PA-998				
LTQ11-336-MA-PA-998				
NTQ11-337-MA-PA-998				
HTQ11-338-MA-PA-998				
LTQ11-336-MA-PA-601				
HTQ11-338-MA-PA-601				
NTQ11-337-MA-PA-601	75+	20-40	5-10	0-10
FLQ11-336-PA-998	<75	25-45	0-5	0-5
FLQ11-336-MA-PA-601	75+	15-35	0-5	0-5

[1] The maximum writing agent commissions are 50% in the first policy year and 10% for policy years two through ten.

Table 1b provides similar information for lifetime-pay group certificates by duration and whether the group was sold by a commissioned agent. The commission scale, without other sales and marketing expenses, was not readily available.

Table 1b
Commission Percentages by Duration and Agent Type
Group Policy Forms: GRP11-341-MA-PA-601 and GRP11-341-PA-200

Duration	Commissioned	Non-Commissioned
1	30%	40%
2+	7%	0%

Commissions for limited-pay policies are reduced to levels that are approximately equivalent to the above commissions for lifetime-pay policies and certificates, on a present value basis, based on original pricing assumptions.

The actual commission scales will differ slightly from those that appear in Table 1 as the company adjusts renewal commission rates so that the total commissions paid before and after any increase in premium are similar (i.e., commissions are not paid on the increased premium).

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Address: 19 N Main St, Wilkes-Barre, Pennsylvania 18711

Supplement to the Series 11 and Prior Actuarial Memorandum

August 15, 2018

(2)(ii)(C)(I): Premiums earned and written since inception for nationwide experience can be found in Exhibit I of the actuarial memorandum and Attachment 1 to this supplement, respectively. Premiums earned and written since inception for Pennsylvania-specific experience can be found in Attachments 2 and 3, respectively. Attachment 4 to this supplement provides reserve balances and the calculation basis for both nationwide and Pennsylvania-specific experience.

(2)(ii)(C)(II): Attachment 4 to this supplement provides a breakdown of historical incurred claims and active life reserve balance, including a description of the calculation basis, for both nationwide and Pennsylvania-specific experience.

Attachment 5 to this supplement provides actual and projected experience on a durational basis using current assumptions. Included are policy year earned premiums, incurred claims, durational loss ratios, end of year lives, and cumulative loss ratios with interest. Values in Attachment 5 are shown both before and after the requested rate increase. The number of durations shown was chosen to capture the majority of the durations underlying Exhibit I. Similar to Exhibit I and Attachments 1 through 3, the values used to calculate the cumulative loss ratios are accumulated and discounted at the maximum valuation interest rate.

Attachment 6 to this supplement provides similar information to Attachment 5 for Pennsylvania-specific experience.

(2)(ii)(D): We believe that we have provided information sufficient to support the rate increase requested in this filing.

(2)(iii): We understand that data used in this rate increase filing is in agreement with those used in the annual statement filed with the department.

89.83 (d): We believe the proposed rate tables provided with this filing comply with this subsection.

4. Microsoft Excel spreadsheet containing all numerical data

An Excel workbook containing the values shown in Exhibits I and II of the actuarial memorandum and Attachments 1 through 6 of this supplement is enclosed with this filing, as required.

Attachment 1-a
MedAmerica and Affinity Partners
Written Premium and Paid Claim Experience and Projections by Calendar Year
Nationwide Experience Before Requested Rate Increase
Series 11 and Prior Policy Forms

	Calendar Year	Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss Ratio w/ Max. Val. Interest
		Written Premium	Paid Claims	Loss Ratio	
Historical Experience	1992	127,778	0	0%	0%
	1993	820,223	435	0%	0%
	1994	1,859,170	45,498	2%	2%
	1995	2,806,773	63,694	2%	2%
	1996	3,903,160	75,596	2%	2%
	1997	4,551,144	67,538	1%	2%
	1998	5,678,298	125,276	2%	2%
	1999	7,358,468	465,964	6%	3%
	2000	9,549,709	970,921	10%	5%
	2001	12,759,812	1,121,497	9%	6%
	2002	17,246,296	1,445,750	8%	6%
	2003	23,386,345	2,546,158	11%	7%
	2004	27,585,079	3,105,399	11%	8%
	2005	28,686,362	4,315,104	15%	9%
	2006	28,696,090	5,258,176	18%	11%
	2007	28,305,082	6,694,088	24%	12%
	2008	27,586,766	8,446,221	31%	14%
2009	26,643,606	8,314,848	31%	15%	
2010	25,164,298	9,151,070	36%	17%	
2011	24,665,824	11,323,437	46%	19%	
2012	25,263,705	13,322,263	53%	21%	
2013	23,672,984	15,681,015	66%	23%	
2014	22,143,196	17,656,283	80%	25%	
2015	21,396,467	20,902,456	98%	28%	
2016	20,967,910	21,690,779	103%	30%	
2017	20,134,198	23,189,988	115%	33%	
Projected Future Experience (60 Years)	2018	20,197,632	25,010,516	124%	35%
	2019	20,404,820	23,992,732	118%	38%
	2020	20,103,807	26,193,624	130%	40%
	2021	19,245,584	25,273,392	131%	42%
	2022	18,183,066	27,035,029	149%	44%
	2023	16,826,582	28,651,925	170%	46%
	2024	15,723,641	30,208,948	192%	48%
	2025	14,697,399	31,800,481	216%	50%
	2026	13,766,339	33,443,815	243%	53%
	2027	12,830,331	35,137,970	274%	55%
	2028	11,954,715	36,830,801	308%	57%
	2029	11,133,053	38,519,259	346%	59%
	2030	10,345,240	40,193,337	389%	62%
	2031	9,587,177	41,834,566	436%	64%
	2032	8,859,642	43,413,680	490%	66%
	2033	8,163,214	44,951,688	551%	69%
	2034	7,495,998	46,472,785	620%	71%
	2035	6,858,137	47,952,641	699%	73%
	2036	6,250,749	49,328,826	789%	75%
	2037	5,674,587	50,556,514	891%	78%
	2038	5,130,410	51,588,684	1,006%	80%
	2039	4,618,674	52,384,538	1,134%	82%
	2040	4,139,694	52,904,873	1,278%	84%
	2041	3,694,053	53,116,312	1,438%	86%
	2042	3,281,823	52,991,841	1,615%	88%
	2043	2,902,813	52,524,296	1,809%	90%
	2044	2,556,226	51,735,500	2,024%	92%
2045	2,241,006	50,645,859	2,260%	93%	
2046	1,956,099	49,284,270	2,520%	95%	
2047	1,700,208	47,667,687	2,804%	96%	
2048-2052	5,559,786	207,468,960	3,732%	102%	
2053-2057	2,493,525	148,359,344	5,950%	105%	
2058-2062	1,053,534	93,809,214	8,904%	107%	
2063-2067	423,987	54,174,980	12,777%	108%	
2068-2072	161,570	28,538,559	17,663%	108%	
2073-2077	58,744	13,733,153	23,378%	109%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	689,721,452	227,096,145	33%
Future	204,492,115	744,122,821	364%
Lifetime	894,213,567	971,218,966	109%

