Filing at a Glance

Company:	Central States Health & Life Company of Omaha
Product Name:	Long-Term Care
State:	Pennsylvania
TOI:	LTC03I Individual Long Term Care
Sub-TOI:	LTC03I.003 Other
Filing Type:	Rate - Other (Not M.U. or G.I. Product)
Date Submitted:	02/14/2019
SERFF Tr Num:	MILL-131806488
SERFF Status:	Assigned
State Tr Num:	MILL-131806488
State Status:	Received Review in Progress
Co Tr Num:	ERC - CSO
Implementation Date Requested:	On Approval
Author(s):	Missy Gordon, Courtney Williamson, Travis Reisch, Michael Emmert, Dexter Mosley, Cassi Noel, Derek Lesniak, Matt Mickolichek, Jackie Wang
Reviewer(s):	Jim Laverty (primary)
Disposition Date:	
Disposition Status:	
Implementation Date:	

State Filing Description:

Proposed aggregate 196% increase (140% on policies without inflation riders and 299% on policies with auto inflation) on 7 PA policyholders of Central States individual LTC forms N05 PA and N03 PA.

State: *Pennsylvania* **Filing Company:** *Central States Health & Life Company of Omaha*
TOI/Sub-TOI: *LTC03I Individual Long Term Care/LTC03I.003 Other*
Product Name: *Long-Term Care*
Project Name/Number: *ERC LTC Rate Increase Filing/145MAI01-81.01*

General Information

Project Name: ERC LTC Rate Increase Filing
Project Number: 145MAI01-81.01
Requested Filing Mode: Review & Approval

Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact: 196%

Deemer Date:
Submitted By: Michael Emmert

Status of Filing in Domicile: Pending
Date Approved in Domicile:
Domicile Status Comments: This filing was submitted to Nebraska on January 17, 2019.

Market Type: Individual
Individual Market Type:
Filing Status Changed: 02/15/2019
State Status Changed: 02/15/2019
Created By: Derek Lesniak
Corresponding Filing Tracking Number:
State TOI: LTC03I Individual Long Term Care

Filing Description:

On behalf of the company, we are submitting the referenced rate filing for your review. This is an existing product(s) that provides long-term care coverage. This product(s) was issued in Pennsylvania from June 4, 1998 through December 14, 2001 and is no longer marketed in any jurisdiction.

The form(s) was acquired by MedAmerica Insurance Company (MedAmerica) through a reinsurance agreement. MedAmerica has 100% of the risk on this form(s), and administers and manages the entire block.

The company is requesting a premium rate increase on the 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.

The company is requesting a premium rate increase that varies by inflation protection option to achieve the cumulative rate increases shown in the enclosed cover letter. The rate increase levels were determined to vary by inflation option to better align the rate increase with adverse experience. The cover letter provides the average prior, requested, and cumulative rate increases for the form(s) by inflation protection option.

There have been no previous rate revisions on the form(s) in this jurisdiction since MedAmerica acquired the business. The company is seeking this current rate increase request to help alleviate the adverse performance on this block of business.

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. Where MedAmerica does not have complete historical premium information, it will make a consumer-friendly estimate of the historical premiums paid in calculating a contingent benefit upon lapse or nonforfeiture benefit.

If the cumulative requested rate increase is filed for use, a majority of policyholders will be eligible for a contingent benefit upon lapse. Enclosed with this filing is a plan, subject to the Department’s review, which demonstrates that appropriate administration and claims processing procedures are in effect.

Company and Contact

Filing Contact Information

State:	*Pennsylvania*	**Filing Company:**	*Central States Health & Life Company of Omaha*
TOI/Sub-TOI:	*LTC03I Individual Long Term Care/LTC03I.003 Other*		
Product Name:	*Long-Term Care*		
Project Name/Number:	*ERC LTC Rate Increase Filing/145MAI01-81.01*		

Michael Emmert, Associate Actuary
8500 Normandale Lake Blvd.
Suite 1850
Minneapolis, MN 55437

michael.emmert@milliman.com
952-820-3116 [Phone]

Filing Company Information

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

Central States Health & Life Company of Omaha 1212 North 96th Street Omaha, NE 68114 (402) 397-1111 ext. [Phone]	CoCode: 61751 Group Code: 690 Group Name: Central States Grp FEIN Number: 47-0123035	State of Domicile: Nebraska Company Type: Life/Accident/Health State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$0.00
Retaliatory?	Yes
Fee Explanation:	There is a $0 filing fee in the state of domicile.

State: Pennsylvania
Filing Company: Central States Health & Life Company of Omaha
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.003 Other
Product Name: Long-Term Care
Project Name/Number: ERC LTC Rate Increase Filing/145MAI01-81.01

Rate Information

Rate data applies to filing.

Filing Method: Review and Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing:
SERFF Tracking Number of Last Filing:

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):
Central States Health & Life Company of Omaha	196.000%	196.000%	$9,588	7	$4,887	299.000%	140.000%

State: *Pennsylvania* **Filing Company:** *Central States Health & Life Company of Omaha*
TOI/Sub-TOI: *LTC03I Individual Long Term Care/LTC03I.003 Other*
Product Name: *Long-Term Care*
Project Name/Number: *ERC LTC Rate Increase Filing/145MAI01-81.01*

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Seriatim Rate Schedule	N05 PA, N03 PA	Revised	Previous State Filing Number: Percent Rate Change Request: 196	PA_Seriatim List_ERC_CSO_20190214.pdf,

Central States Health & Life Company of Omaha
1212 North 96th Street, Omaha, NE 68114
Seriatim Listing of Pennsylvania Policyholders In Force as of December 31, 2017
Excludes Policies Assumed to be Paid Up Prior to Implementation of the Requested Rate Increase

Pennsylvania Policy Count	Form	Inflation Protection Option	Issue Age	Benefit Period	Elimination Period	Original Daily Benefit ($)	Current Annualized Premium	Proposed Annualized Premium	Proposed Percentage Increase
1	N03 PA	None	61	Lifetime	90-day	100	$903	$2,167	140.0%
2	N03 PA	None	63	4-year	100-day	150	$635	$1,523	140.0%
3	N03 PA	None	64	2-year	30-day	100	$648	$1,555	140.0%
4	N03 PA	Auto-Inflation	43	3-year	30-day	100	$350	$1,395	299.0%
5	N03 PA	Auto-Inflation	45	3-year	30-day	100	$378	$1,508	299.0%
6	N03 PA	Auto-Inflation	59	3-year	90-day	100	$1,000	$3,990	299.0%
7	N05 PA	None	60	Lifetime	90-day	120	$973	$2,336	140.0%

State: Pennsylvania **Filing Company:** Central States Health & Life Company of Omaha
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.003 Other
Product Name: Long-Term Care
Project Name/Number: ERC LTC Rate Increase Filing/145MAI01-81.01

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	PA_Cover Letter_CSO_ERC_LRRS_20190214.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_CSO_ERC_LRRS_20190214.pdf PA_Supplement_CSO_ERC_LRRS_20190214.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):	2019 RI Authorization - CSO.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:	

State: Pennsylvania **Filing Company:** Central States Health & Life Company of Omaha
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.003 Other
Product Name: Long-Term Care
Project Name/Number: ERC LTC Rate Increase Filing/145MAI01-81.01

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_Exhibits and Attachments_ERC_CSO_LRRS_20190214.xlsb
Item Status:	
Status Date:	

Satisfied - Item:	Sample Policyholder Notification Letter
Comments:	
Attachment(s):	CUSTOM CSO PA PH Letter 2.5.19.pdf CUSTOM CSO PA CNF 2.5.19.pdf
Item Status:	
Status Date:	

State: Pennsylvania
Filing Company: Central States Health & Life Company of Omaha
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.003 Other
Product Name: Long-Term Care
Project Name/Number: ERC LTC Rate Increase Filing/145MAI01-81.01

Satisfied - Item:	Claims and Administration Processing Plan
Comments:	
Attachment(s):	MedAmerica Claims Procedures_20160128.pdf
Item Status:	
Status Date:	

State: Pennsylvania
Filing Company: Central States Health & Life Company of Omaha
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.003 Other
Product Name: Long-Term Care
Project Name/Number: ERC LTC Rate Increase Filing/145MAI01-81.01

Attachment PA_Exhibits and Attachments_ERC_CSO_LRRS_20190214.xlsb is not a PDF document and cannot be reproduced here.

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February 14, 2019

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

Via SERFF

Re: Central States Health and Life Company of Omaha (CSO)
Company NAIC # 61751
SERFF Tracking # MILL-131806488
N Series
Comprehensive Form N05 PA
Facility Only Form N03 PA

Dear Commissioner Altman:

On behalf of the company, we are submitting the referenced rate filing for your review. This is an existing product(s) that provides long-term care coverage. This product(s) was issued in Pennsylvania from June 4, 1998 through December 14, 2001 and is no longer marketed in any jurisdiction.

The above-listed form(s) was acquired by MedAmerica Insurance Company (MedAmerica) through a reinsurance agreement. MedAmerica has 100% of the risk on this form(s), and administers and manages the entire block.

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.

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

Pennsylvania – CSO
Rate Increase Request

Inflation Option	Prior Increase[1]	Requested Increase	Cumulative Increase[1]
No Inflation	0%	140%	140%
Auto Inflation	0	299	299
Average[2]	0	196	196

[1] Captures only the rate increases that have been or are being filed with the department of insurance after MedAmerica had acquired the business.
[2] As of December 31, 2017 and excludes policies assumed to be paid up prior to implementation of the requested rate increase.

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.

There have been no previous rate revisions on the above-listed form(s) in this jurisdiction since MedAmerica acquired the business. The company is seeking this current rate increase request to help alleviate the adverse performance on this block of business.

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. Where MedAmerica does not have complete historical premium information, it will make a consumer-friendly estimate of the historical premiums paid in calculating a contingent benefit upon lapse or nonforfeiture benefit.

If the cumulative requested rate increase is filed for use, a majority of policyholders will be eligible for a contingent benefit upon lapse. Enclosed with this filing is a plan, subject to the Department's review, which demonstrates that appropriate administration and claims processing procedures are in effect.

The following electronic items are included with this submission:

- cover letter
- letter from the company authorizing submission of this filing on its behalf
- claims and administration processing plan, as provided by MedAmerica
- actuarial memorandum
- supplement to the actuarial memorandum
- seriatim list of current and proposed premium rates
- exhibits and attachments in Excel
- 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.*

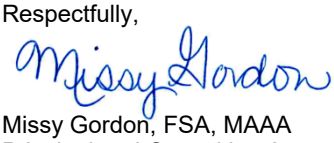
No filing fee is required for this submission.

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,



Missy Gordon, FSA, MAAA
Principal and Consulting Actuary

MAG/dpl

Enclosures

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.

Central States Health and Life Company of Omaha
Address: 1212 North 96th Street, Omaha, NE 68114

Actuarial Memorandum

February 14, 2019

Product	Number
N Series	
Comprehensive Form	N05 PA
Facility Only Form	N03 PA

A rate increase is being requested on the above-listed long-term care policy form(s). This policy form(s) was issued in Pennsylvania from June 1998 through December 2001 and is no longer marketed in any jurisdiction.

The above-listed form(s) was acquired by MedAmerica Insurance Company (MedAmerica) through a reinsurance agreement with the Employers Reinsurance Corporation (ERC). MedAmerica manages the above-listed form(s) with other similar blocks of business it acquired and refers to the business as the "acquired from ERC" block. Certain policies within the block novated to MedAmerica paper. MedAmerica administers and has 50%-100% of the risk on the entire block acquired from ERC.

Three filings with the business acquired from ERC are concurrently being submitted in this jurisdiction for (1) Central States Health and Life Company of Omaha (CSO), (2) Highmark Life Insurance Company (Highmark), and (3) MedAmerica on policies that novated to its paper.

For the policies issued by Baltimore Life Insurance Company (Baltimore Life), no rate increase is being pursued in this jurisdiction due to the minimum loss ratio requirements, as shown in Section 15 below. However, the favorable experience is included in the pool and development of the requested rate increase.

This actuarial memorandum captures the nationwide experience of the above-listed policy form(s) and is pooled with certain business acquired from ERC.

1. Purpose of Filing

This actuarial memorandum has been prepared for the purpose of demonstrating that the requested 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

Rate increases are being requested on the business acquired from ERC that vary by inflation protection option. The level of the requested rate increase may vary nationwide in order to achieve the same cumulative rate increase nationwide as shown in the table below, except where limited by regulatory restrictions. The rate increase levels were determined to vary by inflation protection option to better align the rate increase with the adverse experience.

Appendix A to this memorandum provides a description of the development of and justification for the assumptions used in this filing, which were used in analyzing the adverse experience. Appendix B to this memorandum provides additional details on the development of and justification for the above requested rate increase. Appendix B also provides demonstration that the requested rate increase does not recoup past losses.

The table below provides the average prior, requested, and cumulative rate increases based on the nationwide distribution of business for the business acquired from ERC. The enclosed cover letter provides similar information based on the jurisdiction-specific distribution and discloses the requested rate increase in this jurisdiction.

Central States Health and Life Company of Omaha
Address: 1212 North 96th Street, Omaha, NE 68114

Actuarial Memorandum

February 14, 2019

Nationwide[1] Average Rate Increase Request

Cohort	Inflation Protection Option	Prior Increase[2]	Requested Increase	Cumulative Increase[2]
Individual	No Inflation	18.0%	103.3%	140%
	Auto Inflation	20.1	232.3	299
Group	No Inflation	0.0	140.0	140
	Auto Inflation	0.0	299.0	299
Average[3]		15.6	170.9	213

[1] Enclosed cover letter discloses the jurisdiction-specific rate increase.
[2] Captures only the rate increases that have been or are being filed with the department of insurance after MedAmerica had acquired the business.
[3] As of December 31, 2017 and excludes policies assumed to be paid up prior to implementation of the requested rate increase.

While the company does not currently anticipate additional rate increases, it will continue to monitor the business and reserves the right to request additional rate increases in the future.

Rate tables reflecting the current and proposed rate increases are enclosed with this filing in the format of a seriatim listing of affected policies. Included in the seriatim listing is the policy form, issue age, inflation protection option, benefit period, elimination period, original daily benefit, current annualized premium, proposed annual premium, and proposed percentage increase. Please note that the actual rates implemented may vary slightly from those in the enclosed seriatim listing 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. Each product has benefit eligibility requirements that involve activities of daily living (ADL) deficiencies or cognitive impairment. A daily benefit, benefit period, and elimination period were selected at issue.

At issue, the insured may have had the option to choose from the inflation options shown in Section 21. These automatic increasing benefits apply even when the insured is in claim status. The available choices for benefit period and elimination period are also shown in Section 21.

