14VAC5-170-220:1. APPENDIX A. MEDICARE SUPPLEMENT REFUND CALCULATION FORM.

APPENDIX A

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APPENDIX A
MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE[1] _____   SMSBP[2] _____

FOR THE STATE OF _____

Company Name _____

NAIC Group Code _____   NAIC Company Code

_____

Address _____

Person Completing This Exhibit _____

Title _____   Telephone Number

_____

line	(a) Earned Premium[3]	(b) Incurred Claims[4]
1. Current Year's Experience		
a. Total (all policy years)		
b. Current year's issues[5]		
c. Net (for reporting purposes 1a - 1b)	_____ —	_____ –
2. Past Year's Experience (All Policy Years)	_____ —	_____ –
3. Total Experience (Net Current Year + Past Year's Experience)	_____ —	_____ –
4. Refund last year (Excluding Interest)		
5. Previous Since Inception (Excluding Interest)	_____ —	_____ –
6. Refunds Since Inception (Excluding Interest)		
7. Benchmark Ratio Since Inception (See Worksheet for Ratio 1)		
8. Experienced Ratio Since Inception		

Total Actual Incurred Claims (line 3, col b) = Ratio 2

Total Earned Prem. (line 3, col a) - Refunds Since Inception (line 6)

9. Life Years Exposed Since Inception _____

   If the Experienced Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.

10. Tolerance Permitted (obtained from credibility table) _____

Medicare Supplement Credibility Table
Life Years Exposed

Since Inception	Tolerance
10,000 +	0.0%
5,000 - 9,999	5.0%
2,500 - 4,999	7.5%
1,000 - 2,499	10.0%
500 - 999	15.0%

If less than 500, no credibility

11. Adjustment to Incurred Claims for Credibility _____

   Ratio 3 = Ratio 2 + Tolerance

   If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.

   If Ratio 3 is less than the Benchmark Ratio, then proceed.

12. Adjusted Incurred Claims = _____

   [Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6)] x Ratio 3 (line 11)

13. Refund = Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6) - Adjusted Incurred Claims (line 12)

   Benchmark Ratio (Ratio 1)_____

If the amount on the line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

[1]Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

[2]SMSBP = Standardized Medicare Supplement Benefit Plan - Use P for prestandardized plans.

[3]Includes modal loadings and fees charged

[4]Excludes Active Life Reserves

[5]This is to be used as Issue Year Earned Premium for Year 1 of next year's Worksheet for Calculation of Benchmark Ratios

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.

_____
Signature

_____
Name - Please Type

_____
Title

_____
Date

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APPENDIX A

<div align="center">

REPORTING FORM FOR THE CALCULATION OF
BENCHMARK RATIO SINCE INCEPTION
FOR GROUP POLICIES
FOR CALENDAR YEAR _____

</div>

TYPE[1] _____   SMSBP[2] _____

FOR THE STATE OF _____

Company Name _____

NAIC Group Code _____   NAIC Company Code
_____

Address _____

Person Completing This Exhibit _____

Title _____   Telephone Number
_____

(a)[3]	(b)[4]	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)[5]
Year	Earned Premium	Factor	(b) x (c)	Cumulative Loss Ratio	(d) x (e)	Factor	(b) x (g)	Cumulative Loss Ratio	(h) x (i)	Policy Year Loss Ratio
1		2.770		0.507		0.000		0.000		0.46

2		4.175		0.567		0.000		0.000		0.63
3		4.175		0.567		1.194		0.759		0.75
4		4.175		0.567		2.245		0.771		0.77
5		4.175		0.567		3.170		0.782		0.8
6		4.175		0.567		3.998		0.792		0.82
7		4.175		0.567		4.754		0.802		0.84
8		4.175		0.567		5.445		0.811		0.87
9		4.175		0.567		6.075		0.818		0.88
10		4.175		0.567		6.650		0.824		0.88
11		4.175		0.567		7.176		0.828		0.88
12		4.175		0.567		7.655		0.831		0.88
13		4.175		0.567		8.093		0.834		0.89
14		4.175		0.567		8.493		0.837		0.89
15+[6]		4.175		0.567		8.684		0.838		0.89
Total:			(k):__		(l):__		(m):__		(n):__	

Benchmark Ratio Since Inception: $(l + n)/(k + m)$:

[1]: Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

[2]: "SMSBP" = Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans.

[3]: Year 1 is the current calendar year - 1 Year 2 is the current calendar year - 2 (etc.) (Example: If the current year is 1991, then: Year 1 is 1990, Year 2 is 1989, etc.)

[4]: For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

[5]: These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for informational purposes only.

[6]: To include the earned premium for all years prior to as well as the 15th year prior to the current year.

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APPENDIX A

<div align="center">

REPORTING FORM FOR THE CALCULATION OF
BENCHMARK RATIO SINCE INCEPTION
FOR INDIVIDUAL POLICIES
FOR CALENDAR YEAR _____

</div>

TYPE[1] _____   SMSBP[2] _____

FOR THE STATE OF _____

Company Name _____

NAIC Group Code _____ NAIC Company Code
_____

Address _____

Person Completing This Exhibit _____

Title _____ Telephone Number
_____

(a)[3]	(b)[4]	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)[5]
Year	Earned Premium	Factor	(b) x (c)	Cumulative Loss Ratio	(d) x (e)	Factor	(b) x (g)	Cumulative Loss Ratio	(h) x (i)	Policy Year Loss Ratio
1		2.770		0.442		0.000		0.000		0.4
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15+[6]		4.175		0.493		8.684		0.725		0.77
Total:			(k):__		(l):__		(m):__		(n):__	

Benchmark Ratio Since Inception: (l + n)/(k + m):

[1]: Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

[2]: "SMSBP" = Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans.

[3]: Year 1 is the current calendar year - 1 Year 2 is the current calendar year - 2 (etc.)

(Example: If the current year is 1991, then: Year 1 is 1990, Year 2 is 1989, etc.)

[4]: For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

[5]: These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for informational purposes only.

[6]: To include the earned premium for all years prior to as well as the 15th year prior to the current year.

Statutory Authority
§§ 12.1-13 and 38.2-223 of the Code of Virginia.

Historical Notes
Derived from Regulation 35, Case No. INS920112, § 19, eff. July 30, 1992; amended, Virginia Register Volume 21, Issue 25, eff. August 15, 2005.