**Attachment 1-b
MedAmerica and Affinity Partners
Written Premium and Paid Claim Experience and Projections by Calendar Year
Nationwide Experience After Requested Rate Increase
Series 11 and Prior Policy Forms**

	Calendar Year	Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss Ratio w/ Max. Val. Interest
		Written Premium	Paid Claims	Loss Ratio	
Historical Experience	1992	127,778	0	0%	0%
	1993	820,223	435	0%	0%
	1994	1,859,170	45,498	2%	2%
	1995	2,806,773	63,694	2%	2%
	1996	3,903,160	75,596	2%	2%
	1997	4,551,144	67,538	1%	2%
	1998	5,678,298	125,276	2%	2%
	1999	7,358,468	465,964	6%	3%
	2000	9,549,709	970,921	10%	5%
	2001	12,759,812	1,121,497	9%	6%
	2002	17,246,296	1,445,750	8%	6%
	2003	23,386,345	2,546,158	11%	7%
	2004	27,585,079	3,105,399	11%	8%
	2005	28,686,362	4,315,104	15%	9%
	2006	28,696,090	5,258,176	18%	11%
	2007	28,305,082	6,694,088	24%	12%
	2008	27,586,766	8,446,221	31%	14%
	2009	26,643,606	8,314,848	31%	15%
2010	25,164,298	9,151,070	36%	17%	
2011	24,665,824	11,323,437	46%	19%	
2012	25,263,705	13,322,263	53%	21%	
2013	23,672,984	15,681,015	66%	23%	
2014	22,143,196	17,656,283	80%	25%	
2015	21,396,467	20,902,456	98%	28%	
2016	20,967,910	21,690,779	103%	30%	
2017	20,134,198	23,189,988	115%	33%	
Projected Future Experience (60 Years)	2018	20,198,468	25,010,516	124%	35%
	2019	25,670,134	23,844,499	93%	37%
	2020	27,244,327	25,681,826	94%	39%
	2021	27,399,614	24,458,255	89%	41%
	2022	26,265,349	25,887,698	99%	42%
	2023	24,285,564	27,203,771	112%	44%
	2024	22,669,589	28,489,718	126%	45%
	2025	21,178,879	29,838,017	141%	47%
	2026	19,824,971	31,264,271	158%	49%
	2027	18,454,605	32,763,536	178%	51%
	2028	17,174,419	34,279,784	200%	52%
	2029	15,973,784	35,807,175	224%	54%
	2030	14,822,994	37,334,920	252%	56%
	2031	13,716,036	38,845,240	283%	58%
	2032	12,654,363	40,309,877	319%	60%
	2033	11,639,001	41,747,747	359%	62%
	2034	10,667,386	43,180,246	405%	64%
	2035	9,740,017	44,583,721	458%	66%
	2036	8,858,743	45,899,129	518%	68%
	2037	8,024,506	47,083,268	587%	69%
	2038	7,238,399	48,090,682	664%	71%
	2039	6,500,924	48,881,755	752%	73%
	2040	5,812,375	49,417,859	850%	75%
	2041	5,173,418	49,666,141	960%	77%
	2042	4,583,818	49,599,330	1,082%	78%
	2043	4,043,127	49,209,773	1,217%	80%
	2044	3,550,005	48,517,316	1,367%	81%
	2045	3,102,776	47,540,129	1,532%	83%
2046	2,699,659	46,303,966	1,715%	84%	
2047	2,338,605	44,822,855	1,917%	85%	
2048-2052	7,571,687	195,468,492	2,582%	90%	
2053-2057	3,325,083	140,095,314	4,213%	93%	
2058-2062	1,370,739	88,669,592	6,469%	95%	
2063-2067	537,388	51,269,465	9,541%	95%	
2068-2072	199,700	27,067,311	13,554%	96%	
2073-2077	71,166	13,053,096	18,342%	96%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	689,721,452	227,096,145	33%
Future	278,940,307	701,456,765	251%
Lifetime	968,661,759	928,552,910	96%

Attachment 2-a
MedAmerica and BCNEPA
Earned Premium and Incurred Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience Before Requested Rate Increase
Series 11 and Prior Policy Forms