At issue the insured may have had the option of selecting additional riders that provide the following types of coverage: nonforfeiture, restoration of benefits, return of premium, shortened benefit period, spousal benefit transfer, survivorship benefit, dual waiver of subscription charges, shared benefit pool, cost of living increase or monthly home health care benefit. The insured may have had the option to select a lifetime or limited-pay premium payment option.

A contingent benefit upon lapse (CBUL) will be available to all insureds at the time of the rate increase as described in the enclosed cover letter.

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 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 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												
	Issue Age											
Duration*	**<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.*

Mortality Durational Adjustment Factors for Group Business												
	Issue Age											
Duration*	**<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 and premium payment option. All policies are in duration 7 or later as of the valuation date. The lifetime-pay voluntary lapse rates are shown in the table below.

Duration	Voluntary Lapse Rate
7	2.50%
8	2.00
9	1.75
10	1.50
11	1.25
12+	1.25

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.
- For the paid up at age 65 option, a reduction of 50% of the above lapse rates is assumed until age 55, a reduction of 75% of the above lapse rates is assumed for ages 55 to 59, 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	<1.5	0.0%	0.1%	0.1%	0.3%	0.7%	2.5%	6.1%	10.7%	13.4%	16.7%	33.0%
	1.5 – 2.5	0.0	0.0	0.1	0.2	0.5	1.6	4.5	8.7	11.7	16.3	33.0
	2.5 – 3.5	0.0	0.0	0.1	0.1	0.4	1.2	3.4	6.9	9.7	15.0	33.0
	3.5 – 4.5	0.0	0.0	0.0	0.1	0.3	1.0	2.5	5.0	7.8	13.2	33.0
	4.5 – 6.0	0.0	0.0	0.0	0.1	0.2	0.7	1.7	3.8	6.3	11.2	33.0
	6.0 – 8.5	0.0	0.0	0.0	0.0	0.1	0.3	0.9	2.5	4.3	6.9	33.0
	8.5 – 12	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.8	1.7	2.8	33.0
	12+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Male	<1.5	0.0	0.0	0.1	0.2	0.5	1.5	3.9	6.3	7.8	9.4	33.0
	1.5 – 2.5	0.0	0.0	0.1	0.1	0.3	1.0	2.5	4.3	5.4	7.3	33.0
	2.5 – 3.5	0.0	0.0	0.1	0.1	0.2	0.7	1.7	3.0	4.0	5.8	33.0
	3.5 – 4.5	0.0	0.0	0.0	0.1	0.1	0.4	1.1	2.0	2.8	4.6	33.0
	4.5 – 6.0	0.0	0.0	0.0	0.0	0.1	0.3	0.8	1.5	2.3	3.6	33.0
	6.0 – 8.5	0.0	0.0	0.0	0.0	0.0	0.1	0.3	1.0	1.7	2.1	33.0
	8.5 – 12	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.5	0.7	33.0
	12+	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 nationwide cumulative rate increase level by inflation protection option. Limited-pay policies are assumed to not elect CBUL or RBO.

Policyholder Behavior Assumptions[1]

Inflation Protection Option	CBUL Election Rate	RBO Election Rate	Approximate Reduction for RBO	Morbidity Increase for Adverse Selection
No Inflation	11%	20%	13%	5.5%
Auto Inflation	12	25	21	6.5

[1] The values shown are based on the 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 4.5% to 5.5% and averages 5.1%) is used to demonstrate compliance with the minimum loss ratio requirements.

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 for the purpose of demonstrating compliance with minimum loss ratio requirements. Documentation regarding the originally filed expense assumptions is not available. MedAmerica's current expense assumptions are assumed to be appropriate. Commissions will not be paid on any increase in premium.

The above assumptions are based on the experience of the above-listed policy form(s) and, where appropriate, other similar business issued by MedAmerica (including its affinity partners and acquired blocks of 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 similar forms priced by MedAmerica during a similar era 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 may have marketed these products based on MedAmerica's marketing method for its other products marketed during a similar era.

8. Underwriting Description

The individual products were underwritten with selective use of underwriting tools, which may have included the application, medical records, an attending physician's statement, telephone interview, and/or face-to-face assessment based on MedAmerica's underwriting for its other products during a similar era. The group products may have been issued on a guaranteed basis or subject to limited underwriting.

9. Premiums

Premiums are unisex and payable for life. The premiums may vary by policy form, issue age, elimination period, benefit period, initial daily benefit, inflation option, premium payment option, group discount, marital status at issue, and the selection of any riders.

10. Issue Age Range

Issue ages are from 17 to 80 based on nationwide in-force policies as of December 31, 2017.

11. Area Factors

No changes are being made to any area factors that may have been used in original pricing.

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	41%
Semi-Annual	0.52*AP	11
Quarterly	0.27*AP	19
Monthly	0.09*AP	29

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 except as described in the supplement to the actuarial memorandum. 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 nationwide experience of the above-listed policy form(s) and is pooled with certain business acquired from ERC. The pooled experience is appropriate to increase credibility and allow for a uniform rate increase request across the blocks of business. Applying a uniform rate increase to the pool of forms maintains the pricing relations of the product design and differences between individual and group business.

Further, pooling this experience is appropriate because MedAmerica administers, manages the entire block (including claims handling), and has 50%-100% of the risk on the business acquired from ERC via a reinsurance agreement.

Note the pooled experience of the business acquired from ERC includes one short-term care policy form. This policy form accounts for 1.5% of the total business in-force and 0.1% of historical incurred claims. This policy form is included in the experience consistent with how the block was acquired from ERC.

Exhibit I provides actual and projected experience using current assumptions. Historical experience is estimated on a seriatim basis from inception to December 31, 2003. Actual experience is provided from 2004 through 2017. Future projected experience is on a seriatim basis from January 1, 2018 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 on the business acquired from ERC, which average 15.6% (shown above in Section 2) 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, and annual 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 nationwide lifetime loss ratios by individual and group business, inflation protection option, and company in this jurisdiction also exceed the minimum loss ratio required by pre-rate stability regulation. The 'All' row corresponds to that shown in Exhibit I.

Nationwide Lifetime Loss Ratios at the Maximum Valuation Interest Rate

Company[1]	Cohort	Inflation Protection Option	Before Increase	After Increase
All	All	All	86%	83%
All	Individual	All	85	82
All	Group	All	120	88
All	All	No Inflation	81	80
All	All	Auto Inflation	120	96
Baltimore Life[2]	Individual	All	65	49
CSO	Individual	All	88	85
Highmark	Group	All	134	96
MedAmerica (Novated Policies)	Individual	All	93	68

[1] 'All' reflects the pool of certain business acquired from ERC whereas the experience by company reflects nationwide experience for that company only. Note that most of the company-specific experience is not fully credible, but is being provided for reference.
[2] No rate increase is being pursued nationwide as described above.

Exhibit II provides a demonstration that the nationwide requested rate increase meets the alternative 58%/85% test required by post-rate stability regulation. The majority of policies subject to this rate increase are eligible for a CBUL, so an alternative version of the 58%/85% test, which uses the greater of 58% and the expected lifetime loss ratio, is provided per post-rate stability regulation. The expected loss ratio (65%) is used as a substitute for the original pricing loss ratio that was determined at pricing based on an assumed mix of business sold.

Exhibit II 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 65%,
2. 85% of the accumulated value of prior premium rate schedule increases,
3. Present value of projected initial earned premium times 65%, 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 alternative 58%/85% test is passed by individual and group business, inflation protection option, and by company in this jurisdiction. The 'All' row corresponds to that shown in Exhibit II. Dollar values in the table are shown in millions. The 'Alternative to 58% Loss Ratio' represents the greater of 58% and the expected lifetime loss ratio.

Nationwide Alternative 58%/85% Test

Company[1]	Cohort	Inflation Protection Option	Alternative to 58% Loss Ratio	Item 5[2]	Item 7[3]	Result[4]
All	All	All	65%	$345	$445	Pass
All	Individual	All	64	335	430	Pass
All	Group	All	66	11	15	Pass
All	All	No Inflation	65	298	371	Pass
All	All	Auto Inflation	62	47	74	Pass
Baltimore Life[5]	Individual	All	58	3	2	Fail
CSO	Individual	All	65	289	382	Pass
Highmark	Group	All	67	4	6	Pass
MedAmerica (Novated Policies)	Individual	All	58	4	5	Pass

[1] 'All' reflects the pool of certain business acquired from ERC whereas the experience by company reflects nationwide experience for that company only. Note that most of the company-specific experience is not fully credible, but is being provided for reference.
[2] Item 5 is the Lifetime Earned Premium (in millions) Times Prescribed Factor.
[3] Item 7 is Lifetime Incurred Claims with Rate Increase (in millions).
[4] Test of whether Item 7 is not less than Item 5.
[5] No rate increase is being pursued nationwide as described above.

16. Actual-to-Expected Experience

The following table provides a comparison of actual and projected nationwide experience using current assumptions to that expected by individual and group business, inflation protection option, and by company in this jurisdiction. Values in the following table are shown (a) before and (b) after the requested rate increase.

Nationwide Actual and Expected Loss Ratios

Company[1]	Cohort	Inflation Protection Option	Lifetime Loss Ratio			Actual-to-Expected	
			Before Increase	After Increase	Expected	Before Increase	After Increase
All	All	All	87%	83%	65%	1.34	1.29
All	Individual	All	86	83	64	1.33	1.28
All	Group	All	116	86	66	1.76	1.31
All	All	No Inflation	82	81	65	1.26	1.25
All	All	Auto Inflation	118	96	62	1.91	1.54
Baltimore Life[2]	Individual	All	61	46	58	1.06	0.81
CSO	Individual	All	88	85	65	1.36	1.32
Highmark	Group	All	131	94	67	1.94	1.40
MedAmerica (Novated Policies)	Individual	All	87	65	57	1.51	1.12

[1] 'All' reflects the pool of certain business acquired from ERC whereas the experience by company reflects nationwide experience for that company only. Note that most of the company-specific experience is not fully credible, but is being provided for reference.
[2] No rate increase is being pursued nationwide as described above.

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 same policies at inception as in Exhibit I and projects from issue on a seriatim basis using the expected pricing assumptions for each form or, if not available, the expected pricing assumptions from another individual or group policy form that was priced during a similar era.

Exhibit III provides a comparison of the current and expected 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 history for the above-listed form(s). Section 2 above describes the pooled experience average prior rate increase.

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 as the A:E loss ratios exceed 1.0. The adverse experience is due to a combination of higher persistency, higher morbidity, and lower interest.

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. During the era when this 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 expected. Section 16 demonstrates that the 'All' lifetime loss ratio before the requested rate increase using current assumptions (87%) is in excess of the expected 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 rate increase filing(s) in this jurisdiction are shown in the table(s) below by inflation protection option and by company. The values provided in the table(s) below exclude policies assumed to be paid up prior to implementation of the requested rate increase.

Pennsylvania

Company	Inflation Protection Option	Number of Insureds	Before Increase Premium	After Requested Increase Premium
CSO	No Inflation	4	$790	$1,895
	Auto Inflation	3	576	2,298
	Total	7	698	2,068
Highmark	No Inflation	40	317	762
	Auto Inflation	153	337	1,345
	Total	193	333	1,224
MedAmerica (Novated Policies)	No Inflation	2	4,844	11,625
	Auto Inflation	6	1,422	5,672
	Total	8	2,277	7,160
Total	No Inflation	46	555	1,333
	Auto Inflation	162	382	1,523
	Total	208	420	1,481

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.

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

Issue Ages	Percent Distribution
<40	6%
40-44	5
45-49	6
50-54	9
55-59	16
60-64	27
65-69	21
70-74	8
75+	2

Elimination Period	Percent Distribution
0-Day	15%
20-Day	13
30-Day	27
60-Day	2
90-Day	31
100-Day	10
150-Day	<1
180-Day	1

Benefit Period	Percent Distribution
90 Days	4%
1 Year	4
2 Years	6
3 Years	12
1200 Days	1
4 Years	27
5 Years	4
6 Years	9
7 Years	1
9 Years	1
10 Years	1
Lifetime	30

Inflation Option	Percent Distribution
None	51%
Guaranteed Purchase Option	4
10% Flex Benefit Increase	2
3% Simple for Life	3
4% Simple for 25 Years	3
5% Simple for 10 Years	1
5% Simple for 20 Years	3
5% Simple for Life	2
6% Simple for Life	<1
3% Compound for Life	2
5% Compound for 20 Years	9
5% Compound for Life	18
6% Compound for Life	<1

Premium Payment Option	Percent Distribution
Ten-Pay	<1%
Paid Up at 65	<1
Lifetime-Pay	100

Coverage Type	Percent Distribution
Facility Only	41%
Comprehensive	59

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 rate increase filing(s) in this jurisdiction and nationwide are shown in the tables below by individual and group business, inflation protection option, and by company. The values provided in the tables below exclude policies assumed to be paid up prior to implementation of the requested rate increase.

Pennsylvania

Company	Inflation Protection Option	Number of Insureds	Annualized Premium
CSO	No Inflation	4	$3,159
	Auto Inflation	3	1,728
	Total	7	4,887
Highmark	No Inflation	40	12,694
	Auto Inflation	153	51,577
	Total	193	64,271
MedAmerica (Novated Policies)	No Inflation	2	9,687
	Auto Inflation	6	8,530
	Total	8	18,217
Total	No Inflation	46	25,540
	Auto Inflation	162	61,835
	Total	208	87,375

Nationwide – Business Acquired from ERC

Cohort	Inflation Protection Option	Number of Insureds	Annualized Premium
Individual[1]	No Inflation	867	$950,960
	Auto Inflation	419	578,124
	Total	1,286	1,529,084
Group	No Inflation	52	38,262
	Auto Inflation	251	230,217
	Total	303	268,479
Total[1]	No Inflation	919	989,222
	Auto Inflation	670	808,341
	Total	1,589	1,797,563

[1] Excludes the number of insureds and annualized premium in force for the short-term care policy form, which has 80 lives and $27,979 annualized premium.

