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 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 Years' Experience (All Policy Years)	_____	_____
3. Total Experience (Net Current Year + Past Year)	_____	_____
4. Refunds 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 (Ratio 2)	_____	

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

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.

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 Exhibit _____

Title _____   Telephone Number _____

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 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 Model 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 – Please Type

_____
Date

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 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		0.80
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 prestandardized plans

[3]Year 1 is the current 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.

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 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		0.40
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 prestandardized plans
[3]Year 1 is the current 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.