	Calendar Year	Actual or Projected Experience using Current Assumptions				
		Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
Historical Experience	1992	17,324	0	0%	111	0%
	1993	547,119	112,935	21%	580	19%
	1994	1,333,538	28,746	2%	1,190	8%
	1995	1,802,548	55,039	3%	1,165	5%
	1996	1,608,703	5,871	0%	1,055	4%
	1997	1,439,865	114,890	8%	953	5%
	1998	1,347,126	235,553	17%	912	7%
	1999	1,286,732	377,829	29%	872	9%
	2000	1,267,260	481,212	38%	859	12%
	2001	1,235,696	713,556	58%	895	16%
	2002	1,431,379	745,816	52%	1,036	19%
	2003	1,554,846	464,534	30%	1,078	20%
	2004	1,652,124	958,964	58%	1,139	23%
	2005	1,597,784	656,165	41%	1,089	24%
	2006	1,498,700	747,377	50%	1,021	26%
	2007	1,403,330	934,486	67%	983	28%
	2008	1,324,472	806,835	61%	906	29%
	2009	1,241,850	771,521	62%	858	30%
2010	1,132,473	811,757	72%	720	31%	
2011	1,041,535	1,452,008	139%	664	34%	
2012	1,071,362	1,319,481	123%	605	36%	
2013	1,063,820	974,543	92%	553	38%	
2014	996,939	1,467,384	147%	516	40%	
2015	911,937	2,584,558	283%	472	44%	
2016	835,842	525,602	63%	440	44%	
2017	775,386	1,243,392	160%	408	46%	
Projected Future Experience (60 Years)	2018	760,674	946,118	124%	368	47%
	2019	754,171	912,244	121%	347	47%
	2020	704,396	902,411	128%	327	48%
	2021	654,895	899,849	137%	308	49%
	2022	604,697	906,857	150%	289	50%
	2023	551,089	914,609	166%	272	50%
	2024	474,637	930,780	196%	256	51%
	2025	393,735	952,011	242%	240	52%
	2026	360,503	981,243	272%	225	53%
	2027	327,655	1,013,561	309%	211	54%
	2028	298,791	1,047,988	351%	198	54%
	2029	272,820	1,089,016	399%	186	55%
	2030	248,557	1,125,401	453%	174	56%
	2031	225,879	1,155,672	512%	162	57%
	2032	204,655	1,179,162	576%	151	58%
	2033	184,750	1,207,986	654%	141	59%
	2034	166,046	1,231,213	741%	131	59%
	2035	148,495	1,258,584	848%	121	60%
	2036	132,090	1,269,015	961%	111	61%
	2037	116,799	1,264,527	1,083%	103	62%
	2038	102,620	1,246,486	1,215%	94	62%
	2039	89,556	1,211,482	1,353%	86	63%
	2040	77,609	1,161,816	1,497%	78	64%
	2041	66,781	1,099,251	1,646%	71	64%
	2042	57,055	1,035,565	1,815%	64	65%
	2043	48,384	975,089	2,015%	58	65%
	2044	40,721	920,292	2,260%	52	66%
	2045	34,004	860,118	2,529%	46	66%
	2046	28,170	801,480	2,845%	41	66%
	2047	23,146	740,704	3,200%	36	67%
2048-2052		63,486	2,740,701	4,317%	121	68%
2053-2057		18,324	1,267,612	6,918%	52	68%
2058-2062		4,035	411,685	10,203%	18	68%
2063-2067		633	97,526	15,408%	5	68%
2068-2072		60	14,674	24,644%	1	68%
2073-2077		3	1,407	48,074%	0	68%

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	62,246,630	28,376,392	46%
Future	5,964,173	18,048,511	303%
Lifetime	68,210,803	46,424,902	68%

Attachment 2-b
MedAmerica and BCNEPA
Earned Premium and Incurred Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience After Requested Rate Increase
Series 11 and Prior Policy Forms

	Calendar Year	Actual or Projected Experience using Current Assumptions				
		Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
Historical Experience	1992	17,324	0	0%	111	0%
	1993	547,119	112,935	21%	580	19%
	1994	1,333,538	28,746	2%	1,190	8%
	1995	1,802,548	55,039	3%	1,165	5%
	1996	1,608,703	5,871	0%	1,055	4%
	1997	1,439,865	114,890	8%	953	5%
	1998	1,347,126	235,553	17%	912	7%
	1999	1,286,732	377,829	29%	872	9%
	2000	1,267,260	481,212	38%	859	12%
	2001	1,235,696	713,556	58%	895	16%
	2002	1,431,379	745,816	52%	1,036	19%
	2003	1,554,846	464,534	30%	1,078	20%
	2004	1,652,124	958,964	58%	1,139	23%
	2005	1,597,784	656,165	41%	1,089	24%
	2006	1,498,700	747,377	50%	1,021	26%
	2007	1,403,330	934,486	67%	983	28%
	2008	1,324,472	806,835	61%	906	29%
	2009	1,241,850	771,521	62%	858	30%
2010	1,132,473	811,757	72%	720	31%	
2011	1,041,535	1,452,008	139%	664	34%	
2012	1,071,362	1,319,481	123%	605	36%	
2013	1,063,820	974,543	92%	553	38%	
2014	996,939	1,467,384	147%	516	40%	
2015	911,937	2,584,558	283%	472	44%	
2016	835,842	525,602	63%	440	44%	
2017	775,386	1,243,392	160%	408	46%	
Projected Future Experience (60 Years)	2018	760,674	946,118	124%	368	47%
	2019	907,254	898,719	99%	331	47%
	2020	1,029,343	870,116	85%	312	48%
	2021	958,603	866,234	90%	293	48%
	2022	887,762	871,494	98%	276	49%
	2023	812,496	877,624	108%	260	49%
	2024	704,891	891,492	126%	244	50%
	2025	590,874	910,248	154%	230	51%
	2026	543,882	936,877	172%	216	51%
	2027	497,291	966,509	194%	203	52%
	2028	456,178	998,067	219%	190	53%
	2029	418,998	1,035,736	247%	178	53%
	2030	384,065	1,068,843	278%	167	54%
	2031	351,199	1,096,165	312%	156	55%
	2032	320,210	1,116,959	349%	145	56%
	2033	290,899	1,142,764	393%	135	56%
	2034	263,102	1,163,419	442%	126	57%
	2035	236,757	1,187,865	502%	116	58%
	2036	211,874	1,196,725	565%	108	58%
	2037	188,425	1,191,851	633%	99	59%
	2038	166,441	1,174,616	706%	91	60%
	2039	145,965	1,141,944	782%	83	60%
	2040	127,043	1,095,841	863%	76	61%
	2041	109,723	1,037,805	946%	69	61%
	2042	94,023	978,903	1,041%	62	62%
	2043	79,906	923,395	1,156%	56	62%
	2044	67,335	873,181	1,297%	50	62%
	2045	56,248	817,902	1,454%	45	63%
2046	46,570	763,899	1,640%	40	63%	
2047	38,206	707,459	1,852%	35	63%	
2048-2052	103,980	2,626,208	2,526%	119	64%	
2053-2057	29,371	1,221,021	4,157%	52	64%	
2058-2062	6,326	399,073	6,309%	18	65%	
2063-2067	970	95,135	9,805%	5	65%	
2068-2072	86	14,458	16,764%	1	65%	
2073-2077	4	1,402	37,112%	0	65%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	62,246,630	28,376,392	46%
Future	8,388,229	17,253,536	206%
Lifetime	70,634,859	45,629,928	65%

**Attachment 3-a
MedAmerica and BCNEPA
Written Premium and Paid Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience Before Requested Rate Increase
Series 11 and Prior Policy Forms**