Central States Health and Life Company of Omaha
Address: 1212 North 96th Street, Omaha, NE 68114

Actuarial Memorandum

February 14, 2019

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, the 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: February 14, 2019

Exhibit I-a
Business Acquired from ERC
Actual and Projected Experience using Current Assumptions by Calendar Year
Nationwide Experience Before Requested Rate Increase
All Policies

		Loss Ratio Demonstration						
		Without Interest				With Max. Val. Interest		
		A	B	C = B / A	D	E	F	G = F / E
	Calendar Year	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Earned Premium	Incurred Claims	Incurred Loss Ratio
Historical Experience	Prior to 1990*	19,471,030	11,763,375	60%	15,481	92,792,989	55,828,646	60%
	1990-1994*	49,503,696	33,451,695	68%	31,453	195,550,852	132,006,463	68%
	1995-1999*	33,965,293	22,595,289	67%	26,015	100,851,836	68,089,817	68%
	2000*	5,852,480	3,973,312	68%	5,122	14,275,523	10,013,387	70%
	2001*	5,731,966	4,024,540	70%	5,134	13,151,890	9,588,427	73%
	2002*	5,816,956	4,182,431	72%	5,161	12,543,895	9,407,328	75%
	2003*	5,659,125	4,283,850	76%	4,913	11,535,267	9,116,952	79%
	2004	4,851,492	3,867,067	80%	4,233	9,375,071	7,771,837	83%
	2005	4,473,512	5,230,993	117%	3,956	8,213,731	10,069,789	123%
	2006	4,113,381	4,493,396	109%	3,680	7,174,274	8,157,038	114%
	2007	3,799,390	3,973,568	105%	3,460	6,294,794	6,825,624	108%
	2008	3,524,686	4,456,795	126%	3,232	5,552,241	7,162,482	129%
	2009	3,245,673	3,296,327	102%	3,012	4,863,497	5,112,535	105%
	2010	3,234,353	3,996,079	124%	2,795	4,608,343	5,842,638	127%
	2011	3,168,608	3,316,985	105%	2,617	4,300,631	4,591,586	107%
	2012	2,927,975	4,440,508	152%	2,426	3,787,988	5,785,968	153%
	2013	2,700,932	4,314,175	160%	2,274	3,331,060	5,346,313	160%
	2014	2,518,716	4,577,100	182%	2,122	2,962,860	5,434,172	183%
	2015	2,317,354	6,125,594	264%	1,979	2,601,480	6,896,248	265%
	2016	2,134,431	6,939,547	325%	1,833	2,287,181	7,451,414	326%
	2017	1,928,017	5,139,462	267%	1,673	1,972,782	5,261,190	267%
Projected Future Experience (60 Years)	2018	1,742,971	4,748,346	272%	1,545	1,703,512	4,638,548	272%
	2019	1,586,419	4,724,737	298%	1,425	1,481,379	4,406,429	297%
	2020	1,439,215	4,691,857	326%	1,310	1,284,316	4,179,817	325%
	2021	1,301,483	4,647,463	357%	1,203	1,110,143	3,956,738	356%
	2022	1,173,195	4,599,601	392%	1,101	956,734	3,743,876	391%
	2023	1,054,234	4,538,514	431%	1,007	822,079	3,533,028	430%
	2024	943,781	4,484,721	475%	918	703,823	3,339,824	475%
	2025	842,274	4,413,669	524%	836	600,774	3,144,928	523%
	2026	749,642	4,327,232	577%	760	511,462	2,950,506	577%
	2027	663,887	4,203,927	633%	690	433,282	2,742,900	633%
	2028	586,562	4,064,389	693%	626	366,203	2,537,482	693%
	2029	516,725	3,901,159	755%	566	308,602	2,330,374	755%
	2030	454,047	3,734,344	822%	511	259,397	2,134,178	823%
	2031	397,816	3,559,259	895%	462	217,396	1,945,967	895%
	2032	347,592	3,377,055	972%	416	181,686	1,766,231	972%
	2033	302,874	3,209,336	1,060%	374	151,415	1,605,694	1,060%
	2034	263,104	3,059,726	1,163%	336	125,791	1,464,129	1,164%
	2035	227,827	2,902,929	1,274%	302	104,162	1,328,476	1,275%
	2036	196,662	2,728,439	1,387%	270	85,975	1,193,926	1,389%
	2037	169,218	2,551,795	1,508%	241	70,731	1,067,582	1,509%
	2038	145,155	2,379,820	1,639%	215	58,005	951,823	1,641%
	2039	124,114	2,218,318	1,787%	191	47,413	848,192	1,789%
	2040	105,808	2,061,540	1,948%	169	38,637	753,514	1,950%
	2041	89,928	1,914,439	2,129%	149	31,389	668,938	2,131%
	2042	76,201	1,788,206	2,347%	131	25,422	597,468	2,350%
	2043	64,360	1,670,615	2,596%	115	20,523	533,661	2,600%
	2044	54,186	1,547,357	2,856%	101	16,514	472,627	2,862%
	2045	45,485	1,431,303	3,147%	88	13,250	418,030	3,155%
	2046	38,077	1,321,385	3,470%	76	10,602	369,074	3,481%
	2047	31,781	1,208,139	3,801%	66	8,458	322,669	3,815%
	2048-2052	94,082	4,681,373	4,976%	213	22,295	1,106,005	4,961%
	2053-2057	35,472	2,826,909	7,969%	90	6,741	539,251	7,999%
	2058-2062	12,267	1,453,587	11,850%	32	1,878	224,574	11,957%
	2063-2067	3,656	531,968	14,551%	9	453	66,739	14,731%
	2068-2072	834	145,457	17,444%	2	84	14,761	17,586%
	2073-2077	125	27,433	21,996%	0	10	2,256	22,079%
History		170,939,064	148,442,084	87%	132,571	508,028,184	385,759,854	76%
Future		15,881,059	105,676,347	665%	16,548	11,780,539	61,900,217	525%
Lifetime		186,820,123	254,118,430	136%	149,119	519,808,723	447,660,071	86%

*Estimated as described in Section 15 of the actuarial memorandum

Exhibit I-b
Business Acquired from ERC
Actual and Projected Experience using Current Assumptions by Calendar Year
Nationwide Experience After Requested Rate Increase
All Policies

		Loss Ratio Demonstration						
		Without Interest				With Max. Val. Interest		
		A	B	C = B / A	D	E	F	G = F / E
	Calendar Year	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Earned Premium	Incurred Claims	Incurred Loss Ratio
Historical Experience	Prior to 1990*	19,471,030	11,763,375	60%	15,481	92,792,989	55,828,646	60%
	1990-1994*	49,503,696	33,451,695	68%	31,453	195,550,852	132,006,463	68%
	1995-1999*	33,965,293	22,595,289	67%	26,015	100,851,836	68,089,817	68%
	2000*	5,852,480	3,973,312	68%	5,122	14,275,523	10,013,387	70%
	2001*	5,731,966	4,024,540	70%	5,134	13,151,890	9,588,427	73%
	2002*	5,816,956	4,182,431	72%	5,161	12,543,895	9,407,328	75%
	2003*	5,659,125	4,283,850	76%	4,913	11,535,267	9,116,952	79%
	2004	4,851,492	3,867,067	80%	4,233	9,375,071	7,771,837	83%
	2005	4,473,512	5,230,993	117%	3,956	8,213,731	10,069,789	123%
	2006	4,113,381	4,493,396	109%	3,680	7,174,274	8,157,038	114%
	2007	3,799,390	3,973,568	105%	3,460	6,294,794	6,825,624	108%
	2008	3,524,686	4,456,795	126%	3,232	5,552,241	7,162,482	129%
	2009	3,245,673	3,296,327	102%	3,012	4,863,497	5,112,535	105%
	2010	3,234,353	3,996,079	124%	2,795	4,608,343	5,842,638	127%
	2011	3,168,608	3,316,985	105%	2,617	4,300,631	4,591,586	107%
	2012	2,927,975	4,440,508	152%	2,426	3,787,988	5,785,968	153%
	2013	2,700,932	4,314,175	160%	2,274	3,331,060	5,346,313	160%
	2014	2,518,716	4,577,100	182%	2,122	2,962,860	5,434,172	183%
	2015	2,317,354	6,125,594	264%	1,979	2,601,480	6,896,248	265%
	2016	2,134,431	6,939,547	325%	1,833	2,287,181	7,451,414	326%
	2017	1,928,017	5,139,462	267%	1,673	1,972,782	5,261,190	267%
Projected Future Experience (60 Years)	2018	1,742,971	4,748,346	272%	1,545	1,703,512	4,638,548	272%
	2019	2,376,575	4,337,995	183%	1,262	2,219,554	4,045,642	182%
	2020	2,909,198	3,936,202	135%	1,161	2,596,197	3,506,955	135%
	2021	2,643,433	3,881,763	147%	1,065	2,254,849	3,305,226	147%
	2022	2,394,533	3,824,025	160%	976	1,952,688	3,113,016	159%
	2023	2,162,439	3,755,069	174%	892	1,686,111	2,923,588	173%
	2024	1,945,475	3,692,334	190%	813	1,450,613	2,750,161	190%
	2025	1,744,992	3,615,953	207%	741	1,244,363	2,576,961	207%
	2026	1,561,058	3,528,203	226%	673	1,064,711	2,406,127	226%
	2027	1,387,301	3,411,647	246%	611	904,998	2,226,403	246%
	2028	1,231,559	3,283,326	267%	554	768,443	2,050,287	267%
	2029	1,090,012	3,137,756	288%	501	650,526	1,874,791	288%
	2030	962,218	2,990,985	311%	453	549,255	1,709,782	311%
	2031	846,783	2,839,508	335%	409	462,295	1,552,882	336%
	2032	742,988	2,684,373	361%	368	387,928	1,404,366	362%
	2033	649,952	2,543,128	391%	332	324,521	1,272,776	392%
	2034	566,659	2,417,919	427%	298	270,544	1,157,405	428%
	2035	492,314	2,288,748	465%	267	224,736	1,047,787	466%
	2036	426,234	2,146,831	504%	239	186,019	939,792	505%
	2037	367,730	2,003,726	545%	213	153,419	838,644	547%
	2038	316,178	1,864,865	590%	190	126,091	746,201	592%
	2039	270,899	1,734,649	640%	169	103,259	663,572	643%
	2040	231,361	1,608,269	695%	150	84,285	588,129	698%
	2041	196,947	1,489,836	756%	132	68,569	520,837	760%
	2042	167,098	1,388,400	831%	116	55,596	464,122	835%
	2043	141,284	1,294,265	916%	102	44,921	413,653	921%
	2044	119,055	1,196,444	1,005%	89	36,173	365,634	1,011%
	2045	100,003	1,104,984	1,105%	78	29,036	322,897	1,112%
	2046	83,737	1,018,882	1,217%	68	23,235	284,738	1,225%
	2047	69,883	930,883	1,332%	59	18,532	248,762	1,342%
	2048-2052	206,270	3,613,293	1,752%	189	48,693	854,148	1,754%
	2053-2057	76,567	2,187,488	2,857%	80	14,493	417,542	2,881%
	2058-2062	25,792	1,120,668	4,345%	29	3,936	173,211	4,400%
	2063-2067	7,521	408,224	5,428%	8	930	51,225	5,507%
	2068-2072	1,704	110,916	6,509%	2	171	11,257	6,570%
	2073-2077	256	20,773	8,112%	0	21	1,709	8,145%
History		170,939,064	148,442,084	87%	132,571	508,028,184	385,759,854	76%
Future		30,258,979	86,160,676	285%	14,835	21,713,221	51,468,776	237%
Lifetime		201,198,043	234,602,760	117%	147,406	529,741,405	437,228,630	83%

*Estimated as described in Section 15 of the actuarial memorandum

Exhibit II
Business Acquired from ERC
Demonstration that the Requested Rate Increase Passes the 65%/85% Loss Ratio Minimum
Nationwide Experience with Prior Approved Increases
All Policies

1	Accumulated value of initial earned premium	504,697,061	x	65%	=	325,536,641
2a	Accumulated value of earned premium	508,028,184				
2b	Accumulated value of prior premium rate schedule increases (2a - 1)	3,331,124	x	85%	=	2,831,455
3	Present value of future projected initial earned premium	8,045,745	x	65%	=	5,189,618
4a	Present value of future projected premium	21,713,221				
4b	Present value of future projected premium in excess of the projected initial earned premiums (4a - 3)	13,667,476	x	85%	=	11,617,354
5	**Lifetime Earned Premium Times Prescribed Factor: Sum of 1, 2b, 3, and 4b**					**345,175,068**
6a	Accumulated value of incurred claims without the inclusion of active life reserves					385,759,854
6b	Present value of future projected incurred claims without the inclusion of active life reserves					59,189,092
7	**Lifetime Incurred Claims with Rate Increase: Sum 6a and 6b**					**444,948,946**
8	Test: 7 is not less than 5					Pass

All values are accumulated or discounted at the maximum valuation interest rate for contract reserves applicable for the year of issue, which ranges from 4.5% to 5.5%.
Future projected initial earned premium schedule (i.e., without the requested rate increase) reflects the assumed impact of CBUL and RBO.
The future projected incurred claims (item 6b) were increased by 15% to reflect assumptions with moderately adverse experience.

Exhibit III
Business Acquired from ERC
Comparison of Current and Expected Assumptions

		Morbidity
Current Assumptions	**All Series**	Claim costs are 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 attained age, duration, individual vs. group, payment type, and coverage type, to the extent credible.
Expected Assumptions	**All Series**	Claim costs were derived from expected pricing proxy claim costs provided by the company, with adjustments as needed to replicate individual or group policy forms priced during a similar era.

		Mortality
Current Assumptions	**All Series**	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. Tables providing these adjustment factors are provided in Section 6 of the actuarial memorandum.
Expected Assumptions		The expected mortality assumptions are based on the expected assumptions for the policy forms in the below listed series, if available. An assumption based on similar forms issued by the company or other similar business issued by MedAmerica Insurance Company (including its affinity partners and acquired blocks of business) from a similar era was used when otherwise unavailable.
	American, Baltimore Life, Highmark Life Series	1980 Commissioners Standard Ordinary Basic Age Nearest Table
	BCBSKC, Carefirst, GHMSI, MetLife Investors, Protective Life 500, Protective Life ANC-1110 Series	1965-70 US Society of Actuaries Basic Mortality Table
	CSO D, CSO N03, CSO Prior to D, RightChoice Series	1983 IAM Table
	CSO N08 Series, MedAmerica (Novated Policies)	1983 GAM Table

Exhibit III
Business Acquired from ERC
Comparison of Current and Expected Assumptions

Lapse Rates

Current Assumptions — All Series

Voluntary lapse rates (excludes benefit expiry) vary by policy duration and premium payment option. All policies are in duration 7 or later as of the valuation date. The lifetime-pay voluntary lapse rates are shown in the table below.

Duration	Rate
7	2.50%
8	2.00%
9	1.75%
10	1.50%
11	1.25%
12+	1.25%

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. For the paid up at age 65 option, a reduction of 50% of the above lapse rates is assumed until age 55, a reduction of 75% of the above lapse rates is assumed for ages 55 to 59, and 0% lapse thereafter.

Expected Assumptions

The expected lapse rates vary by policy duration, issue age, and premium payment option and are based on the expected assumptions of the policy forms in the below listed series, if available. An assumption based on similar forms issued by the company or other similar business issued by MedAmerica Insurance Company (including its affinity partners and acquired blocks of business) from a similar era was used when otherwise unavailable.

CSO D, CSO N, CSO Prior to D Series

	Issue Age			
Duration	0-64	65-70	71-80	81-84
1	10.00%	14.00%	18.00%	10.00%
2	8.00%	12.00%	16.00%	8.00%
3	6.00%	10.00%	14.00%	6.00%
4	6.00%	9.00%	12.00%	6.00%
5	6.00%	8.00%	10.00%	6.00%
6	6.00%	7.00%	8.00%	6.00%
7+	6.00%	6.00%	6.00%	6.00%

For the ten-pay premium options, the lapse rates are 4% less.

