

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Filing at a Glance

Company: 4 Ever Life Insurance Company
Product Name: 4EL 2016 ExPat
State: VermontGMCB
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.002C Large Group Only - Other
Filing Type: GMCB Rate
Date Submitted: 05/31/2017
SERFF Tr Num: BCSF-131049258
SERFF Status: Closed-Approved
State Tr Num:
State Status: Pending Review
Co Tr Num: 54.1215 ER R

Implementation: On Approval
Date Requested:
Author(s): Susan Hiller, Michele O'Doherty, Carolyn Heindl, William Sterling
Reviewer(s): Noel Hudson (primary), Thomas Crompton, Marisa Melamed
Disposition Date: 08/31/2017
Disposition Status: Approved
Implementation Date: 09/15/2017

State Filing Description:

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

General Information

Project Name: 4EL 2016 ExPat	Status of Filing in Domicile: Pending
Project Number: 54.1215 ER	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments: IL is the state of domicile
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Large
Group Market Type: Employer	Overall Rate Impact:
Filing Status Changed: 09/15/2017	Deemer Date:
State Status Changed: 06/23/2017	Submitted By: Carolyn Heindl
Created By: Carolyn Heindl	
Corresponding Filing Tracking Number: BCSF-130866203	

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

4 Ever Life Insurance Company is submitting the attached rate filing to correspond with the above noted form filing, which has been submitted separately as required by §44-710.

The attached rate filing includes a copy of the Actuarial Memorandum along with the Rate Manual for this policy form stated above. This is an Expatriate Health Plan, subject to the Expatriate Health Coverage Clarification Act of 2014 (EHCAA)

This program provides hospital/medical/surgical expense benefits to large employers The program is for the benefit of employees who are traveling outside the United States for extended periods of time for employer business. It continues to cover those employees when temporarily back in the United States.

Thank you in advance for your time and consideration of this submission. We look forward to receiving your approval. Please contact us should you have any questions

Company and Contact

Filing Contact Information

Carolyn Heindl, Compliance Analyst II CHeindl@bcsf.com
 2 Mid America Plaza 630-472-7714 [Phone]
 Suite 200
 Oakbrook Terrace, IL 60181

Filing Company Information

4 Ever Life Insurance Company	CoCode: 80985	State of Domicile: Illinois
2 Mid America Plaza	Group Code: 23	Company Type:
Suite 200	Group Name:	State ID Number:
Oakbrook Terrace, IL 60181	FEIN Number: 36-2149353	
(630) 472-7842 ext. [Phone]		

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Filing Fees

Fee Required? Yes
Fee Amount: \$150.00
Retaliatory? No
Fee Explanation: Vermont Rates @\$150=\$150. Check #8014172 for \$150.00, dated May 22, 2017 has been mailed to Green Mountain Care Board on May 31, 2017.

State: VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name: 4EL 2016 ExPat

Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Noel Hudson	09/15/2017	09/15/2017

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Response	Noel Hudson	09/11/2017	09/11/2017
Pending Response	Noel Hudson	09/06/2017	09/06/2017
Pending Response	Noel Hudson	08/31/2017	08/31/2017
Pending Response	Noel Hudson	07/13/2017	07/13/2017
Pending Response	Noel Hudson	06/23/2017	06/23/2017

Response Letters

Responded By	Created On	Date Submitted
Carolyn Heindl	09/13/2017	09/13/2017
Carolyn Heindl	09/08/2017	09/08/2017
Michele O'Doherty	09/03/2017	09/03/2017
Michele O'Doherty	08/03/2017	08/03/2017
Michele O'Doherty	06/24/2017	06/24/2017

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
filing revisions	Note To Filer	Noel Hudson	09/08/2017	09/08/2017
Your 9/7 note to filer	Note To Reviewer	Carolyn Heindl	09/07/2017	09/07/2017
correction	Note To Filer	Noel Hudson	09/07/2017	09/07/2017
Extension request	Note To Filer	Noel Hudson	07/26/2017	07/26/2017
Extension request	Note To Reviewer	Michele O'Doherty	07/25/2017	07/25/2017
Original Rate/Rule Schedule tab	Reviewer Note	Noel Hudson	09/15/2017	