	Calendar Year	Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss Ratio w/ Max. Val. Interest
		Written Premium	Paid Claims	Loss Ratio	
Historical Experience	1992	127,778	0	0%	0%
	1993	771,602	435	0%	0%
	1994	1,645,943	45,498	3%	2%
	1995	1,722,034	63,694	4%	3%
	1996	1,554,699	57,268	4%	3%
	1997	1,395,175	34,233	2%	3%
	1998	1,334,369	1,801	0%	2%
	1999	1,284,526	169,733	13%	4%
	2000	1,267,362	413,900	33%	6%
	2001	1,240,506	488,498	39%	9%
	2002	1,491,280	609,346	41%	12%
	2003	1,584,734	748,375	47%	15%
	2004	1,622,837	647,095	40%	17%
	2005	1,563,977	660,435	42%	18%
	2006	1,461,395	842,743	58%	20%
	2007	1,384,149	909,721	66%	22%
	2008	1,305,785	953,070	73%	24%
	2009	1,225,767	769,442	63%	26%
2010	1,088,485	781,353	72%	27%	
2011	1,043,979	922,011	88%	28%	
2012	1,065,687	1,110,217	104%	30%	
2013	1,052,019	1,452,492	138%	33%	
2014	970,770	1,354,569	140%	35%	
2015	882,638	1,342,599	152%	36%	
2016	818,490	1,227,672	150%	38%	
2017	760,776	1,107,692	146%	39%	
Projected Future Experience (60 Years)	2018	768,048	1,114,166	145%	41%
	2019	735,083	1,041,033	142%	42%
	2020	686,564	1,091,422	159%	43%
	2021	636,519	1,004,184	158%	44%
	2022	581,413	1,018,060	175%	45%
	2023	535,512	1,021,265	191%	46%
	2024	452,822	1,021,291	226%	46%
	2025	381,065	1,025,182	269%	47%
	2026	349,812	1,035,829	296%	48%
	2027	316,773	1,053,169	332%	49%
	2028	289,689	1,073,913	371%	50%
	2029	264,365	1,098,796	416%	51%
	2030	240,710	1,126,880	468%	52%
	2031	218,567	1,156,487	529%	52%
	2032	197,817	1,185,708	599%	53%
	2033	178,350	1,215,338	681%	54%
	2034	160,029	1,244,461	778%	55%
	2035	142,880	1,273,419	891%	56%
	2036	126,848	1,299,446	1,024%	57%
	2037	111,927	1,319,626	1,179%	57%
	2038	98,124	1,331,759	1,357%	58%
	2039	85,431	1,333,798	1,561%	59%
	2040	73,857	1,324,036	1,793%	59%
	2041	63,404	1,301,513	2,053%	60%
	2042	54,033	1,267,629	2,346%	61%
	2043	45,706	1,225,347	2,681%	61%
	2044	38,365	1,177,953	3,070%	62%
2045	31,943	1,126,016	3,525%	62%	
2046	26,382	1,070,507	4,058%	63%	
2047	21,602	1,011,871	4,684%	63%	
2048-2052	58,660	4,078,047	6,952%	64%	
2053-2057	16,494	2,386,124	14,467%	65%	
2058-2062	3,492	1,068,505	30,598%	65%	
2063-2067	519	368,806	71,126%	65%	
2068-2072	44	96,891	222,173%	65%	
2073-2077	2	19,191	935,328%	65%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	63,514,860	25,010,392	39%
Future	5,803,498	20,373,916	351%
Lifetime	69,318,358	45,384,308	65%

**Attachment 3-b
MedAmerica and BCNEPA
Written Premium and Paid Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience After Requested Rate Increase
Series 11 and Prior Policy Forms**

	Calendar Year	Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss Ratio w/ Max. Val. Interest
		Written Premium	Paid Claims	Loss Ratio	
Historical Experience	1992	127,778	0	0%	0%
	1993	771,602	435	0%	0%
	1994	1,645,943	45,498	3%	2%
	1995	1,722,034	63,694	4%	3%
	1996	1,554,699	57,268	4%	3%
	1997	1,395,175	34,233	2%	3%
	1998	1,334,369	1,801	0%	2%
	1999	1,284,526	169,733	13%	4%
	2000	1,267,362	413,900	33%	6%
	2001	1,240,506	488,498	39%	9%
	2002	1,491,280	609,346	41%	12%
	2003	1,584,734	748,375	47%	15%
	2004	1,622,837	647,095	40%	17%
	2005	1,563,977	660,435	42%	18%
	2006	1,461,395	842,743	58%	20%
	2007	1,384,149	909,721	66%	22%
	2008	1,305,785	953,070	73%	24%
2009	1,225,767	769,442	63%	26%	
2010	1,088,485	781,353	72%	27%	
2011	1,043,979	922,011	88%	28%	
2012	1,065,687	1,110,217	104%	30%	
2013	1,052,019	1,452,492	138%	33%	
2014	970,770	1,354,569	140%	35%	
2015	882,638	1,342,599	152%	36%	
2016	818,490	1,227,672	150%	38%	
2017	760,776	1,107,692	146%	39%	
Projected Future Experience (60 Years)	2018	768,134	1,114,166	145%	41%
	2019	1,001,678	1,038,071	104%	42%
	2020	1,004,397	1,080,977	108%	42%
	2021	932,807	988,162	106%	43%
	2022	854,988	996,455	117%	44%
	2023	790,514	994,939	126%	45%
	2024	674,059	990,783	147%	45%
	2025	572,868	990,846	173%	46%
	2026	528,608	997,974	189%	47%
	2027	481,693	1,012,024	210%	48%
	2028	443,030	1,029,603	232%	48%
	2029	406,702	1,051,293	258%	49%
	2030	372,558	1,076,123	289%	50%
	2031	340,379	1,102,476	324%	51%
	2032	309,984	1,128,508	364%	51%
	2033	281,233	1,154,948	411%	52%
	2034	253,901	1,180,946	465%	53%
	2035	228,067	1,206,803	529%	53%
	2036	203,655	1,229,976	604%	54%
	2037	180,685	1,247,779	691%	55%
	2038	159,206	1,258,206	790%	55%
	2039	139,240	1,259,405	904%	56%
	2040	120,847	1,249,804	1,034%	57%
	2041	104,075	1,228,480	1,180%	57%
	2042	88,905	1,196,730	1,346%	58%
	2043	75,316	1,157,368	1,537%	58%
	2044	63,253	1,113,441	1,760%	59%
2045	52,641	1,065,427	2,024%	59%	
2046	43,412	1,014,164	2,336%	60%	
2047	35,461	959,966	2,707%	60%	
2048-2052	95,303	3,883,746	4,075%	61%	
2053-2057	26,094	2,284,367	8,754%	62%	
2058-2062	5,376	1,027,736	19,119%	62%	
2063-2067	778	356,166	45,785%	62%	
2068-2072	61	93,889	154,878%	62%	
2073-2077	3	18,654	704,457%	62%	