BCBSKC, Carefirst, GHMSI, MetLife Investors, Protective Life 500, Protective Life ANC-1110 Series

	Issue Age										
Duration	0-60	61	62	63	64	65	66	67	68	69	70-84
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%
10	5.00%	4.70%	4.40%	4.10%	3.80%	3.50%	3.20%	2.90%	2.60%	2.30%	2.00%
11+	5.00%	4.70%	4.40%	4.10%	3.80%	3.50%	3.20%	2.90%	2.60%	2.30%	2.00%

Exhibit III
Business Acquired from ERC
Comparison of Current and Expected Assumptions

Lapse Rates

Expected Assumptions

American, Baltimore Life, Highmark Life Series

Duration	Issue Age 0-59	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%

For the 10-year payment option, a reduction of 50% of these lapse rates was assumed for durations 1 to 6, and 0% lapse thereafter.

MedAmerica (Novated Policies)

Duration	Issue Age 0-64	65-74	75-84
1	8.00%	10.00%	12.00%
2	6.00%	8.00%	10.00%
3	5.00%	7.00%	9.00%
4	4.00%	6.00%	8.00%
5	4.00%	5.00%	7.00%
6	4.00%	4.00%	6.00%
7	4.00%	4.00%	5.00%
8+	4.00%	4.00%	4.00%

For the 10-year payment option, a reduction of 50% of these lapse rates was assumed for durations 1 to 6, and 0% lapse thereafter. For the paid up at age 65 option, a reduction of 50% of these lapse rates was assumed until age 60, and 0% lapse thereafter.

RightChoice Series

Duration	Issue Age 0-64	65-84
1	20.00%	25.00%
2	15.00%	20.00%
3	12.00%	15.00%
4	10.00%	14.00%
5	8.00%	13.00%
6	6.00%	12.00%
7	6.00%	11.00%
8	6.00%	10.00%
9	6.00%	9.00%
10+	6.00%	8.00%

Exhibit III
Business Acquired from ERC
Comparison of Current and Expected Assumptions

		Benefit Expiry Rates
Current Assumptions	**All Series**	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. A table containing the benefit expiry rates is provided in Section 6 of the actuarial memorandum.
Expected Assumptions	**All Series**	Benefit expiry was not separated from the lapse assumption.

		Interest Rate
Current Assumptions	**All Series**	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 4.5% to 5.5% and averages 5.1%.
Expected Assumptions		The expected interest rate assumptions are based on the expected assumptions of the policy forms in the below listed series, if available. An assumption was based on similar forms issued by the company or other similar business issued by MedAmerica Insurance Company (including its affinity partners and acquired blocks of business) from a similar era was used when otherwise unavailable.
	CSO Prior to D Series	An expected earnings rate assumption of 7.0% was assumed.
	CSO D Series	The expected earnings rate assumption varies by policy duration.

Duration	Pricing Interest
1	6.50%
2	6.50%
3	6.50%
4	6.00%
5	6.00%
6+	5.50%

	CSO N03, CSO N08 Series	The expected earnings rate assumption varies by policy duration.

Duration	Pricing Interest
1	7.00%
2	7.00%
3	7.00%
4	7.00%
5	6.50%
6+	6.00%

	BCBSKC, Carefirst, GHMSI, MetLife Investors, Protective Life 500, Protective Life ANC-1110 Series	An expected earnings rate assumption of 7.10% was assumed.
	American, Baltimore Life, Highmark Life Series	An expected earnings rate assumption of 7.50% was assumed.
	MedAmerica (Novated Policies)	An expected earnings rate assumption of 6.75% was assumed.
	RightChoice Series	The expected earnings rate assumption varies by policy duration.

Duration	Pricing Interest
1	8.00%
2	8.00%
3	7.50%
4	7.00%
5+	6.50%

		Improvement
Current Assumptions	**All Series**	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%.
Expected Assumptions	**All Series**	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 23 separate blocks of business that were reinsured by Employers Reinsurance Corporation (ERC), which MedAmerica Insurance Company (MedAmerica) acquired and are collectively referred to as the block of business "acquired from ERC". Additionally, MedAmerica and its affinity partners' experience is used where appropriate to develop and supplement experience. 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.

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-2 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 policies of the block acquired from ERC.

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.

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 expected to have been used in pricing. The smoothed lapse rates are a scalar of the lifetime-pay lapse rates. Less than 1% of the in-force policies on these blocks of business have a limited-pay option and thus the impact of these assumptions on the projections is assumed to be immaterial.

For the limited payment 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. 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 block acquired from ERC.
- Exhibit A-4b – provides a summary of A:E experience for the block acquired from ERC.
    - 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].

- 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 Society of Actuaries (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, *Global Mortality Improvement Experience and Projection Techniques*, 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 and the block acquired from ERC combined 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 is 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 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 then varies based on the level of the rate increase and can then be determined as follows:

Reduction to premium and claims due to the election of RBO
= 1 – (Average premium level after the rate increase with RBO election / 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.

PoolMorb = AdvSelMorb x (1 – CBUL – RBO) + [(1 – 25%) x AdvSelMorb] x CBUL + [(1 – 12.5%) x AdvSelMorb] x 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% x CBUL – 12.5% x 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 (Number of Events / 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 Actual (A)	Mortality Rate 2015GAM (E)	Mortality Rate 2015IAM (X)	Ratios to 2015GAM Actual (A:E)	Ratios to 2015GAM 2015IAM (X:E)	Credibility Percent	A:E Credibility-Weighted with: 2015GAM (E:E=1.00)	A:E Credibility-Weighted with: 2015IAM (X:E)	Smoothed Durational Factors
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 Actual (A)	Mortality Rate 2015GAM (E)	Mortality Rate 2015IAM (X)	Ratios to 2015GAM Actual (A:E)	Ratios to 2015GAM 2015IAM (X:E)	Credibility Percent	A:E Credibility-Weighted with: 2015GAM (E:E=1.00)	A:E Credibility-Weighted with: 2015IAM (X:E)	Smoothed Durational Factors
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-2
Derived Lifetime-Pay Voluntary Lapse Experience through December 31, 2015
Business Acquired from ERC
Lifetime-Pay Policies

Duration	Exposure	Composite Termination Rates	Expected Mortality Rates	Derived Lapse Rates	Credibility Percent	Smoothed Lapse Rates
7	5,530	3.2%	0.9%	2.2%	48%	2.50%
8	5,768	2.9%	1.1%	1.7%	48%	2.00%
9	6,227	3.0%	1.2%	1.7%	46%	1.75%
10	6,225	3.1%	1.4%	1.6%	48%	1.50%
11	6,100	2.9%	1.6%	1.2%	40%	1.25%
12	5,891	3.2%	1.9%	1.2%	41%	1.25%
13	5,639	3.0%	2.3%	0.6%	29%	1.25%
14	5,330	2.8%	2.8%	-0.1%	29%	1.25%
15	5,329	4.7%	3.4%	1.1%	36%	1.25%
16	5,390	5.1%	4.0%	1.0%	42%	1.25%
17	5,170	6.1%	4.5%	1.5%	43%	1.25%
18	4,521	6.0%	4.9%	0.9%	31%	1.25%
19	3,823	7.6%	5.3%	2.1%	34%	1.25%
20	3,166	7.0%	5.7%	1.2%	30%	1.25%
21	2,692	7.7%	6.0%	1.5%	31%	1.25%
22	2,080	9.8%	6.7%	3.0%	28%	1.25%
23	1,702	8.9%	7.1%	1.7%	28%	1.25%
24	1,409	9.5%	7.7%	1.8%	22%	1.25%
25	1,112	10.6%	8.2%	2.4%	19%	1.25%
26	781	10.4%	9.0%	1.4%	16%	1.25%
27	520	9.8%	9.9%	-0.2%	8%	1.25%
28	259	12.7%	11.1%	1.8%	8%	1.25%
29	78	5.1%	12.0%	-7.8%	5%	1.25%
30	8	24.0%	13.6%	12.0%	5%	1.25%
31	1	0.0%	19.1%	-23.7%	0%	1.25%
32	1	100.0%	20.8%	99.4%	0%	1.25%
7-9	17,526	3.0%	1.1%	1.8%	82%	2.07%
7+	84,753	4.7%	3.3%	1.3%	100%	1.44%
8+	79,223	4.8%	3.5%	1.3%	100%	1.36%
9+	73,454	5.0%	3.6%	1.3%	100%	1.31%
10+	67,227	5.2%	3.9%	1.2%	100%	1.27%

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 Acquired Business
Morbidity Adjustment Factors
Business Acquired from ERC

Duration	Tax Status Adjustment Factors: Non-Tax-Qualified (NTQ)	Tax Status Adjustment Factors: Tax-Qualified (TQ)
1	1.00	0.95
2	1.00	0.89
3	1.00	0.83
4	0.98	0.78
5	0.96	0.78
6	0.91	0.79
7	0.85	0.84
8	0.79	0.89
9	0.76	0.99
10	0.75	0.97
11	0.78	1.00
12	0.80	1.00
13	0.85	1.01
14	0.90	0.97
15	0.99	0.99
16	0.99	0.99
17	1.04	1.00
18	1.05	0.99
19	1.05	1.00
20+	0.99	1.00

Attained Age	Tax Status Adjustment Factors: NTQ	Tax Status Adjustment Factors: TQ
<55	0.99	1.06
55	0.99	1.06
56	0.99	1.06
57	1.00	1.15
58	1.01	1.21
59	1.02	1.27
60	1.05	1.23
61	1.04	1.23
62	1.01	1.10
63	0.98	1.01
64	0.96	0.94
65	0.95	0.88
66	0.97	0.86
67	1.01	0.87
68	1.07	0.89
69	1.14	0.92
70	1.14	0.93
71	1.13	0.92
72	1.05	0.93
73	0.97	0.94
74	0.87	0.97
75	0.87	1.02
76	0.86	1.05
77	0.88	1.04
78	0.92	1.00
79	0.96	0.94
80	0.95	0.88
81	0.94	0.84
82	0.97	0.84
83	0.93	0.85
84	0.93	0.88
85	0.90	0.91
86	0.89	0.94
87	0.85	0.97
88	0.86	0.97
89	0.85	0.97
90	0.80	0.99
91	0.81	0.98
92	0.84	0.99
93	0.85	1.00
94	0.86	1.02
95	0.90	1.01
96	0.93	1.01
97	0.94	1.01
98	0.94	1.01
99	0.96	1.01
100	0.96	1.00
101+	0.95	1.00

Attained Age	Tax Status Adjustment Factors: Individual NTQ	Tax Status Adjustment Factors: Individual TQ	Tax Status Adjustment Factors: Group All
<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	Adjustment Factors: Individual	Adjustment Factors: Group
<55	0.93	1.01
55	0.93	1.01
56	0.93	1.01
57	0.89	1.06
58	0.86	1.09
59	0.83	1.09
60	0.85	1.06
61	0.83	1.01
62	0.82	0.92
63	0.83	0.83
64	0.84	0.80
65	0.84	0.80
66	0.81	0.83
67	0.81	0.88
68	0.78	0.96
69	0.77	0.99
70	0.80	1.01
71	0.93	1.02
72	0.98	0.99
73	1.08	1.00
74	1.14	0.99
75	1.13	0.97
76	1.02	0.98
77	1.06	1.01
78	1.05	0.97
79	1.07	0.93
80	1.10	0.92
81	1.14	0.87
82	1.08	0.86
83	1.09	0.88
84	1.05	0.94
85	1.07	0.96
86	1.08	1.01
87	1.14	1.03
88	1.17	1.04
89	1.17	1.04
90	1.16	1.03
91	1.16	1.02
92	1.10	1.01
93	1.08	1.02
94	1.09	1.01
95	1.10	1.00
96	1.09	0.99
97	1.09	0.99
98	1.07	0.98
99	1.05	0.98
100	1.03	0.98
101+	1.02	0.99

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

Exhibit A-4b
MedAmerica and Acquired Business
Actual-to-Expected (A:E) Morbidity Experience through June 30, 2016 with Claim Runout
Business Acquired from ERC

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	74,701	1,836	100,554,123	112,027,310	108,284,569	0.90	0.93
Group	44,656	180	16,867,667	18,397,760	13,860,601	0.92	1.22
Payment-Type / Tax Status (TQ = Tax-Qualified, NTQ = Non-Tax-Qualified)							
Cash / TQ	-	-	-	-	-	-	-
Reimbursement / NTQ	48,718	1,625	83,105,602	91,206,762	86,274,022	0.91	0.96
Reimbursement / TQ	70,639	391	34,316,188	39,218,308	35,871,149	0.88	0.96
Coverage Type							
Comprehensive	95,676	1,401	86,686,914	96,239,971	85,649,308	0.90	1.01
Nursing Home Only	23,670	614	30,707,126	34,181,720	36,491,982	0.90	0.84
Home Care Only	12	1	27,750	3,379	3,880	8.21	7.15
Attained Age							
< 60	28,992	24	3,135,199	2,744,953	2,644,674	1.14	1.19
60 - 69	30,349	59	5,210,038	8,389,296	5,679,377	0.62	0.92
70 - 79	30,879	349	26,856,347	29,713,733	27,036,380	0.90	0.99
80 - 89	24,812	1,128	65,382,231	69,745,547	68,458,567	0.94	0.96
90 +	4,326	456	16,837,976	19,831,542	18,326,174	0.85	0.92
Policy Duration							
< 7	23,303	42	2,547,810	5,124,207	3,833,438	0.50	0.66
7 - 10	27,908	121	9,829,141	14,683,779	12,308,504	0.67	0.80
11 - 15	34,080	434	30,923,950	34,082,601	31,167,276	0.91	0.99
16 - 20	23,060	818	45,707,104	44,004,951	44,094,675	1.04	1.04
21 +	11,007	601	28,413,786	32,529,532	30,741,278	0.87	0.92
Total	119,358	2,016	117,421,790	130,425,070	122,145,171	0.90	0.96

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

Appendix B
Justification for and Development of the Requested Rate Increase

This appendix provides details on the development of the current rate increase requests as well as providing demonstrations of how the requested rate increases are not recouping past losses.

Rate Increase Development

The requested rate increases were determined such that the block would break even with margin in the future for the subset of policies with a lifetime-pay option. That is, the present value of future income (premiums, investment income, and release in policy reserves) will cover the cost of future disbursements (benefits and expenses) to prevent future losses and ensure that funds are available to pay policyholder benefits. It is important to note that as this methodology is a prospective calculation, the historical experience was not considered when developing the requested rate increase. The company is bearing the burden of the historical losses on this business.