State: VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name: 4EL 2016 ExPat

Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Disposition

Disposition Date: 08/31/2017

Implementation Date: 09/15/2017

Status: Approved

HHS Status: HHS Deferred

State Review: Reviewed-No Actuary

Comment:

Company Name:	Company Rate Change:	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):
4 Ever Life Insurance Company	New Product	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

Percent Change Approved:

Minimum: %

Maximum: %

Weighted Average: %

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Actuarial Memorandum		No
Supporting Document	Actuarial Memorandum		No
Supporting Document (revised)	Actuarial Memorandum and Certifications		No
Supporting Document	Actuarial Memorandum and Certifications		No
Supporting Document	Civil Union Rating Requirements		No
Supporting Document	Consumer Disclosure Form		No
Supporting Document	Filing Compliance Certification		No
Supporting Document	Third Party Filing Authorization		No
Supporting Document	Unified Rate Review Template		No
Supporting Document (revised)	Excel Rate Manual		No
Supporting Document	Excel Rate Manual		No

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State:

VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name:

4EL 2016 ExPat

Project Name/Number:

4EL 2016 ExPat/54.1215 ER

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Response to 7.13.17 objection		No
Rate (revised)	Rate Manual		No
Rate	Rate Manual		No
Rate	Rate Manual		No

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	09/11/2017
Submitted Date	09/11/2017
Respond By Date	09/13/2017

Dear Carolyn Heindl,

Introduction:

Thank you for the updated actuarial memorandum and rate/rule schedule tab submitted on 9/8. The rate manual, however, was not updated. Please also submit an updated rate manual reflecting the other filing revisions, particularly in regard to loss ratios and premium calculations.

Noel Hudson
Health Policy Director
Green Mountain Care Board
802-828-5322

Conclusion:

Sincerely,
Noel Hudson

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	09/06/2017
Submitted Date	09/06/2017
Respond By Date	09/11/2017

Dear Carolyn Heindl,

Introduction:

The revised rate manual and actuarial memorandum submitted by the Company on 9/3/17 do not comply with the Board's Decision and Order dated 8/31/17. In its revised filing materials, the Company reduced the commission load as specified in the Board's order, but raised administrative expenses by an equivalent amount, which the Board did not approve. Please submit a revised rate manual and revised actuarial memo that complies with the Board's order. The ordered revisions should reduce the total retention figure to 35%.

Noel Hudson
Health Policy Director
Green Mountain Care Board
802-828-5322

Conclusion:

Sincerely,
Noel Hudson

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	08/31/2017
Submitted Date	08/31/2017
Respond By Date	09/08/2017

Dear Carolyn Heindl,

Introduction:

Dear Ms. Heindl,

Attached below is the Decision and Order issued by the Board regarding the present filing. In accordance with the Decision and Order, please modify the present filing to reduce the commission load in Vermont to an average of 8%, and a permissible range of 0-15%.

Noel Hudson
Health Policy Director
Green Mountain Care Board
802-828-5322

Conclusion:

Sincerely,
Noel Hudson

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: 4 Ever Life Insurance Company) GMCB-009-17-rr
Global Health Guard Ex-Patriot Rate Filing)
SERFF No. BCSF-131049258)

DECISION & ORDER

Introduction

Vermont law requires that health insurers submit major medical rate filings to the Green Mountain Care Board which shall approve, modify, or disapprove a rate filing within 90 calendar days of its receipt. 8 V.S.A. § 4062(a)(2)(A). On review, the Board must determine whether the proposed rate is affordable, promotes quality care, promotes access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(3).

