RULES GOVERNING MINIMUM STANDARDS FOR MEDICARE SUPPLEMENT POLICIES

7/92

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 _____

	(a) Earned Premium [3]	(b) Incurred Claims [4]
line		
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)	_____	_____

RULES GOVERNING MINIMUM STANDARDS FOR MEDICARE SUPPLEMENT POLICIES

6. Refunds Since Inception (Excluding Interest)

7. Benchmark Ratio Since Inception

   (See Worksheet for Ratio 1)

8. Experienced Ratio Since Inception

   $$\frac{\text{Total Actual Incurred Claims (line 3, col b)}}{\text{Total Earned Prem. (line 3, col a) - Refunds Since Inception (line 6)}} = \text{Ratio 2}$$

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.

RULES GOVERNING MINIMUM STANDARDS FOR MEDICARE SUPPLEMENT POLICIES

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) -

$$\frac{\text{Adjusted Incurred Claims (line 12)}}{\text{Benchmark Ratio (Ratio 1)}} \underline{\qquad\qquad}$$

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.

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

[2]   "SMSBP" = Standardized Medicare Supplement Benefit Plan

[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

RULES GOVERNING MINIMUM STANDARDS FOR MEDICARE SUPPLEMENT POLICIES
7/92
APPENDIX A   REPORTING FORM FOR THE CALCULATION OF
                                                  BENCHMARK RATIO SINCE INCEPTION
                                                        FOR GROUP POLICIES
                                              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 _____

(a)[3] Year	(b)[4] Earned Premium	(c) Factor	(d) (b) x (c)	(e) Cumulative Loss Ratio	(f) (d) x (e)	(g) Factor	(h) (b) x (g)	(i) Cumulative Loss Ratio	(j) (h) x (i)	(o)[5] 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		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.

RULES GOVERNING MINIMUM STANDARDS FOR MEDICARE SUPPLEMENT POLICIES

(5): These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss   are shown here for informational purposes only.

ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They

7/92

APPENDIX A

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

(a)[3] Year	(b)[4] Earned Premium	(c) Factor	(d) (b) x (c)	(e) Cumulative Loss Ratio	(f) (d) x (e)	(g) Factor	(h) (b) x (g)	(i) Cumulative Loss Ratio	(j) (h) x (i)	(o)[5] 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		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.