The break-even rate increases were analyzed by inflation protection option to better align the rate increase with the adverse experience. Given the size of the increases justified from the methodology, the company decided to cap the requested rate increases at the amount needed to achieve cumulative increases of 140% for policies with no inflation and 299% for policies with inflation.

Table B-1 below provides the cumulative rate increases needed to break even with margin in the future as well as the cumulative rate increases that are currently being achieved with the requested increases by inflation protection option.

Table B-1
Comparison of Break-Even Cumulative Increase and Requested Increase

Inflation Protection Option	Break-Even Cumulative Rate Increase[1]	Requested Cumulative Rate Increase[1]
All[2]	493%	213%
No Inflation	330	140
Auto Inflation	685	299

[1] Captures only the rate increases that have been or are being filed with the department of insurance after MedAmerica had acquired the business.
[2] Average as of December 31, 2017 and excludes policies assumed to be paid up prior to implementation of the requested rate increase.

While the company does not currently anticipate additional rate increases, it will continue to monitor the business and reserves the right to request additional rate increases in the future.

Demonstrations Requested Increase does not Recoup Past Losses

A number of methods exist to quantify or demonstrate whether an increase may be recouping past losses and offer the following for consideration.

Capped Historical Incurred Claims

The 2014 Long-Term Care Model Regulation (Model Regulation) contemplates recouping past losses in Section 20.1.C for newly issued policies. Specifically, recouping past losses is limited by not allowing past actual claims in excess of expected claims by calendar year in the minimum loss ratio test (Section 20.1.C(2)).

While Section 20.1.C is not applicable to these policies, to demonstrate that the rate increase is not recouping past losses we capped actual historical claims by those expected in pricing by calendar year in demonstrating compliance with the applicable minimum loss ratio requirements for these policies. Expected claims are calculated as earned premium multiplied by expected loss ratio for each calendar year.

Tables B-2 and B-3 reflect the capped historical incurred claims and demonstrate compliance with the applicable minimum loss ratio requirements for the pre- and post-rate stability regulation (Model Regulation Sections 19 and 20), respectively. Tables B-2 and B-3 provide similar information as that in Section 15 of the actuarial memorandum for all companies combined, except for capping historical incurred claims at that expected.

Table B-2
Nationwide Lifetime Loss Ratios with Capped Historical Incurred Claims at the Maximum Valuation Interest Rate

Cohort	Before Increase	After Increase
All	75%	72%
Individual	75	72
Group	98	70
No Inflation	70	69
Auto Inflation	110	87

Table B-3
Nationwide Alternative 58%/85% Test with Capped Historical Incurred Claims

Cohort	Alternative to 58% Loss Ratio[1]	Item 5[2]	Item 7[3]	Result[4]
All	65%	$345	$390	Pass
Individual	64	335	378	Pass
Group	66	10	12	Pass
No Inflation	65	298	320	Pass
Auto Inflation	62	47	67	Pass

[1] Represents the greater of 58% and the expected lifetime loss ratio.
[2] Item 5 is the Lifetime Earned Premium (in millions) Times Prescribed Factor.
[3] Item 7 is Lifetime Incurred Claims with Rate Increase (in millions). The historical incurred claims by calendar year reflect the lesser of actual and expected pricing claims. The future projected incurred claims were increased by 15% to reflect assumptions with moderately adverse experience.
[4] Test of whether Item 7 is not less than Item 5.

HATF Discussion and Lifetime Premium Equivalence

One approach that was considered by the NAIC Health Actuarial Task Force (HATF) during discussions for the development of the Model regulation was that past losses should be defined as past premium inadequacies given current, updated information. A company would demonstrate this approach by restating premiums to the proposed rate level from inception and demonstrating compliance with minimum loss ratio tests.

This approach was determined by HATF to not be a realistic method to define past losses because in reality there is no opportunity for the company to have perfect knowledge from policy inception and this approach greatly expands the risk on the product. Ultimately, HATF settled on the approach that past losses should be defined as any excess of actual past claims over expected claims, which lead to the approach outlined in Section 20.1.C of the Model Regulation and described above. For additional background on HATF's review of methods of defining past losses please see the article 'Recouping Past LTC Losses' in the April 2017 issue of the Society of Actuaries Long-Term Care Section newsletter, Long-Term Care News.

While it is not appropriate to use this restrictive method of restating premiums to the proposed rate level from inception to determine the rate increase, we can use it to confirm that current policyholders are not paying more over their lifetime than what they would have if the company had perfect knowledge.

With perfect knowledge, the company would have charged 36% higher rates from issue to reproduce the original pricing loss ratio of 65%. To avoid recouping premium on past policies that will not receive the rate increase, we compare lifetime premiums on a present value basis for the subset of policies that are in-force with lifetime-pay. These policies would have paid $69 million in the history and $80 million over the lifetime if the company had perfect knowledge and charged 36% higher premiums from issue. In contrast, the actual premium paid by these policies has been $53 million in the history and is projected to be $71 million over the lifetime including the requested rate increase. Therefore, these in-force policies will pay less over their lifetime than what they would have paid if the company had perfect knowledge at issue.

Table B-4 below provides a summary of the present value of lifetime premiums under the scenario discussed above by inflation protection option.

Table B-4
Lifetime Premium Equivalence
In-force Policies with Lifetime-Pay

Inflation Protection Option	Original Pricing Loss Ratios	Increase Needed from Inception	Present Value of Lifetime Premium (Millions) with:	
			Perfect Knowledge at Issue[1]	Actual History and Requested Increase in Future
All	65%	36%	$80	$71
No Inflation	65	27	41	37
Auto Inflation	62	96	51	34

[1] The increase needed from inception is calculated in regards to all lives while the present value of premium is calculated based on life-pay policies currently in force. The difference results in the sum of no inflation and auto inflation not tying to the total for the all inflation option.

Central States Health and Life Company of Omaha
Address: 1212 North 96th Street, Omaha, NE 68114

Supplement to the Actuarial Memorandum

February 14, 2019

Product	Number
N Series	
Comprehensive Form	N05 PA
Facility Only Form	N03 PA

The above-listed form(s) was acquired by MedAmerica Insurance Company (MedAmerica) through a reinsurance agreement with the Employers Reinsurance Corporation (ERC). MedAmerica manages the above-listed form(s) with other similar blocks of business it acquired and refers to the business as the "acquired from ERC" block. Certain policies within the block novated to MedAmerica paper. MedAmerica administers and has 50%-100% of the risk on the entire block acquired from ERC.

Three filings with the business acquired from ERC are concurrently being submitted in this jurisdiction for (1) Central States Health and Life Company of Omaha (CSO), (2) Highmark Life Insurance Company (Highmark), and (3) MedAmerica on policies that novated to its paper.

For the policies issued by Baltimore Life Insurance Company (Baltimore Life), no rate increase is being pursued in this jurisdiction due to the minimum loss ratio requirements, as shown in Section 15 of the enclosed actuarial memorandum. However, the favorable experience is included in the pool and development of the requested rate increase.

This supplement captures the nationwide experience of the above-listed policy form(s) and is pooled with certain business acquired from ERC. Pennsylvania-specific experience is not considered fully credible, but is being provided as required.

A. Purpose of Supplement

This supplement has been prepared for the purpose of demonstrating the compliance of the requested rate increase with Chapter 18 Section 3803(c) and (e), and Reg. 89.83 of the Insurance Regulations for the state of Pennsylvania as well as provide items generally requested by the Department. It may not be appropriate for other purposes.

B. 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.

C. 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, 6 of the 208 policies that are in force and subject to the requested rate increase in Pennsylvania were issued on or after September 16, 2002 (approximately 3%). 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 form(s) may be provided upon request, if available.

Central States Health and Life Company of Omaha
Address: 1212 North 96th Street, Omaha, NE 68114

Supplement to the Actuarial Memorandum

February 14, 2019

(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 inflation protection option 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 inflation protection option 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 inflation protection option 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 in the format of a seriatim listing of affected policies as described in Section 2 of the enclosed actuarial memorandum. Please note that the actual rates implemented may vary slightly from those in the enclosed seriatim listing due to implementation rounding algorithms.

Exhibit I of the enclosed actuarial memorandum provides nationwide earned premium and incurred claim actual 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 4.5% to 5.5%, and averages 5.1%).

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 no previous rate revisions on the above-listed form(s) in Pennsylvania since MedAmerica acquired the business.

(2)(ii)(B): Table 1 shows the commission scales by duration for the policy forms subject to the requested rate increase in Pennsylvania. The commission scale reflects the pricing commission scales utilized by MedAmerica in its cash flow testing. The final duration's commission scale is the company's current expected commission rate.

Table 1
Commission Percentages by Duration

Company	Policy Form	Commissions by Duration	
		1-10	11+
CSO	N03 PA N05 PA	20%	2%
Highmark	TGGC8010(3/94)PA TGGC8010(5/95)PA	27	2
MedAmerica (Novated Polices)	LTC1200 (8/2000) PA	20	2

The actual commission scales will differ slightly from those that appear in Table 1 as MedAmerica 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).

(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, except provides 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. However, historical experience prior to 2004 was estimated as described in Section 15 of the enclosed actuarial memorandum.

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

D. Demonstration of Compliance with Generally Requested Information

Attachment 7 to this letter provides a table showing the status of the rate increase filings, along with the cumulative rate increase implemented to date. The status is shown for each jurisdiction in which there is business in force as of December 31, 2017 on these and similar policy forms of the business acquired from ERC.

As part of this rate increase process, an increase has been or is expected to be requested in most jurisdictions. Regardless of prior approvals, the same cumulative rate increase level will be requested in all jurisdictions except where it is not cost effective to file an increase due to regulatory requirements or the limited amount of in-force business. In jurisdictions where the company has not yet reached a decision regarding the current rate increase, Attachment 7 indicates “TBD” (to be decided).

E. 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 7 of this supplement is enclosed with this filing, as required.

F. Description of Attachments and Enclosures

Attachment 1: Nationwide Actual and Projected Written Premium and Paid Claims
Attachment 2: Pennsylvania-Specific Actual and Projected Experience
Attachment 3: Pennsylvania-Specific Actual and Projected Written Premium and Paid Claims
Attachment 4: Nationwide and Pennsylvania-Specific Claims and Reserves Balance
Attachment 5: Nationwide Actual and Projected Experience by Policy Year
Attachment 6: Pennsylvania-Specific Actual and Projected Experience by Policy Year
Attachment 7: Status Listing

Enclosure: Exhibits and Attachments in Excel

Attachment 1-a
Business Acquired from ERC
Written Premium and Paid Claim Experience and Projections by Calendar Year
Nationwide Experience Before Requested Rate Increase
All Policies

		Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss
	Calendar Year	Written Premium	Paid Claims	Loss Ratio	Ratio w/ Max. Val. Interest
Historical Experience	Prior to 1990*	22,204,897	3,604,031	16%	16%
	1990-1994*	49,026,766	25,790,198	53%	39%
	1995-1999*	33,350,613	28,711,199	86%	51%
	2000*	5,790,092	5,034,823	87%	52%
	2001*	5,735,776	4,874,957	85%	54%
	2002*	5,833,638	4,788,223	82%	54%
	2003*	5,536,421	4,753,542	86%	55%
	2004	4,747,261	2,836,153	60%	56%
	2005	4,379,669	4,326,888	99%	56%
	2006	4,011,006	5,057,892	126%	57%
	2007	3,709,397	4,711,595	127%	58%
	2008	3,447,243	5,030,994	146%	59%
	2009	3,171,942	4,731,453	149%	60%
	2010	3,259,534	4,096,811	126%	61%
	2011	3,088,325	3,896,405	126%	62%
	2012	2,862,195	3,896,892	136%	62%
	2013	2,652,869	4,085,776	154%	63%
	2014	2,455,077	4,471,962	182%	63%
	2015	2,277,583	4,483,405	197%	64%
	2016	2,087,563	5,307,192	254%	65%
	2017	1,873,135	5,934,809	317%	66%
Projected Future Experience (60 Years)	2018	1,698,299	4,880,157	287%	67%
	2019	1,544,497	4,974,968	322%	67%
	2020	1,400,082	4,917,478	351%	68%
	2021	1,265,182	5,032,517	398%	69%
	2022	1,139,680	5,095,286	447%	69%
	2023	1,023,482	5,093,126	498%	70%
	2024	915,326	5,050,356	552%	71%
	2025	816,767	4,995,488	612%	71%
	2026	726,568	4,934,640	679%	72%
	2027	643,100	4,863,790	756%	72%
	2028	567,671	4,771,872	841%	73%
	2029	500,153	4,658,821	931%	73%
	2030	439,349	4,527,625	1,031%	74%
	2031	384,846	4,380,644	1,138%	74%
	2032	336,180	4,220,083	1,255%	75%
	2033	292,862	4,051,822	1,384%	75%
	2034	254,333	3,882,637	1,527%	75%
	2035	220,177	3,712,653	1,686%	76%
	2036	190,008	3,539,149	1,863%	76%
	2037	163,449	3,361,811	2,057%	76%
	2038	140,170	3,182,188	2,270%	76%
	2039	119,820	3,002,883	2,506%	77%
	2040	102,134	2,825,449	2,766%	77%
	2041	86,776	2,651,509	3,056%	77%
	2042	73,508	2,484,640	3,380%	77%
	2043	62,056	2,326,377	3,749%	77%
	2044	52,235	2,174,594	4,163%	77%
	2045	43,826	2,028,904	4,629%	77%
	2046	36,670	1,889,344	5,152%	78%
	2047	30,589	1,754,460	5,736%	78%
	2048-2052	90,419	6,961,563	7,699%	78%
	2053-2057	33,963	4,473,512	13,172%	78%
	2058-2062	11,696	2,571,107	21,982%	78%
	2063-2067	3,477	1,245,253	35,818%	78%
	2068-2072	793	473,776	59,736%	78%
	2073-2077	119	144,076	121,257%	78%

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

History	515,863,269	339,834,505	66%
Future	11,442,015	72,686,785	635%
Lifetime	527,305,284	412,521,289	78%

*Estimated as described in Section 15 of the actuarial memorandum

Attachment 1-b
Business Acquired from ERC
Written Premium and Paid Claim Experience and Projections by Calendar Year
Nationwide Experience After Requested Rate Increase
All Policies

		Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss
	Calendar Year	Written Premium	Paid Claims	Loss Ratio	Ratio w/ Max. Val. Interest
Historical Experience	Prior to 1990*	22,204,897	3,604,031	16%	16%
	1990-1994*	49,026,766	25,790,198	53%	39%
	1995-1999*	33,350,613	28,711,199	86%	51%
	2000*	5,790,092	5,034,823	87%	52%
	2001*	5,735,776	4,874,957	85%	54%
	2002*	5,833,638	4,788,223	82%	54%
	2003*	5,536,421	4,753,542	86%	55%
	2004	4,747,261	2,836,153	60%	56%
	2005	4,379,669	4,326,888	99%	56%
	2006	4,011,006	5,057,892	126%	57%
	2007	3,709,397	4,711,595	127%	58%
	2008	3,447,243	5,030,994	146%	59%
	2009	3,171,942	4,731,453	149%	60%
	2010	3,259,534	4,096,811	126%	61%
	2011	3,088,325	3,896,405	126%	62%
	2012	2,862,195	3,896,892	136%	62%
	2013	2,652,869	4,085,776	154%	63%
	2014	2,455,077	4,471,962	182%	63%
	2015	2,277,583	4,483,405	197%	64%
	2016	2,087,563	5,307,192	254%	65%
	2017	1,873,135	5,934,809	317%	66%
Projected Future Experience (60 Years)	2018	1,699,608	4,880,157	287%	67%
	2019	2,726,157	4,897,788	180%	67%
	2020	2,834,714	4,688,265	165%	68%
	2021	2,573,787	4,656,086	181%	68%
	2022	2,329,713	4,601,361	198%	69%
	2023	2,102,486	4,505,931	214%	69%
	2024	1,889,383	4,389,310	232%	69%
	2025	1,694,457	4,277,086	252%	70%
	2026	1,514,959	4,173,627	275%	70%
	2027	1,345,369	4,073,241	303%	71%
	2028	1,193,028	3,962,561	332%	71%
	2029	1,055,999	3,839,930	364%	71%
	2030	931,771	3,706,879	398%	72%
	2031	819,662	3,564,970	435%	72%
	2032	718,903	3,415,673	475%	72%
	2033	628,615	3,263,499	519%	72%
	2034	547,789	3,113,533	568%	73%
	2035	475,709	2,965,621	623%	73%
	2036	411,666	2,817,317	684%	73%
	2037	355,006	2,667,959	752%	73%
	2038	305,108	2,518,390	825%	74%
	2039	261,309	2,370,363	907%	74%
	2040	223,114	2,224,820	997%	74%
	2041	189,843	2,082,850	1,097%	74%
	2042	161,003	1,947,186	1,209%	74%
	2043	136,062	1,818,961	1,337%	74%
	2044	114,615	1,696,499	1,480%	74%
	2045	96,219	1,579,522	1,642%	74%
	2046	80,522	1,468,038	1,823%	74%
	2047	67,154	1,360,909	2,027%	74%
	2048-2052	197,835	5,385,794	2,722%	75%
	2053-2057	73,102	3,458,864	4,732%	75%
	2058-2062	24,518	1,985,824	8,100%	75%
	2063-2067	7,136	958,788	13,437%	75%
	2068-2072	1,619	363,371	22,446%	75%
	2073-2077	244	110,009	45,107%	75%

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

History	515,863,269	339,834,505	66%
Future	21,486,699	62,709,766	292%
Lifetime	537,349,968	402,544,270	75%

*Estimated as described in Section 15 of the actuarial memorandum

Attachment 2-a
Business Acquired from ERC
Earned Premium and Incurred Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience Before Requested Rate Increase
All Policies

		Loss Ratio Demonstration						
		Without Interest				With Max. Val. Interest		
		A	B	C = B / A	D	E	F	G = F / E
	Calendar Year	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Earned Premium	Incurred Claims	Incurred Loss Ratio
Historical Experience	Prior to 1990*	0	0	0%	0	0	0	0%
	1990-1994*	233	46	20%	277	733	146	20%
	1995-1999*	565,528	119,740	21%	1,536	1,496,630	313,248	21%
	2000*	120,287	25,407	21%	333	272,980	57,185	21%
	2001*	173,161	28,692	17%	406	369,421	61,427	17%
	2002*	247,654	33,754	14%	472	499,892	68,702	14%
	2003*	305,561	39,226	13%	464	587,122	76,076	13%
	2004	283,484	13,202	5%	439	520,908	23,917	5%
	2005	275,928	1,174	0%	424	484,805	2,035	0%
	2006	265,581	0	0%	409	445,898	0	0%
	2007	260,303	53,323	20%	402	417,758	84,792	20%
	2008	252,285	543	0%	391	387,161	825	0%
	2009	235,423	25,708	11%	378	345,529	37,761	11%
	2010	226,684	9,711	4%	371	318,034	13,509	4%
	2011	220,972	9,248	4%	360	296,338	12,699	4%
	2012	214,636	296,776	138%	354	275,150	388,124	141%
	2013	209,013	51,820	25%	336	256,078	63,171	25%
	2014	204,751	106,267	52%	329	239,783	125,895	53%
	2015	199,441	443,743	222%	323	223,272	496,849	223%
	2016	196,253	546,740	279%	316	210,006	585,113	279%
	2017	183,652	253,816	138%	302	187,845	259,513	138%
Projected Future Experience (60 Years)	2018	174,174	279,808	161%	291	170,283	273,495	161%
	2019	165,222	295,766	179%	280	154,393	276,178	179%
	2020	156,207	311,934	200%	268	139,512	278,242	199%
	2021	147,195	330,012	224%	257	125,642	281,168	224%
	2022	138,238	350,279	253%	245	112,765	285,044	253%
	2023	129,380	371,172	287%	234	100,854	288,469	286%
	2024	120,653	394,329	327%	222	89,869	292,708	326%
	2025	112,091	418,479	373%	211	79,772	296,654	372%
	2026	103,728	440,096	424%	200	70,525	297,950	422%
	2027	95,579	460,291	482%	189	62,077	297,549	479%
	2028	87,684	477,055	544%	178	54,396	294,386	541%
	2029	80,074	490,403	612%	167	47,442	288,882	609%
	2030	72,778	500,945	688%	156	41,175	281,680	684%
	2031	65,842	505,971	768%	146	35,566	271,555	764%
	2032	59,297	503,667	849%	136	30,578	257,942	844%
	2033	53,152	499,933	941%	126	26,162	244,403	934%
	2034	47,419	502,316	1,059%	117	22,275	234,331	1052%
	2035	42,104	498,117	1,183%	108	18,872	221,730	1175%
	2036	37,222	489,221	1,314%	99	15,917	207,672	1305%
	2037	32,763	477,333	1,457%	91	13,364	193,191	1446%
	2038	28,716	462,753	1,611%	83	11,172	178,564	1598%
	2039	25,072	445,935	1,779%	75	9,302	164,050	1764%
	2040	21,812	427,859	1,962%	68	7,716	150,017	1944%
	2041	18,904	408,934	2,163%	61	6,376	136,686	2144%
	2042	16,317	392,210	2,404%	55	5,247	125,092	2384%
	2043	14,024	379,809	2,708%	49	4,299	115,609	2689%
	2044	12,001	359,363	2,995%	43	3,507	104,369	2976%
	2045	10,218	338,530	3,313%	38	2,847	93,794	3295%
	2046	8,654	315,711	3,648%	33	2,298	83,452	3631%
	2047	7,284	289,854	3,979%	29	1,844	73,039	3961%
	2048-2052	21,451	1,007,710	4,698%	91	4,802	222,865	4641%
	2053-2057	7,193	427,692	5,946%	35	1,273	74,524	5852%
	2058-2062	1,831	128,213	7,002%	10	257	17,701	6881%
	2063-2067	335	25,485	7,600%	2	38	2,801	7442%
	2068-2072	41	3,023	7,410%	0	4	268	7253%
	2073-2077	3	202	7,310%	0	0	15	7146%
History		4,640,830	2,058,935	44%	8,622	7,835,344	2,670,987	34%
Future		2,114,660	14,010,412	663%	4,393	1,472,421	6,906,074	469%
Lifetime		6,755,489	16,069,347	238%	13,014	9,307,765	9,577,061	103%

*Estimated as described in Section 15 of the actuarial memorandum

Attachment 2-b
Business Acquired from ERC
Earned Premium and Incurred Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience After Requested Rate Increase
All Policies

		Loss Ratio Demonstration						
		Without Interest				With Max. Val. Interest		
		A	B	C = B / A	D	E	F	G = F / E
	Calendar Year	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Earned Premium	Incurred Claims	Incurred Loss Ratio
Historical Experience	Prior to 1990*	0	0	0%	0	0	0	0%
	1990-1994*	233	46	20%	277	733	146	20%
	1995-1999*	565,528	119,740	21%	1,536	1,496,630	313,248	21%
	2000*	120,287	25,407	21%	333	272,980	57,185	21%
	2001*	173,161	28,692	17%	406	369,421	61,427	17%
	2002*	247,654	33,754	14%	472	499,892	68,702	14%
	2003*	305,561	39,226	13%	464	587,122	76,076	13%
	2004	283,484	13,202	5%	439	520,908	23,917	5%
	2005	275,928	1,174	0%	424	484,805	2,035	0%
	2006	265,581	0	0%	409	445,898	0	0%
	2007	260,303	53,323	20%	402	417,758	84,792	20%
	2008	252,285	543	0%	391	387,161	825	0%
	2009	235,423	25,708	11%	378	345,529	37,761	11%
	2010	226,684	9,711	4%	371	318,034	13,509	4%
	2011	220,972	9,248	4%	360	296,338	12,699	4%
	2012	214,636	296,776	138%	354	275,150	388,124	141%
	2013	209,013	51,820	25%	336	256,078	63,171	25%
	2014	204,751	106,267	52%	329	239,783	125,895	53%
	2015	199,441	443,743	222%	323	223,272	496,849	223%
	2016	196,253	546,740	279%	316	210,006	585,113	279%
	2017	183,652	253,816	138%	302	187,845	259,513	138%
Projected Future Experience (60 Years)	2018	174,174	279,808	161%	291	170,283	273,495	161%
	2019	240,681	277,005	115%	247	225,029	258,616	115%
	2020	357,414	252,318	71%	237	319,062	225,121	71%
	2021	338,282	265,608	79%	227	288,557	226,373	78%
	2022	319,183	280,631	88%	217	260,146	228,465	88%
	2023	300,199	296,146	99%	207	233,769	230,278	99%
	2024	281,388	313,477	111%	197	209,340	232,829	111%
	2025	262,821	331,584	126%	187	186,785	235,211	126%
	2026	244,566	347,692	142%	177	166,026	235,562	142%
	2027	226,648	362,482	160%	167	146,957	234,507	160%
	2028	209,151	374,231	179%	157	129,512	231,130	178%
	2029	192,152	383,207	199%	147	113,622	225,935	199%
	2030	175,724	389,873	222%	138	99,212	219,423	221%
	2031	159,969	392,303	245%	129	86,225	210,742	244%
	2032	144,966	389,040	268%	120	74,588	199,419	267%
	2033	130,752	384,825	294%	111	64,209	188,296	293%
	2034	117,372	385,334	328%	103	55,004	179,912	327%
	2035	104,850	380,971	363%	95	46,883	169,725	362%
	2036	93,233	373,044	400%	87	39,772	158,483	398%
	2037	82,520	362,923	440%	80	33,579	146,999	438%
	2038	72,710	350,900	483%	73	28,219	135,502	480%
	2039	63,801	337,356	529%	66	23,614	124,193	526%
	2040	55,762	322,978	579%	60	19,679	113,319	576%
	2041	48,530	308,041	635%	54	16,330	103,027	631%
	2042	42,048	294,896	701%	48	13,489	94,109	698%
	2043	36,262	285,051	786%	43	11,090	86,811	783%
	2044	31,122	269,275	865%	38	9,073	78,244	862%
	2045	26,566	253,321	954%	33	7,383	70,219	951%
	2046	22,546	236,030	1,047%	29	5,972	62,418	1045%
	2047	19,007	216,529	1,139%	25	4,799	54,587	1137%
	2048-2052	56,086	751,839	1,341%	81	12,519	166,361	1329%
	2053-2057	18,737	319,054	1,703%	31	3,305	55,623	1683%
	2058-2062	4,706	95,951	2,039%	9	658	13,257	2015%
	2063-2067	845	19,125	2,262%	2	94	2,104	2233%
	2068-2072	101	2,274	2,247%	0	9	202	2223%
	2073-2077	7	152	2,259%	0	0	11	2240%
History		4,640,830	2,058,935	44%	8,622	7,835,344	2,670,987	34%
Future		4,654,880	10,885,276	234%	3,913	3,104,792	5,470,511	176%
Lifetime		9,295,710	12,944,211	139%	12,535	10,940,136	8,141,497	74%

*Estimated as described in Section 15 of the actuarial memorandum

Attachment 3-a
Business Acquired from ERC
Written Premium and Paid Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience Before Requested Rate Increase
All Policies

		Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss
	Calendar Year	Written Premium	Paid Claims	Loss Ratio	Ratio w/ Max. Val. Interest
Historical Experience	Prior to 1990*	0	0	0%	0%
	1990-1994*	40,171	10	0%	0%
	1995-1999*	563,339	70,101	12%	11%
	2000*	126,676	22,343	18%	12%
	2001*	179,602	24,510	14%	12%
	2002*	277,284	27,290	10%	12%
	2003*	301,843	30,793	10%	12%
	2004	280,766	56,928	20%	13%
	2005	275,197	53,015	19%	14%
	2006	262,926	13,898	5%	13%
	2007	258,888	0	0%	12%
	2008	251,030	41,700	17%	12%
	2009	225,554	23,772	11%	12%
	2010	226,427	10,775	5%	12%
	2011	220,393	15,712	7%	12%
	2012	213,681	51,896	24%	12%
	2013	208,106	85,402	41%	13%
	2014	204,342	101,669	50%	14%
	2015	198,957	129,547	65%	16%
	2016	193,862	319,997	165%	20%
	2017	176,075	414,372	235%	25%
Projected Future Experience (60 Years)	2018	172,066	272,742	159%	27%
	2019	163,113	285,588	175%	30%
	2020	154,113	290,915	189%	33%
	2021	145,126	310,113	214%	35%
	2022	136,206	330,273	242%	38%
	2023	127,387	349,436	274%	41%
	2024	118,701	368,673	311%	43%
	2025	110,184	389,635	354%	46%
	2026	101,859	411,588	404%	49%
	2027	93,756	433,998	463%	52%
	2028	85,911	455,649	530%	54%
	2029	78,352	475,762	607%	57%
	2030	71,120	493,883	694%	60%
	2031	64,253	509,238	793%	63%
	2032	57,784	520,673	901%	65%
	2033	51,723	528,171	1,021%	68%
	2034	46,073	533,790	1,159%	70%
	2035	40,853	536,995	1,314%	73%
	2036	36,062	537,113	1,489%	75%
	2037	31,695	533,981	1,685%	77%
	2038	27,741	527,647	1,902%	79%
	2039	24,187	518,356	2,143%	81%
	2040	21,012	506,519	2,411%	83%
	2041	18,181	492,366	2,708%	85%
	2042	15,666	476,675	3,043%	86%
	2043	13,442	460,931	3,429%	88%
	2044	11,479	444,137	3,869%	89%
	2045	9,752	425,977	4,368%	91%
	2046	8,239	406,413	4,933%	92%
	2047	6,916	385,086	5,568%	93%
	2048-2052	20,204	1,535,853	7,602%	96%
	2053-2057	6,645	857,079	12,898%	98%
	2058-2062	1,649	363,676	22,060%	98%
	2063-2067	289	116,745	40,440%	98%
	2068-2072	32	28,223	87,189%	98%
	2073-2077	2	5,213	280,828%	98%