Procedural History

On May 31, 2017, 4 Ever Life Insurance Company submitted its proposed Global Health Guard Ex-Patriot Rate Filing to the Board via the System for Electronic Rate and Form Filing (SERFF).¹ Because there are no members affected by this filing and no rate increase—this is a new product — the Board did not request that its actuaries provide an actuarial analysis of the filing, the Office of the Health Care Advocate (HCA) declined to enter an appearance, and the Board did not hold a hearing in this matter. *See* GMCB Rule 2.000, *Rate Review*, § 2.309 (Adjudication on the Record). The Board posted to the web the Department of Financial Regulation’s (Department’s) analysis and opinion regarding the impact of the proposed filing on the insurer’s solvency on July 28, 2017. The Board received no comments during the public comment period.

Findings of Fact

1. 4 Ever Life Insurance Company is not domiciled in Vermont and is instead licensed in Vermont as a foreign insurer.

¹ The SERFF filing and other documents referenced in this Decision and Order can be found at <http://ratereview.vermont.gov/BCSF-131049258>.

2. The company has filed an “expatriate health plan” rate filing that provides for hospital, medical, and surgical expense benefits to employers for the benefit of employees traveling outside the United States for extended periods of time for employer business purposes.

3. Under the plan’s terms, the company provides a list of credentialed providers to its members when abroad to ensure they have access to qualified providers. When covered employees temporarily return to the United States, they can access coverage through the nationwide “Blue Card” network operated by the national association of Blue Cross Blue Shield entities.

4. This filing is for a new product. Thus, there are no affected members, and there is no rate increase. The company also covers a single policy with 14 enrollees in Vermont under its previous Global Health Guard product that is not directly affected by the present filing.

5. The company developed premiums for the plan utilizing nationwide experience from its older Global Health Guard block of business from 2011-2016. There are currently approximately 18,000 members nationwide; the membership has experienced an average loss ratio of 66.8% during the experience period.

6. The filing includes proposed expenses and commissions that total 40% of premium, broken down as follows: 19% for administration; an average of 13% for commissions (ranging from 0% to 20%); 2.0% for premium taxes, and 6.0% for contingency and risk margin. The anticipated loss ratio is 60%.

7. On review of the company’s solvency, the Department opined that the proposed rates would sustain the company’s solvency. The Department stated that because the company’s operations in Vermont account for less than one percent of its total premiums earned, this filing poses little risk to its solvency.

Standard of Review

1. The Board reviews rate filings to ensure that rates are affordable, promote quality care and access to health care, protect insurer solvency, and are not unjust, unfair, inequitable, misleading or contrary to Vermont law. 8 V.S.A. § 4062(a)(3); GMCB Rule 2.000, *Rate Review*, §§ 2.301(b), 2.401. The Board takes into consideration changes in health care delivery, changes in payment methods and amounts, and other issues at its discretion. 18 V.S.A. § 9375(b)(6).

2. The Board will consider the Department's analysis and opinion on the impact of the proposed rate on the insurer's solvency and reserves. 8 V.S.A. § 4062(a)(2), (3). In addition, the Board shall consider any public comments received on a rate filing. Rule 2.000, §2.201.

3. The burden falls on the insurer proposing a rate change to justify the requested rate. *Id.* § 2.104(c).

Conclusions of Law

4. The Patient Protection and Affordable Care Act (ACA) generally requires that all Americans maintain minimal essential health coverage. In addition, employers with 50 or more full-time employees must offer minimum essential health coverage to substantially all of their full-time workforce.

5. On December 16, 2014, Congress enacted the Expatriate Health Coverage Clarification Act of 2014 (EHCCA). The EHCCA applies to expatriate health plans—insurance coverage for American citizens working abroad— issued or renewed on or after July 1, 2015.

6. Under the EHCCA, expatriate health plans are generally not subject to ACA requirements. Instead, the EHCCA requires that such plans meet certain requirements that are considered minimal essential health coverage; for example, plans must meet applicable pre-ACA requirements such as compliance with provisions of the Health Insurance Portability and Accountability Act (HIPAA) and mental health parity requirements, cover at least 60% of the costs covered under a typical large group health plan, and cover dependents until age 26 if the plan provides dependent coverage.