With Interest Accum./Disc. To 12/31/2017 at Max. Val. Interest

History	63,514,860	25,010,392	39%
Future	8,265,714	19,611,028	237%
Lifetime	71,780,574	44,621,421	62%

Attachment 4
MedAmerica and Affinity Partners
Breakdown of Historical Incurred Claims and Reserve Balances at December 31, 2017
Series 11 and Prior Policy Forms

Nationwide Experience						
Incurred Year	Discounted to the Year of Incurral					Year-End Active Life Reserve ^[3]
	Incurred Claims ^[1]	Paid Claims	Disabled Life Reserve	IBNR Reserve	Total Claim Reserve ^[2]	
1992	0	0	0		0	
1993	112,935	112,935	0		0	
1994	28,746	28,746	0		0	
1995	109,652	109,652	0		0	
1996	134,262	134,262	0		0	
1997	264,541	264,541	0		0	
1998	631,867	631,867	0		0	
1999	1,469,714	1,469,714	0		0	
2000	1,172,992	1,172,992	0		0	
2001	2,210,887	2,210,887	0		0	
2002	4,269,807	4,064,255	205,552		205,552	
2003	3,540,618	3,458,785	81,833		81,833	
2004	6,347,428	6,347,428	0		0	
2005	6,751,292	6,696,149	55,142		55,142	
2006	7,395,470	7,250,654	144,815		144,815	
2007	10,644,803	10,436,770	208,033		208,033	
2008	8,302,139	8,054,916	247,223		247,223	
2009	11,107,735	10,753,245	354,490		354,490	
2010	15,851,176	14,586,415	1,264,761		1,264,761	
2011	14,100,771	12,993,675	1,107,096		1,107,096	
2012	16,193,346	14,615,192	1,578,154		1,578,154	
2013	14,635,134	12,960,808	1,674,325		1,674,325	
2014	23,851,886	18,031,891	5,819,995		5,819,995	
2015	24,822,983	12,768,901	12,054,082		12,054,082	
2016	22,803,799	8,083,382	14,720,417		14,720,417	
2017	24,920,645	2,347,721	18,261,410	4,311,514	22,572,924	364,824,332

Pennsylvania-Specific Experience						
Incurred Year	Discounted to the Year of Incurral					Year-End Active Life Reserve ^[3]
	Incurred Claims ^[1]	Paid Claims	Disabled Life Reserve	IBNR Reserve	Total Claim Reserve ^[2]	
1992	0	0	0		0	
1993	112,935	112,935	0		0	
1994	28,746	28,746	0		0	
1995	55,039	55,039	0		0	
1996	5,871	5,871	0		0	
1997	114,890	114,890	0		0	
1998	235,553	235,553	0		0	
1999	377,829	377,829	0		0	
2000	481,212	481,212	0		0	
2001	713,556	713,556	0		0	
2002	745,816	745,816	0		0	
2003	464,534	464,534	0		0	
2004	958,964	958,964	0		0	
2005	656,165	656,165	0		0	
2006	747,377	747,377	0		0	
2007	934,486	934,486	0		0	
2008	806,835	806,835	0		0	
2009	771,521	771,521	0		0	
2010	811,757	811,757	0		0	
2011	1,452,008	1,387,348	64,660		64,660	
2012	1,319,481	1,319,481	0		0	
2013	974,543	974,543	0		0	
2014	1,467,384	1,289,703	177,681		177,681	
2015	2,584,558	1,076,139	1,508,419		1,508,419	
2016	525,602	333,238	192,364		192,364	
2017	1,243,392	179,432	900,732	163,229	1,063,960	7,914,795

[1] Incurred claims are the sum of paid claims, disabled life reserve, and incurred but not reported (IBNR) reserve.

[2] Claim reserve is the sum of disabled life reserve and IBNR reserve.

[3] Active life reserve is defined as interpolated terminal reserves plus unearned premium reserves.

Attachment 5-a
MedAmerica and Affinity Partners
Nationwide Experience and Projections by Policy Year - Before Requested Rate Increase
Series 11 and Prior Policy Forms