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

History	7,987,543	1,968,718	25%
Future	1,446,393	7,322,950	506%
Lifetime	9,433,937	9,291,668	98%

*Estimated as described in Section 15 of the actuarial memorandum

Attachment 3-b
Business Acquired from ERC
Written Premium and Paid Claim Experience and Projections by Calendar Year
Pennsylvania-Specific Experience After Requested Rate Increase
All Policies

		Actual or Projected Experience using Current Assumptions			
		Without Interest			Cumulative Loss
	Calendar Year	Written Premium	Paid Claims	Loss Ratio	Ratio w/ Max. Val. Interest
Historical Experience	Prior to 1990*	0	0	0%	0%
	1990-1994*	40,171	10	0%	0%
	1995-1999*	563,339	70,101	12%	11%
	2000*	126,676	22,343	18%	12%
	2001*	179,602	24,510	14%	12%
	2002*	277,284	27,290	10%	12%
	2003*	301,843	30,793	10%	12%
	2004	280,766	56,928	20%	13%
	2005	275,197	53,015	19%	14%
	2006	262,926	13,898	5%	13%
	2007	258,888	0	0%	12%
	2008	251,030	41,700	17%	12%
	2009	225,554	23,772	11%	12%
	2010	226,427	10,775	5%	12%
	2011	220,393	15,712	7%	12%
	2012	213,681	51,896	24%	12%
	2013	208,106	85,402	41%	13%
	2014	204,342	101,669	50%	14%
	2015	198,957	129,547	65%	16%
	2016	193,862	319,997	165%	20%
	2017	176,075	414,372	235%	25%
Projected Future Experience (60 Years)	2018	172,154	272,742	158%	27%
	2019	291,383	281,642	97%	30%
	2020	352,888	274,726	78%	31%
	2021	333,771	280,643	84%	33%
	2022	314,712	289,252	92%	35%
	2023	295,772	298,179	101%	36%
	2024	277,012	308,112	111%	38%
	2025	258,509	320,401	124%	39%
	2026	240,300	334,372	139%	41%
	2027	222,446	349,397	157%	43%
	2028	205,029	364,150	178%	44%
	2029	188,118	377,861	201%	46%
	2030	171,805	390,082	227%	48%
	2031	156,184	400,203	256%	49%
	2032	141,336	407,321	288%	51%
	2033	127,297	411,455	323%	53%
	2034	114,093	414,189	363%	54%
	2035	101,775	415,147	408%	56%
	2036	90,360	413,816	458%	57%
	2037	79,858	410,079	514%	58%
	2038	70,262	403,990	575%	60%
	2039	61,565	395,759	643%	61%
	2040	53,725	385,706	718%	62%
	2041	46,680	374,006	801%	63%
	2042	40,373	361,253	895%	64%
	2043	34,758	348,558	1,003%	65%
	2044	29,769	335,174	1,126%	66%
	2045	25,355	320,868	1,265%	66%
	2046	21,464	305,625	1,424%	67%
	2047	18,048	289,170	1,602%	68%
	2048-2052	52,826	1,150,010	2,177%	70%
	2053-2057	17,313	640,099	3,697%	71%
	2058-2062	4,241	271,640	6,405%	71%
	2063-2067	730	87,312	11,962%	71%
	2068-2072	81	21,136	26,197%	71%
	2073-2077	5	3,908	86,352%	71%

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

History	7,987,543	1,968,718	25%
Future	3,099,176	5,951,090	192%
Lifetime	11,086,720	7,919,809	71%

*Estimated as described in Section 15 of the actuarial memorandum

Attachment 4
Business Acquired from ERC
Breakdown of Historical Incurred Claims and Reserve Balances at December 31, 2017
All Policies

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]	
Prior to 1990*	11,763,375	11,763,375	0		0	
1990-1994*	33,451,695	33,451,695	0		0	
1995-1999*	22,595,289	22,595,289	0		0	
2000*	3,973,312	3,973,312	0		0	
2001*	4,024,540	4,024,540	0		0	
2002*	4,182,431	4,182,431	0		0	
2003*	4,283,850	4,283,850	0		0	
2004	3,867,067	3,867,067	0		0	
2005	5,230,993	5,230,993	0		0	
2006	4,493,396	4,460,508	32,888		32,888	
2007	3,973,568	3,973,568	0		0	
2008	4,456,795	4,382,417	74,378		74,378	
2009	3,296,327	3,281,429	14,898		14,898	
2010	3,996,079	3,996,079	0		0	
2011	3,316,985	3,116,166	200,819		200,819	
2012	4,440,508	4,312,202	128,306		128,306	
2013	4,314,175	3,778,756	535,419		535,419	
2014	4,577,100	3,662,203	914,897		914,897	
2015	6,125,594	4,358,582	1,767,012		1,767,012	
2016	6,939,547	2,524,389	4,415,158		4,415,158	
2017	5,139,462	622,940	3,810,084	706,438	4,516,522	21,021,748

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]	
Prior to 1990*	0	0	0		0	
1990-1994*	46	46	0		0	
1995-1999*	119,740	119,740	0		0	
2000*	25,407	25,407	0		0	
2001*	28,692	28,692	0		0	
2002*	33,754	33,754	0		0	
2003*	39,226	39,226	0		0	
2004	13,202	13,202	0		0	
2005	1,174	1,174	0		0	
2006	0	0	0		0	
2007	53,323	53,323	0		0	
2008	543	543	0		0	
2009	25,708	25,708	0		0	
2010	9,711	9,711	0		0	
2011	9,248	9,248	0		0	
2012	296,776	248,183	48,594		48,594	
2013	51,820	51,820	0		0	
2014	106,267	106,267	0		0	
2015	443,743	384,887	58,856		58,856	
2016	546,740	226,229	320,512		320,512	
2017	253,816	10,465	189,793	53,558	243,351	3,850,532

*Estimated as described in Section 15 of the actuarial memorandum
[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
Business Acquired from ERC
Nationwide Experience and Projections by Policy Year - Before Requested Rate Increase
All Policies

	Actual and Projected Experience using Current Assumptions				
Policy Year*	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	18,512,044	6,762,199	37%	11,343	37%
2	16,535,343	7,665,328	46%	10,488	41%
3	14,980,980	7,998,642	53%	9,777	45%
4	13,627,727	8,052,946	59%	9,087	47%
5	12,378,885	7,762,684	63%	8,479	50%
6	11,241,590	7,497,374	67%	7,882	52%
7	10,135,433	6,269,666	62%	7,233	52%
8	9,162,884	6,118,758	67%	6,729	53%
9	8,318,043	6,748,261	81%	6,263	55%
10	7,573,945	5,676,279	75%	5,828	56%
11	6,874,411	5,809,188	85%	5,429	57%
12	6,283,275	4,889,524	78%	5,049	58%
13	5,760,140	5,728,313	99%	4,685	59%
14	5,258,595	6,977,084	133%	4,353	61%
15	4,754,649	6,730,347	142%	3,996	62%
16	4,234,855	6,667,524	157%	3,651	64%
17	3,745,831	8,001,990	214%	3,300	66%
18	3,327,500	7,679,591	231%	2,993	68%
19	2,962,777	6,787,137	229%	2,705	69%
20	2,633,258	7,879,420	299%	2,461	71%
21	2,348,569	7,054,737	300%	2,232	73%
22	2,112,771	6,567,674	311%	2,003	74%
23	1,879,857	5,220,001	278%	1,661	75%
24	1,679,059	6,035,402	359%	1,624	76%
25	1,470,944	6,113,280	416%	1,465	77%
26	1,290,782	6,663,048	516%	1,304	79%
27	1,125,020	5,851,335	520%	1,175	80%
28	979,055	5,687,353	581%	1,045	81%
29	849,307	4,926,212	580%	928	82%
30	732,457	4,786,517	653%	828	82%
31	632,935	4,555,899	720%	737	83%
32	544,476	4,255,950	782%	653	84%
33	466,788	3,987,080	854%	579	84%
34	399,111	3,720,509	932%	513	85%
35	340,437	3,451,708	1,014%	455	85%
36	289,849	3,186,244	1,099%	403	86%
37	246,413	2,930,612	1,189%	357	86%
38	209,210	2,692,673	1,287%	317	86%
39	177,478	2,469,064	1,391%	282	86%
40	150,510	2,271,422	1,509%	250	87%
41	127,615	2,101,053	1,646%	222	87%
42	108,182	1,946,754	1,800%	198	87%
43	91,723	1,801,824	1,964%	176	87%
44	77,765	1,676,216	2,155%	156	87%
45	65,917	1,567,063	2,377%	139	88%
46	55,844	1,458,446	2,612%	123	88%
47	47,278	1,364,299	2,886%	109	88%
48	40,012	1,282,547	3,205%	96	88%
49	33,825	1,199,887	3,547%	84	88%
50	28,556	1,113,879	3,901%	74	88%
51-55	87,220	4,381,797	5,024%	246	88%
56-60	34,403	2,508,527	7,292%	108	88%
61-65	12,048	1,301,986	10,807%	40	88%
66-70	3,633	478,221	13,164%	12	88%
71-75	915	133,289	14,575%	3	88%
Total	187,042,126	254,444,764	136%	142,327	88%

*Certain durations are estimated as described in Section 15 of the actuarial memorandum

Attachment 5-b
Business Acquired from ERC
Nationwide Experience and Projections by Policy Year - After Requested Rate Increase
All Policies

	Actual and Projected Experience using Current Assumptions				
Policy Year*	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	18,512,044	6,762,199	37%	11,343	37%
2	16,535,343	7,665,328	46%	10,488	41%
3	14,980,980	7,998,642	53%	9,777	45%
4	13,627,727	8,052,946	59%	9,087	47%
5	12,378,885	7,762,684	63%	8,479	50%
6	11,241,590	7,497,374	67%	7,882	52%
7	10,135,433	6,269,666	62%	7,233	52%
8	9,162,884	6,118,758	67%	6,729	53%
9	8,318,043	6,748,261	81%	6,263	55%
10	7,573,945	5,676,279	75%	5,828	56%
11	6,874,411	5,809,188	85%	5,429	57%
12	6,283,275	4,889,524	78%	5,049	58%
13	5,760,140	5,728,313	99%	4,685	59%
14	5,258,595	6,977,084	133%	4,353	61%
15	4,754,669	6,730,342	142%	3,996	62%
16	4,243,045	6,665,933	157%	3,650	64%
17	3,847,063	7,982,464	207%	3,287	66%
18	3,700,692	7,597,699	205%	2,960	68%
19	3,587,597	6,610,604	184%	2,656	69%
20	3,394,666	7,589,920	224%	2,400	71%
21	3,181,020	6,664,864	210%	2,160	72%
22	3,014,965	6,069,551	201%	1,921	73%
23	2,774,454	4,637,106	167%	1,578	74%
24	2,533,451	5,404,764	213%	1,544	74%
25	2,271,700	5,449,387	240%	1,372	75%
26	2,090,770	5,947,758	284%	1,216	76%
27	1,873,340	5,108,159	273%	1,090	77%
28	1,704,211	4,907,120	288%	959	78%
29	1,551,190	4,113,101	265%	841	78%
30	1,398,820	3,953,479	283%	746	79%
31	1,245,045	3,723,634	299%	657	79%
32	1,094,773	3,438,952	314%	579	80%
33	952,423	3,199,023	336%	513	80%
34	820,682	2,972,636	362%	454	80%
35	704,551	2,747,845	390%	403	81%
36	603,674	2,528,116	419%	357	81%
37	516,389	2,317,890	449%	316	81%
38	441,084	2,123,103	481%	281	81%
39	376,391	1,940,682	516%	249	82%
40	321,015	1,779,776	554%	222	82%
41	273,665	1,641,306	600%	197	82%
42	233,189	1,516,349	650%	175	82%
43	198,673	1,399,656	705%	156	82%
44	169,210	1,299,140	768%	138	82%
45	144,045	1,212,069	841%	123	82%
46	122,525	1,126,314	919%	109	82%
47	104,115	1,052,482	1,011%	96	82%
48	88,402	989,240	1,119%	85	82%
49	74,942	924,960	1,234%	75	83%
50	63,416	858,464	1,354%	66	83%
51-55	194,365	3,371,904	1,735%	218	83%
56-60	76,379	1,924,123	2,519%	96	83%
61-65	26,291	994,428	3,782%	35	83%
66-70	7,747	363,871	4,697%	10	83%
71-75	1,909	101,078	5,296%	3	83%
Total	201,419,848	234,935,537	117%	140,614	83%

*Certain durations are estimated as described in Section 15 of the actuarial memorandum

Attachment 6-a
Business Acquired from ERC
Pennsylvania-Specific Experience and Projections by Policy Year - Before Requested Rate Increase
All Policies

	Actual and Projected Experience using Current Assumptions				
Policy Year*	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	356,117	42,853	12%	549	12%
2	331,686	39,876	12%	523	12%
3	312,587	33,071	11%	505	12%
4	302,827	26,904	9%	486	11%
5	291,701	42,449	15%	465	12%
6	278,966	58,866	21%	449	13%
7	266,243	22,323	8%	433	12%
8	251,001	39,272	16%	417	13%
9	243,893	22,227	9%	405	12%
10	238,256	27,701	12%	395	12%
11	230,122	0	0%	384	12%
12	225,798	1,405	1%	373	11%
13	221,471	155,660	70%	367	14%
14	214,630	56,404	26%	362	14%
15	206,678	124,434	60%	352	16%
16	198,754	181,011	91%	345	18%
17	193,032	99,046	51%	337	19%
18	185,992	435,315	234%	327	25%
19	175,800	313,910	179%	306	28%
20	167,173	264,293	158%	296	31%
21	157,437	471,764	300%	287	36%
22	149,837	437,063	292%	274	40%
23	137,638	315,884	230%	115	42%
24	128,240	338,891	264%	250	45%
25	119,608	359,842	301%	239	48%
26	111,198	379,214	341%	228	50%
27	103,046	396,506	385%	217	53%
28	95,184	410,750	432%	206	56%
29	87,655	423,775	483%	196	59%
30	80,495	433,212	538%	185	61%
31	73,729	440,919	598%	175	64%
32	67,358	448,701	666%	166	66%
33	61,365	458,632	747%	156	69%
34	55,768	465,561	835%	147	71%
35	50,565	467,752	925%	138	73%
36	45,737	466,100	1,019%	130	76%
37	41,268	458,435	1,111%	122	78%
38	37,148	446,630	1,202%	114	80%
39	33,366	433,643	1,300%	106	81%
40	29,902	428,170	1,432%	98	83%
41	26,721	422,660	1,582%	91	85%
42	23,802	416,473	1,750%	84	86%
43	21,133	409,692	1,939%	77	88%
44	18,699	400,094	2,140%	70	89%
45	16,490	387,518	2,350%	64	90%
46	14,486	371,269	2,563%	58	91%
47	12,670	351,970	2,778%	52	92%
48	11,026	329,618	2,989%	47	93%
49	9,549	309,973	3,246%	42	94%
50	8,228	285,867	3,474%	37	95%
51-55	25,922	1,091,843	4,212%	125	97%
56-60	10,064	570,272	5,666%	54	98%
61-65	3,058	214,273	7,008%	18	99%
66-70	673	54,306	8,066%	4	99%
71-75	100	8,628	8,659%	1	99%
Total	6,761,889	16,092,922	238%	12,449	99%