7. The proposed administrative costs are reasonable even though they exceed those in plans we typically review. Expatriate health plans are more expensive to administer than standard major medical plans because they must process claims without the aid of U.S.-standardized billing codes and sometimes not submitted in English. Consequently, expatriate plans receive different treatment under the ACA and regulations pertaining to minimum loss ratio requirements, allowing for this additional administrative expense.

8. While the unusually high administrative expense load may be necessary to administer international coverage, we cannot agree that the substantial proposed commission expenses are similarly justifiable. The company is the only carrier offering expatriate employee coverage to businesses in Vermont. With employers facing no range of options between carriers, broker expertise is of limited benefit to both policy holders and rate payers. To maximize affordability,

fairness, and equity to policyholders, we therefore order a 5% reduction in the proposed commission expense load to reflect a reduction from an average commission of 13% to an average commission of 8%. We further prohibit any commissions greater than 15% to be paid in Vermont. This modified commission structure is consistent with that approved in 2015 for the company's older Global Health Guard product under Docket No. GMCB-009-15rr.

9. Expatriate health plans provide needed coverage for a specific sector of our citizenry, promote access to healthcare, and are governed by specific federal regulatory standards. Although there are presently no members directly affected by this filing, our approval with modification ensures that this coverage is available should an employer determine it is needed and appropriate.

Order

Based on the reasons discussed above, we approve 4 Ever Life Insurance Company's Global Health Guard Ex-Patriot Rate Filing after modification. Specifically, we order the filing to be modified to reduce the average commission expense to 8% from 13%, and to reduce the maximum allowed commission from 20% to 15%.

So ordered.

Dated: August 31, 2017 at Montpelier, Vermont

s/ Cornelius Hogan)
)
s/ Jessica Holmes)
)
s/ Robin Lunge)
)
s/ Kevin Mullin)
)
s/ Maureen Usifer)

GREEN MOUNTAIN
CARE BOARD
OF VERMONT

Filed: August 31, 2017

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (E-mail address: Marisa.Melamed@vermont.gov). Appeal of this decision to the Supreme Court of Vermont must be filed with the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	07/13/2017
Submitted Date	07/13/2017
Respond By Date	07/25/2017

Dear Carolyn Heindl,

Introduction:

- 1. This filing proposes rates for a new product that supersedes the Company's older ex-patriot health plan, also trade-named Global HealthGuard, whose rates were previously filed with the Board under BCSF-130097000 in 2015. Please explain the specific differences between the old and new product, including but not limited to differences in benefits, cost-sharing structures, and premium tiers.*
- 2. Please state whether the older Global HealthGuard product approved in 2015 currently covers any lives or policyholders in Vermont. Please also state whether any Vermont lives are covered through a policy in any of the other US jurisdictions in which the product was approved.*
- 3. The Company states that the anticipated yearly and lifetime loss ratios for this product are 60%, but offers no support, justification, or detail regarding this assumption beyond providing the nationwide experience data for the prior Global HealthGuard product for the years 2011-2016. Please explain how the loss ratio assumption on the proposed rates was derived from the prior data, including adjustments made in light of product differences as explained in response to Objection 1, above.*
- 4. The Company states in its actuarial memorandum that the Expatriate Health Coverage Clarification Act "generally exempts" ex-pat plans from the ACA's medical loss ratio requirements, but includes no citations. Please cite the specific legal authority exempting this product from the ACA's medical loss ratio requirement of 85% for group policies. Please provide the relevant statutory and regulatory cites, including identifying sections and subsections.*
- 5. Please state the percentage of direct sales vs. brokered sales that the Company anticipates for this product, both in Vermont and nationwide.*
- 6. The Company projects an average commission of 13%, with the range of possible commissions reaching 20%. This commission structure is extraordinarily high, significantly higher than the already high commission levels last proposed by the Company in 2015. Please explain the Company's underlying rationale and business strategy for the proposed commissions.*
- 7. Item 17 of the Actuarial memo and pg. 2 of the rate manual state medical, dental, and vision trends of 7, 6, and 4%, respectively. Please break these down into unit-cost and utilization trends if the figures are inclusive. If the figures are not inclusive, please provide the missing unit-cost or utilization trends. Please explain the data on which the Company is relying for the proposed trend assumptions. Please explain and justify any adjustments used if the underlying data does not represent the full spectrum of international risk the Company underwrites with this product.*
- 8. Rate Manual, p. 3 includes six different group size factors for groups numbering 1-6, and a single factor for 7+. Please explain why there is a premium differential between groups of 2 and 6 or 2 and 10, for example, even though none of these groups are actuarially credible. Are these factors derived from actuarial considerations, or do they represent a simple business decision to cross-subsidize differently-sized groups? Please explain either the actuarial justification or the business decision.*
- 9. The rate manual includes a table of international area factors. Please include a table of domestic area factors that reflects Vermont's requirement of a single service area for the entire state (i.e. all VT zip codes or similar area definitions subdividing the state, if any, should be assigned the same area factor.)*