Policy Year	Actual and Projected Experience using Current Assumptions				
	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	40,275,560	1,790,212	4%	26,501	4%
2	37,032,678	1,729,579	5%	24,979	5%
3	35,321,458	3,355,869	10%	23,897	6%
4	34,016,996	7,663,584	23%	22,928	10%
5	33,082,266	6,111,353	18%	22,287	11%
6	32,236,859	9,180,833	28%	21,670	13%
7	31,566,303	9,263,909	29%	21,045	15%
8	31,036,982	14,824,301	48%	20,354	18%
9	30,607,480	15,252,383	50%	19,680	21%
10	30,850,832	14,088,046	46%	19,090	23%
11	23,940,528	15,743,219	66%	18,461	25%
12	23,458,850	19,515,154	83%	17,881	28%
13	22,909,980	20,069,844	88%	17,285	30%
14	22,357,195	20,948,952	94%	16,619	33%
15	21,880,393	25,206,442	115%	15,928	36%
16	21,635,429	26,143,634	121%	15,240	38%
17	21,254,521	25,845,168	122%	14,662	41%
18	20,619,386	29,805,039	145%	14,092	44%
19	19,748,712	29,473,692	149%	13,547	46%
20	18,873,510	31,469,623	167%	12,989	49%
21	16,976,069	33,022,731	195%	12,419	51%
22	15,935,403	34,346,390	216%	11,884	54%
23	14,904,863	36,462,246	245%	11,340	57%
24	13,912,995	39,088,811	281%	10,812	59%
25	12,949,490	41,031,726	317%	10,284	62%
26	12,004,731	43,060,339	359%	9,759	65%
27	11,076,341	45,085,790	407%	9,237	68%
28	10,177,589	46,959,068	461%	8,721	71%
29	9,314,782	48,608,638	522%	8,212	74%
30	8,491,031	50,027,930	589%	7,712	77%
31	7,708,194	51,300,127	666%	7,223	80%
32	6,966,224	52,430,692	753%	6,743	82%
33	6,264,675	53,290,986	851%	6,275	85%
34	5,605,543	53,914,070	962%	5,820	88%
35	4,990,495	54,114,933	1,084%	5,381	90%
36	4,419,959	53,881,883	1,219%	4,958	93%
37	3,893,685	53,221,693	1,367%	4,552	95%
38	3,411,321	52,170,072	1,529%	4,166	98%
39	2,972,835	50,746,406	1,707%	3,801	100%
40	2,577,401	49,033,101	1,902%	3,457	102%
41	2,223,063	47,018,934	2,115%	3,135	104%
42	1,907,594	44,802,883	2,349%	2,834	105%
43	1,628,555	42,442,056	2,606%	2,556	107%
44	1,383,668	39,918,797	2,885%	2,299	108%
45	1,170,353	37,252,023	3,183%	2,063	109%
46	985,666	34,542,256	3,504%	1,848	111%
47	826,717	31,870,919	3,855%	1,652	112%
48	690,769	29,295,161	4,241%	1,474	112%
49	575,177	26,866,556	4,671%	1,313	113%
50	477,448	24,526,559	5,137%	1,168	114%
51-55	1,390,243	89,798,673	6,459%	4,129	116%
56-60	506,612	47,819,793	9,439%	2,186	117%
61-65	169,793	22,337,374	13,156%	1,053	117%
66-70	50,688	9,094,629	17,942%	416	117%
Total	741,245,890	1,796,865,085	242%	560,016	117%

Attachment 5-b
MedAmerica and Affinity Partners
Nationwide Experience and Projections by Policy Year - After Requested Rate Increase
Series 11 and Prior Policy Forms

Policy Year	Actual and Projected Experience using Current Assumptions				
	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	40,275,560	1,790,212	4%	26,501	4%
2	37,032,678	1,729,579	5%	24,979	5%
3	35,325,127	3,355,832	9%	23,895	6%
4	34,043,332	7,663,302	23%	22,921	10%
5	33,168,899	6,110,456	18%	22,270	11%
6	32,359,669	9,179,241	28%	21,648	13%
7	31,714,439	9,261,471	29%	21,017	15%
8	31,230,351	14,820,139	47%	20,317	18%
9	30,892,348	15,245,091	49%	19,631	21%
10	31,214,055	14,077,314	45%	19,038	23%
11	24,372,761	15,728,501	65%	18,407	25%
12	23,994,041	19,495,312	81%	17,821	28%
13	23,581,204	20,042,339	85%	17,218	30%
14	23,244,407	20,903,051	90%	16,531	33%
15	23,233,806	25,106,897	108%	15,791	35%
16	24,058,554	25,892,054	108%	14,981	38%
17	25,307,317	25,324,752	100%	14,229	40%
18	26,275,375	28,933,831	110%	13,536	42%
19	26,395,659	28,212,589	107%	12,942	44%
20	25,946,825	29,841,524	115%	12,369	46%
21	23,724,464	31,054,673	131%	11,801	48%
22	22,686,237	32,085,897	141%	11,278	50%
23	21,452,085	33,936,297	158%	10,758	52%
24	20,111,279	36,338,236	181%	10,261	54%
25	18,743,428	38,102,273	203%	9,764	57%
26	17,421,578	39,957,754	229%	9,267	59%
27	16,113,418	41,824,754	260%	8,778	61%
28	14,814,421	43,569,499	294%	8,294	64%
29	13,557,474	45,122,755	333%	7,817	66%
30	12,356,165	46,472,337	376%	7,348	68%
31	11,213,581	47,692,789	425%	6,888	71%
32	10,130,214	48,788,032	482%	6,437	73%
33	9,105,893	49,636,816	545%	5,996	75%
34	8,143,738	50,267,911	617%	5,567	78%
35	7,246,215	50,506,233	697%	5,152	80%
36	6,413,990	50,345,252	785%	4,752	82%
37	5,646,673	49,785,553	882%	4,368	84%
38	4,943,648	48,859,057	988%	4,001	86%
39	4,304,811	47,583,820	1,105%	3,654	88%
40	3,728,891	46,033,892	1,235%	3,327	89%
41	3,212,985	44,200,051	1,376%	3,020	91%
42	2,753,869	42,166,870	1,531%	2,734	92%
43	2,347,921	39,989,892	1,703%	2,468	93%
44	1,991,805	37,649,638	1,890%	2,222	95%
45	1,681,781	35,167,458	2,091%	1,996	96%
46	1,413,549	32,639,171	2,309%	1,790	97%
47	1,182,938	30,143,905	2,548%	1,601	98%
48	985,991	27,729,768	2,812%	1,430	98%
49	818,835	25,450,309	3,108%	1,275	99%
50	677,797	23,248,079	3,430%	1,135	99%
51-55	1,958,005	85,149,266	4,349%	4,023	101%
56-60	702,875	45,295,819	6,444%	2,139	102%
61-65	232,436	21,137,730	9,094%	1,034	103%
66-70	68,519	8,598,533	12,549%	410	103%
Total	855,553,917	1,699,243,810	199%	548,825	103%

Attachment 6-a
MedAmerica and BCNEPA
Pennsylvania-Specific Experience and Projections by Policy Year - Before Requested Rate Increase
Series 11 and Prior Policy Forms