*Certain durations are estimated as described in Section 15 of the actuarial memorandum

Attachment 6-b
Business Acquired from ERC
Pennsylvania-Specific Experience and Projections by Policy Year - After Requested Rate Increase
All Policies

	Actual and Projected Experience using Current Assumptions				
Policy Year*	Earned Premium	Incurred Claims	Incurred Loss Ratio	End of Year Lives	Cumulative Loss Ratio w/ Max. Val. Interest
1	356,117	42,853	12%	549	12%
2	331,686	39,876	12%	523	12%
3	312,587	33,071	11%	505	12%
4	302,827	26,904	9%	486	11%
5	291,701	42,449	15%	465	12%
6	278,966	58,866	21%	449	13%
7	266,243	22,323	8%	433	12%
8	251,001	39,272	16%	417	13%
9	243,893	22,227	9%	405	12%
10	238,256	27,701	12%	395	12%
11	230,122	0	0%	384	12%
12	225,798	1,405	1%	373	11%
13	221,471	155,660	70%	367	14%
14	214,630	56,404	26%	362	14%
15	206,678	124,434	60%	352	16%
16	198,909	180,986	91%	345	18%
17	202,613	97,545	48%	335	19%
18	242,284	426,223	176%	320	24%
19	272,088	296,015	109%	296	27%
20	276,279	240,530	87%	286	29%
21	266,169	444,563	167%	276	33%
22	254,589	406,279	160%	263	36%
23	235,865	282,400	120%	105	38%
24	221,656	301,734	136%	240	40%
25	215,278	314,264	146%	211	42%
26	265,420	303,369	114%	201	44%
27	247,809	315,697	127%	191	45%
28	230,504	325,402	141%	182	47%
29	213,775	333,962	156%	173	48%
30	197,703	339,667	172%	164	50%
31	182,354	343,915	189%	155	51%
32	167,739	348,260	208%	146	52%
33	153,832	354,303	230%	138	54%
34	140,686	358,142	255%	130	55%
35	128,317	358,458	279%	122	56%
36	116,704	355,970	305%	115	58%
37	105,834	349,060	330%	107	59%
38	95,709	339,196	354%	100	60%
39	86,324	328,608	381%	93	61%
40	77,649	323,719	417%	87	62%
41	69,618	318,888	458%	80	63%
42	62,200	313,618	504%	74	64%
43	55,370	307,976	556%	68	65%
44	49,111	300,278	611%	62	66%
45	43,406	290,473	669%	57	66%
46	38,210	277,976	727%	51	67%
47	33,483	263,239	786%	46	68%
48	29,195	246,292	844%	41	68%
49	25,327	231,387	914%	37	69%
50	21,858	213,184	975%	33	69%
51-55	69,112	812,692	1,176%	110	71%
56-60	26,929	423,990	1,574%	48	71%
61-65	8,163	159,383	1,952%	16	71%
66-70	1,785	40,453	2,266%	4	71%
71-75	263	6,430	2,447%	1	71%
Total	9,302,095	12,967,974	139%	11,969	71%

*Certain durations are estimated as described in Section 15 of the actuarial memorandum

Attachment 7
MedAmerica and Business Acquired from ERC
Status of Filings as of February 13, 2019
All Jurisdictions in Which These Forms are In Force
All Policy Forms

				Prior Rate Increases		Current Requested Increases					Average
Jurisdiction	Company	12/31/2017 Policies In Force[1]	12/31/2017 Annualized Premium[1]	Average Filed Increase[2][4]	Implementation Year[2]	Requested Increase[3]	Status[4][5][6]	Date Submitted	Disposition Date	Average Filed Increase[3][4]	Cumulative Increase Filed[2][4]
Alaska[7]	Central States Health & Life Company of Omaha	1	$675			140%	Not Yet Filed				0%
Arkansas	Central States Health & Life Company of Omaha	2	$1,819				Not Filing				0%
Arizona	Central States Health & Life Company of Omaha	6	$4,556				Not Filing				0%
	MedAmerica Insurance Company	2	$1,397				Not Filing				0%
	Company 3	1	$1,006				Not Filing				0%
California	Company 4	4	$2,919				Not Filing				0%
Colorado	Central States Health & Life Company of Omaha	13	$11,105				Not Filing				0%
Connecticut	Central States Health & Life Company of Omaha	23	$47,890			194%	Pending	1/18/2019			0%
District of Columbia	Company 5	34	$16,868				TBD				0%
Florida	Central States Health & Life Company of Omaha	30	$47,106				Not Filing				0%
	Company 6	17	$30,549				Not Filing				0%
Georgia	Central States Health & Life Company of Omaha	16	$19,099	10.0%	2010	148%	Not Yet Filed				10%
	MedAmerica Insurance Company	7	$9,623			148%	Not Yet Filed				0%
	Company 3	2	$2,696				Not Filing				0%
Iowa	Central States Health & Life Company of Omaha	18	$14,982	10.0%	2010	217%	Pending	1/31/2019			10%
	MedAmerica Insurance Company	1	$2,485			140%	Pending	1/31/2019			0%
Idaho	Central States Health & Life Company of Omaha	2	$1,268				Not Filing				0%
Illinois	Company 7	110	$204,207			279%	Not Yet Filed				0%
	Central States Health & Life Company of Omaha	26	$41,753	40.0%	2009 - 2010	157%	Not Yet Filed				40%
	MedAmerica Insurance Company	5	$12,964			299%	Not Yet Filed				0%
Indiana	Central States Health & Life Company of Omaha	372	$506,845	35.0%	2009 - 2011	98%	Not Yet Filed				35%
Kansas	Central States Health & Life Company of Omaha	8	$21,938	20.0%	2009 - 2010	126%	Not Yet Filed				20%
	MedAmerica Insurance Company	5	$12,171			234%	Not Yet Filed				0%
Kentucky	Central States Health & Life Company of Omaha	5	$3,775	20.0%	2010		Not Filing				20%
	MedAmerica Insurance Company	1	$790				Not Filing				0%
Louisiana	Central States Health & Life Company of Omaha	18	$19,989				Not Filing				0%
	MedAmerica Insurance Company	4	$5,001				Not Filing				0%
Maryland	Baltimore Life Insurance Company	1	$3,394				Not Filing				0%
	Company 9	61	$54,181				Not Filing				0%
	Company 5	12	$14,155				TBD				0%
Michigan	Central States Health & Life Company of Omaha	1	$1,046	40.0%	2009 - 2010	185%	Pending	1/29/2019			40%
	MedAmerica Insurance Company	5	$9,517			215%	Pending	1/29/2019			0%
Minnesota	Central States Health & Life Company of Omaha	11	$16,028	40.0%	2009 - 2010		TBD				40%
Missouri	Company 10	7	$3,602				Not Filing				0%
	Central States Health & Life Company of Omaha	6	$6,340	25.0%	2010	127%	Not Yet Filed				25%
	Company 11	73	$54,235			231%	Not Yet Filed				0%
North Carolina	Central States Health & Life Company of Omaha	5	$7,004	20.0%	2010		Not Filing				20%
Nebraska	Central States Health & Life Company of Omaha	200	$211,965	40.0%	2010 - 2011	119%	Pending	1/17/2019			40%
	MedAmerica Insurance Company	4	$4,735				TBD				0%
Nevada	MedAmerica Insurance Company	2	$4,180				TBD				0%
Ohio	Central States Health & Life Company of Omaha	5	$8,133	20.0%	2009 - 2010		Not Filing				20%
	MedAmerica Insurance Company	1	$1,058				Not Filing				0%
	Company 12	1	$1,773				Not Filing				0%
Oklahoma	Central States Health & Life Company of Omaha	8	$7,738	15.0%	2009 - 2010		TBD				15%
	MedAmerica Insurance Company	3	$4,370				TBD				0%
Oregon	Central States Health & Life Company of Omaha	29	$16,246	10.0%	2010		TBD				10%
	MedAmerica Insurance Company	1	$1,137				TBD				0%
Pennsylvania	Baltimore Life Insurance Company	94	$91,221				Not Filing				0%
	Central States Health & Life Company of Omaha	7	$4,887			196%	Not Yet Filed				0%
	Highmark Life	193	$64,271			268%	Not Yet Filed				0%
	MedAmerica Insurance Company	8	$18,217			214%	Not Yet Filed				0%
South Carolina	Central States Health & Life Company of Omaha	40	$43,692	20.0%	2009 - 2010	125%	Not Yet Filed				20%
	MedAmerica Insurance Company	4	$5,420			299%	Not Yet Filed				0%
South Dakota	Central States Health & Life Company of Omaha	4	$9,454	40.0%	2009 - 2010	71%	Not Yet Filed				40%
Tennessee	Central States Health & Life Company of Omaha	5	$8,323	20.0%	2009	100%	Not Yet Filed				20%
Texas	Central States Health & Life Company of Omaha	23	$31,053	25.0%	2009		TBD				25%
	MedAmerica Insurance Company	1	$2,833				TBD				0%
Virginia	Central States Health & Life Company of Omaha	1	$1,682				Not Filing				0%
	Company 5	5	$4,051				Not Filing				0%
Washington	Central States Health & Life Company of Omaha	18	$10,952	10.0%	2010		TBD				10%
Wisconsin	Central States Health & Life Company of Omaha	15	$18,939	40.0%	2009 -2010	148%	Not Yet Filed				40%
	MedAmerica Insurance Company	2	$6,255			299%	Not Yet Filed				0%

[1] Excludes policies assumed to be paid up prior to implementation of the requested rate increase. Annualized premium reflects all rate increases filed for use nationwide.
Additionally, excludes the number of insureds and annualized premium in force for the short-term care policy form, which has 80 lives and $27,979 annualized premium.
[2] Captures only the rate increases that have been or are being filed with the department of insurance after MedAmerica had acquired the business.
[3] The requested rate increase level varies by inflation option; average rate increase percentages are based on the distribution of in-force business as of December 31, 2017.
[4] "Filed" is used in a generic sense to indicate that a rate increase has been approved, accepted, filed for use, etc., by a jurisdiction.
[5] The company is "Not Filing" in jurisdictions in which it is not practical due to a limited amount of in-force business or regulatory requirements.
[6] "TBD" (to be determined) is used in jurisdictions where the company has not yet reached a decision regarding the rate increase request.
[7] Alaska does not require Long-Term Care rates to be filed before use.

CSO

Central States Health & Life Co. of Omaha

Letter of Authorization

To: Department of Insurance

MedAmerica Insurance Company ("MedAmerica") has entered into a service agreement with Milliman, Inc. ("Milliman") effective October 3, 2016, 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 as directed by MedAmerica. 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.

MedAmerica is the 100% reinsurer and administrator of a block of long-term care policies originally issued by Central States Health and Life Company of Omaha.

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

Jacquelyn C. McCaslin

Jacquelyn C. McCaslin, VP & Chief Actuary
Central States Health and Life Company of Omaha

1-15-19
Date

Street Address: 1212 No. 96th Street • Omaha, Nebraska 68114 • Phone: (402) 397-1111
Mailing Address: P.O. Box 34350 • Omaha, Nebraska 68134-0350
A CENTRAL STATES OF OMAHA COMPANY

Central States Health & Life Co. of Omaha

***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>>
<<STREET_ADDRESS1>>
<<STREET_ADDRESS2>>
<<CITY>> <<STATE>> <<ZIP>>

<< DATE>>
Billing Account ID: <<POLICY_NUMBER>>

Dear <<SALUTATION LAST_NAME>>:

We are writing to notify you that we have filed a premium increase of <<INC_AMT>> with the Pennsylvania Insurance Department. 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. The Contingent Non-Forfeiture Lapse Benefit provides a maximum dollar amount for Qualified Long Term Care Services you receive after the date of lapse. This maximum dollar amount is called a "Paid-Up Benefit." The **Paid-Up Benefit** 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 **Maximum Daily Benefit for Nursing Facility Care**

The total of all benefits paid under your policy will not exceed the **Paid-Up Benefit** 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 **Paid-Up Benefit** 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.

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

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

Enclosure

Central States Health & Life Co. of Omaha

Contingent Non-Forfeiture Benefit Election Form

<<FIRST_NAME>> <<LAST_NAME>>
<<STREET_ADDRESS1>>
<<STREET_ADDRESS2>>
<<CITY>> <<STATE>> <<ZIP>>

<<Date>>
Billing Account ID: <<POLICY_NUMBER>>

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 Paid-Up Benefit equal to the sum of all premiums paid and applied to date, **OR** thirty (30) times the Maximum Daily Benefit for Nursing Facility Care, 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 Maximum Daily Benefit for Nursing Facility Care 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.

MedAmerica Claim Administration and Processing Documentation

As the majority of policies to which this rate increase is applicable are eligible for a contingent benefit upon lapse, the following provides a demonstration that MedAmerica Insurance Company (MedAmerica) has consistently applied appropriate policy administration and claim processing procedures. These procedures are in place to assure that policyholders' long-term care claims are paid according to the provisions of our contracts.

Personal Care Advisors (PCAs) in our Claims Intake area determine whether a claimant qualifies for initial benefit eligibility, and create a plan of care for each eligible claimant. Our Rehabilitation/Case Management team then assigns a PCA to handle all aspects of the insured's contact with the Company, including care planning, ongoing care management, and supervision of claim payment.

While the PCAs are knowledgeable about all of the long term care products administered by the Company, each one specializes in a handful of products to increase claim payment accuracy. For chronically stable patients for whom rehabilitation is unlikely and site of care changes occur infrequently, specialized PCAs are assigned whose primary task is timely adjudication of claims and annual reassessment of benefit eligibility.

All claimants are reassessed at least once per year; claimants in Assisted Living or Home Care status are reassessed more frequently. All claims are reviewed prior to payment. Monthly claims audit procedures are in place. Anti-fraud activities are carried out by the staff of the Special Investigations Unit within our parent company.

MedAmerica management believes that these claims management practices are designed to pay claims correctly and help eliminate the potential for further deterioration of the policy form requiring further premium rate schedule increases.