

WAC 284-66-232 Form for medicare supplement refund calculation.

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE _____ SMSBP(w) _____
 For the State of _____
 Washington Policy or Certificate Form No(s) _____
 Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Person Completing This Exhibit _____
 Title _____ Telephone Number _____

| Line | (a) Earned Premium (x) | (b) Incurred Claims (y) |
|--|------------------------------|-------------------------------|
| 1. Current Year's Experience a. Total (all policy years) b. Current year's issues (z) c. Net (for reporting purposes = 1a - 1b) | | |
| 2. Past Years' Experience (All Policy Years) | | |
| 3. Total experience (Net Current Year + Past Years' Experience) | | |
| 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 $\frac{\text{Total Actual Incurred Claims (line 3, col b)}}{\text{Total Earned Premium (line 3, col a) - Refunds Since Inception (line 6)}} = \text{Ratio 2}$ | | |
| 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) | | |
| 11. Adjustment to incurred Claims for Credibility $\text{Ratio 3} = \text{Ratio 2} + \text{Tolerance}$ 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. Adjust Incurred Claims = $\frac{\text{Total Earned Premium (line 3, col. a) - Refunds Since Inception (line 6)}}{\text{Ratio 3 (line 11)}}$ | | |
| 13. Refund = Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6) - $\frac{\text{Adjusted Incurred Claims (line 12)}}{\text{Benchmark Ratio (Ratio 1)}}$ 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. | | |

Medicare Supplement Credibility Table

| Life Year 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 |

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 For the State of _____
 Washington Policy or Certificate Form No(s). _____
 Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Person Completing This Exhibit _____
 Title _____ Telephone Number _____

- (w) "SMSBP" = Standardized Medicare Supplement Benefit Plan
- (x) Includes modal loadings and fees charged.
- (y) Excludes Active Life Reserves.
- (z) 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

WORKSHEET #1 - INDIVIDUAL POLICIES

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

TYPE _____ SMSBP (P) _____
 FOR THE STATE OF WASHINGTON _____
 Washington Policy or Certificate Form No. _____
 Company Name _____
 NAIC Group Code _____ NAIC Company Code _____
 Address _____
 Person Completing This Exhibit _____
 Title _____ Telephone Number _____

| (a) Year | (b) 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) 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 |

| (a) Year | (b) 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) Policy Year Loss Ratio |
|------------------|--------------------------|---------------|------------------|---------------------------------|------------------|---------------|------------------|---------------------------------|------------------|----------------------------------|
| 15+ ¹ | | 4.175 | | 0.493 | | 8.684 | | 0.725 | | 0.77 |
| Total: | | | (k): | | (l): | | (m): | | (n): | |

FN for 15+¹: To include the earned premium for all years prior to as well as the 15th year prior to the current year.

Benchmark Ratio Since Inception: $(1 + n) / (k + m)$:

- (a): 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.)
- (b): For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.
- (c): k = Total of Column "d"
l = Total of Column "f"
m = Total of Column "h"
n = Total of Column "j"
- (o): 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 ratio displayed on this worksheet. They are shown here for informational purposes only.
- (p): "SMSBP" = Standardized Medicare Supplement Benefit Plan

WORKSHEET #1 - GROUP POLICIES

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

TYPE _____ SMSBP (P) _____
FOR THE STATE OF WASHINGTON _____
Washington Policy or Certificate Form No. _____
Company Name _____
NAIC Group Code _____ NAIC Company Code _____
Address _____
Person Completing This Exhibit _____
Title _____ Telephone Number _____

| (a) Year | (b) 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) 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): | |

FN for 15+: To include the earned premium for all years prior to as well as the 15th year prior to the current year.

Benchmark Ratio Since Inception: $(1 + n) / (k + m)$:

- (a): 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.)
- (b): For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.
- (c): k = Total of Column "d"
l = Total of Column "f"
m = Total of Column "h"
n = Total of Column "j"

(o) 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 ratio displayed on this worksheet. They are shown here for informational purposes only.

(p) "SMSBP" = Standardized Medicare Supplement Benefit Plan

[Statutory Authority: RCW 48.66.030 (3)(a), 48.66.041, and 48.66.165. WSR 09-24-052 (Matter No. R 2009-08), § 284-66-232, filed 11/24/09, effective 1/19/10. Statutory Authority: RCW 48.02.060. WSR 93-01-048 (Order 92-25), § 284-66-232, filed 12/10/92, effective 1/10/93. Statutory Authority: RCW 48.02.060, 48.20.450, 48.20.460, 48.20.470, 48.30.010, 48.44.020, 48.44.050, 48.44.070, 48.46.030, 48.46.130 and 48.46.200. WSR 92-06-021 (Order R 92-1), § 284-66-232, filed 2/25/92, effective 3/27/92.]