Policy Year	Actual and Projected Experience using Current Assumptions				
	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	3,430,753	141,681	4%	1,862	4%
2	2,690,162	35,491	1%	1,638	3%
3	2,388,306	71,375	3%	1,512	3%
4	2,220,615	148,292	7%	1,423	4%
5	2,098,971	295,852	14%	1,347	5%
6	2,002,605	849,104	42%	1,293	10%
7	1,895,650	920,877	49%	1,228	13%
8	1,785,541	1,024,625	57%	1,159	17%
9	1,694,587	814,502	48%	1,084	19%
10	1,603,044	900,193	56%	1,015	21%
11	1,491,289	821,530	55%	946	23%
12	1,409,043	2,291,972	163%	879	29%
13	1,319,121	1,119,196	85%	832	31%
14	1,257,597	846,335	67%	779	32%
15	1,189,458	1,791,491	151%	725	35%
16	1,119,389	1,288,212	115%	659	37%
17	1,053,440	947,196	90%	588	39%
18	986,070	1,798,403	182%	522	41%
19	930,786	1,450,592	156%	481	43%
20	880,008	1,686,415	192%	444	45%
21	704,040	1,457,929	207%	403	47%
22	626,550	1,174,940	188%	363	49%
23	551,883	982,597	178%	328	50%
24	496,470	1,543,166	311%	304	52%
25	452,920	1,285,888	284%	280	53%
26	414,767	1,257,166	303%	258	54%
27	373,997	1,270,255	340%	238	56%
28	334,726	1,283,427	383%	219	57%
29	298,523	1,294,137	434%	201	58%
30	265,477	1,298,849	489%	184	59%
31	235,400	1,302,025	553%	169	60%
32	208,078	1,315,925	632%	154	61%
33	183,325	1,328,723	725%	140	63%
34	160,968	1,338,096	831%	127	64%
35	140,832	1,337,987	950%	116	65%
36	122,713	1,332,745	1,086%	104	66%
37	106,422	1,308,820	1,230%	94	67%
38	91,802	1,267,639	1,381%	85	67%
39	78,733	1,215,393	1,544%	76	68%
40	67,098	1,160,844	1,730%	68	69%
41	56,796	1,098,083	1,933%	60	70%
42	47,707	1,039,156	2,178%	53	70%
43	39,730	972,647	2,448%	47	71%
44	32,785	902,515	2,753%	41	71%
45	26,796	829,189	3,094%	35	72%
46	21,676	747,872	3,450%	30	72%
47	17,341	659,519	3,803%	26	72%
48	13,713	577,813	4,214%	22	73%
49	10,715	497,037	4,639%	19	73%
50	8,269	422,650	5,111%	15	73%
51-55	18,937	1,187,780	6,272%	44	73%
56-60	3,532	348,231	9,859%	14	74%
61-65	429	71,887	16,767%	3	74%
66-70	26	9,290	35,113%	0	74%
Total	39,659,611	54,363,553	137%	24,736	74%

Attachment 6-b
MedAmerica and BCNEPA
Pennsylvania-Specific Experience and Projections by Policy Year - After Requested Rate Increase
Series 11 and Prior Policy Forms

Policy Year	Actual and Projected Experience using Current Assumptions				
	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	3,430,753	141,681	4%	1,862	4%
2	2,690,162	35,491	1%	1,638	3%
3	2,388,306	71,375	3%	1,512	3%
4	2,220,615	148,292	7%	1,423	4%
5	2,098,971	295,852	14%	1,347	5%
6	2,002,605	849,104	42%	1,293	10%
7	1,895,650	920,877	49%	1,228	13%
8	1,785,541	1,024,625	57%	1,159	17%
9	1,694,587	814,502	48%	1,084	19%
10	1,603,044	900,193	56%	1,015	21%
11	1,491,289	821,530	55%	946	23%
12	1,409,346	2,291,973	163%	879	29%
13	1,320,534	1,119,202	85%	832	31%
14	1,260,169	846,328	67%	779	32%
15	1,205,700	1,791,432	149%	724	35%
16	1,170,871	1,287,074	110%	657	37%
17	1,158,052	943,009	81%	582	38%
18	1,162,410	1,788,862	154%	512	41%
19	1,163,541	1,433,950	123%	471	43%
20	1,126,593	1,665,574	148%	434	45%
21	904,721	1,432,110	158%	393	46%
22	821,739	1,145,181	139%	353	48%
23	739,033	949,158	128%	318	48%
24	676,361	1,505,801	223%	294	50%
25	632,476	1,242,882	197%	270	51%
26	599,497	1,206,719	201%	248	52%
27	558,391	1,214,188	217%	228	53%
28	507,082	1,223,914	241%	210	54%
29	455,919	1,232,212	270%	192	55%
30	408,652	1,234,874	302%	177	56%
31	365,299	1,236,021	338%	162	57%
32	325,568	1,247,249	383%	148	58%
33	289,213	1,257,649	435%	135	59%
34	256,007	1,265,028	494%	122	60%
35	225,740	1,263,806	560%	111	61%
36	198,173	1,258,021	635%	101	62%
37	173,080	1,235,160	714%	91	63%
38	150,280	1,196,398	796%	82	64%
39	129,654	1,147,521	885%	73	64%
40	111,077	1,096,622	987%	65	65%
41	94,458	1,038,323	1,099%	58	65%
42	79,653	983,706	1,235%	51	66%
43	66,549	921,922	1,385%	45	66%
44	55,058	856,534	1,556%	40	67%
45	45,086	787,919	1,748%	34	67%
46	36,515	711,659	1,949%	30	68%
47	29,228	628,438	2,150%	25	68%
48	23,116	551,216	2,385%	22	68%
49	18,055	474,685	2,629%	18	68%
50	13,923	404,083	2,902%	15	68%
51-55	31,759	1,139,746	3,589%	43	69%
56-60	5,835	336,534	5,767%	14	69%
61-65	689	70,102	10,178%	3	69%
66-70	39	9,182	23,466%	0	69%
Total	43,306,666	52,695,485	122%	24,546	69%

Letter of Authorization

To: Department of Insurance

MedAmerica Insurance Company ("MedAmerica") has entered into a service agreement with Milliman, Inc. ("Milliman") effective November 1, 2007, that includes long-term care rate filing services on our behalf. The agreement provides, in part, that Milliman is responsible for preparing and filing for approval with state insurance departments MedAmerica's long-term care rate increase filings. Milliman is also authorized to receive, on MedAmerica's behalf, written and oral communication from each state department of insurance for the purpose of completing the rate increase filing process.

Please accept this letter of authorization for the purpose stated above. Should you have any questions regarding the above, please forward your comments to:

MedAmerica Insurance Company
165 Court Street
Rochester, NY 14647

HM Life Insurance
Company

HM Life Insurance
Company of New York

HM Casualty
Insurance Company

Highmark Casualty
Insurance Company

RBS Re

HM Benefits
Administrators

412.544.1000
800.328.5433

www.hmig.com

Mailing Address
PO Box 535061
Pittsburgh, PA 15253-5061

Overnight Deliveries
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222-3099



Title

SUP operations

4/7/2016
Date



**BlueCross
of Northeastern Pennsylvania**

An Independent Licensee of the Blue Cross and Blue Shield Association
®Registered Mark of the Blue Cross and Blue Shield Association

Home Office: Wilkes-Barre, PA

***Time-Sensitive!* Review Options and Make Your Decision**
RE: Your Long Term Care Insurance
Notice of Premium Increase — Please Read & Retain for Your Records

<<FIRST_NAME>> <<LAST_NAME>> << DATE>>
 <<STREET_ADDRESS1>> Billing Account ID: <<POLICY_NUMBER>>
 <<STREET_ADDRESS2>>
 <<CITY>> <<STATE>> <<ZIP>>

Dear <<SALUTATION LAST_NAME>>:

We are writing to notify you that we have filed a premium increase of <<INC_AMT>> with the Department of Insurance. This premium change is based on the overall experience of all contracts in your class and has nothing to do with your current age, health status, claims history or any other personal factors. This increase applies to all insureds having the same policy form as you, regardless of the effective date of coverage. Please be advised that premiums are subject to future rate increases.

The premium rate increase for your long term care insurance coverage will change on <<NEXT_BILL_DATE>>. Your <<MODAL>> premium payment will change from <<CURRENT_RATE>> to <<FUTURE_RATE>>.

We understand this premium increase may affect your ability to afford your current level of benefits. Please review the options regarding your coverage that are outlined below, and make the decision that best meets your needs.

- **Option #1: Continue your coverage at your current level of benefits.** You may keep your current level of benefits by paying the increased premium when it is due on <<NEXT_BILL_DATE>>. If you choose this option, no additional action, other than your premium payment, is required. Please understand that paying the increased premium for coverage through 120 days from the date of the rate increase constitutes your acceptance of the rate increase and voids the offer of the Contingent Non-Forfeiture Benefit outlined in Option #3 below.
- **Option #2: Offset the increased premium by reducing your level of benefits.** You may be able to adjust your benefits to reduce your premium. Please understand that this option is not always available as you may have selected the state-mandated minimum benefits allowable for long term care insurance. Please call Customer Service toll-free at 1-800-240-1675 to discuss your options.
- **Option #3: Elect the reduced Contingent Non-Forfeiture Benefit.**

If you elect the Contingent Non-Forfeiture Benefit Option, no further premium is due. This option becomes effective as of your current paid through date. As of the date of this letter, your Contingent Non-Forfeiture Benefit would be <<RESULT_OF_CNF_FORMULA>>.

There are two ways to elect the Contingent Non-Forfeiture Benefit:

- Choose this option today by signing and dating the enclosed Contingent Non-Forfeiture Benefit Election Form and returning it in the enclosed postage-paid envelope; OR
- If you do not pay the increased premium **within 120 days of the due date**, which is <<NEXT_BILL_DATE>>, you will be entitled to the Contingent Non-Forfeiture Benefit. We will automatically change your coverage to the Contingent Non-Forfeiture Benefit in lieu of your policy lapsing for non-payment of premium.

IMPORTANT: Paying the increased premium for coverage through 120 days from <<NEXT_BILL_DATE>>, constitutes your acceptance of the rate increase and voids the Contingent Non-Forfeiture Benefit offer.

What is the Contingent Non-Forfeiture Benefit?

The Contingent Non-Forfeiture Benefit Option allows you to retain reduced long term care insurance benefits in the event you can no longer afford your premium due to a substantial premium increase. Under this option, the same **Daily Benefit Amount** in effect at the time of the lapse will be payable, but the **Lifetime Benefit Amount** will be equal to the greater of the items a) or b) below:

- a) The total amount of premiums paid and applied to Your Policy; **OR**
- b) Thirty (30) times the **Daily Benefit Amount**

The total of all benefits paid under your policy will not exceed the **Lifetime Benefit Amount** that would have been payable if your policy did not lapse.

Important facts to know about this reduced benefit are:

- No future premium is due.
- The **Lifetime Benefit Amount** is significantly less than the benefit provided if you choose to continue paying your premium.
- All riders and inflation options will be terminated.
- All other terms, conditions, limitations and exclusions in your current coverage apply to the Contingent Non-Forfeiture Benefit.

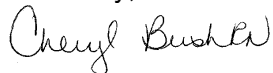
IMPORTANT NOTE: If your policy includes a Spousal Benefit Transfer Rider, both you and your spouse must continue to maintain identical coverage. You must both select the same option regarding this rate increase.

If you have questions on the above options please call Customer Service toll free at **1-800-240-1675**.

If you are currently on claim and your premium is being waived, the increase will be applied when your premium is no longer being waived. Please be assured that your benefits are not affected and that your claims will continue to be paid.

As always, thank you for your business with the company.

Sincerely,



Cheryl Bush, RN
Senior Vice President, Long Term Care Operations



Home Office: Wilkes-Barre, PA

Contingent Non-Forfeiture Benefit Election Form

<<FIRST_NAME>> <<LAST_NAME>> <<Date>>
<<STREET_ADDRESS1>> Billing Account ID: <<POLICY_NUMBER>>
<<STREET_ADDRESS2>>
<<CITY>> <<STATE>> <<ZIP>>

I have decided to stop future premium payments and accept the reduced Contingent Non-Forfeiture Benefit.

I understand the following:

- No future premium is due; and
- I will have a reduced lifetime benefit equal to the sum of all premiums paid and applied to date, **OR** thirty (30) times the Daily Benefit Amount, whichever is greater; and
- The Contingent Non-Forfeiture Benefit is significantly less than the benefit provided if I chose to keep paying my premium; and
- The Contingent Non-Forfeiture Benefit is only available if I satisfy the requirements for Benefit Eligibility as defined in my policy or certificate; and
- The Contingent Non-Forfeiture Benefit will be payable up to my Daily Benefit Amount in effect on the date of this change; and
- All riders and inflation options will be terminated; and
- All other terms, conditions, limitations and exclusions in my current coverage apply to the Contingent Non-Forfeiture Benefit.

Signature:

I request my current long term care insurance coverage be reduced to the Contingent Non-Forfeiture Benefit offered by the company. This option becomes effective as of my current paid through date. A summary of Contingent Non-Forfeiture Benefits will be sent to me when this request is processed.

Signature

Date

Mailing Instructions: Sign and date this form and return in the enclosed postage-paid envelope.