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Product Name: 4EL 2016 ExPat
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Noel Hudson, Esq.
Director of Health Policy
Green Mountain Care Board
802-828-5322

Conclusion:

Sincerely,
Noel Hudson

State: VermontGMCB Filing Company: 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Objection Letter

Objection Letter Status	Pending Response
Objection Letter Date	06/23/2017
Submitted Date	06/23/2017
Respond By Date	07/03/2017

Dear Carolyn Heindl,

Introduction:

1. The filed rate/rule schedule tab indicates a 0% rate change and no Vermont policy holders. The Company filed rates on this product last year, and has an approved rate to market in Vermont. Please explain the purpose of the current filing.
2. If the present filing will have an effect on the rate previously approved for use in Vermont, please submit an updated rate/rule schedule tab appropriately describing the rate change.

Noel Hudson, Esq.
Health Policy Director
Green Mountain Care Board
802-828-5322

Conclusion:

Sincerely,
Noel Hudson

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 09/13/2017
 Submitted Date 09/13/2017

Dear Noel Hudson,

Introduction:

This is in response to your 9/11/17 letter.

Response 1

Comments:

An updated rate manual has been submitted - the Sample Rate Calculation on p. 5 now reflects the average commission rate of 8% and the resulting loss ratio in the Sample is 63.5%, matching the anticipated loss ratio in the Actuarial Memorandum. The requested commission range had already been reflected on p. 4 of the Rate Manual. The other Retention factors in section XV are before commissions and do not need to be changed as their effective values as a percentage of total premium automatically go up as the commission rate goes down, consistent with the loss ratio changes made in the 9/8/17 submission.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes						
Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted
1	Rate Manual	54.1215	New		VT Expat Rate Manual 2017_09_12.pdf,	09/13/2017 By: Carolyn Heindl
<i>Previous Version</i>						
1	Rate Manual	54.1215	New		VT Expat Rate Manual 2017_09_01.pdf,	09/03/2017 By: Michele O'Doherty
<i>Previous Version</i>						
1	Rate Manual	54.1215	New		VT Expat Rate Manual 2016_05_23.pdf,	05/31/2017 By: Carolyn Heindl

Conclusion:

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State:

VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name:

4EL 2016 ExPat

Project Name/Number:

4EL 2016 ExPat/54.1215 ER

Hopefully this new rate manual will allow for an approval of this filing. Again, thank you for your time and consideration.

Sincerely,

Carolyn Heindl

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 09/08/2017
 Submitted Date 09/08/2017

Dear Noel Hudson,

Introduction:

This is response to your 9/6/17 letter and the subsequent notes to reviewer and filer.

Response 1

Comments:

A new Actuarial Memorandum can be found in the Supporting Documentation tab. Changes were made to the Rate Detail and were provided via a filing amendment.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170908.pdf
<i>Previous Version</i>	
Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170523.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Thank you for your continued time and attention to this filing.

Sincerely,

Carolyn Heindl

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 09/03/2017
 Submitted Date 09/03/2017

Dear Noel Hudson,

Introduction:

This will acknowledge and respond to your objection of 8/31/17.

Response 1

Comments:

A revised actuarial memorandum and rate manual have been provided to address the commission load.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170901.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Actuarial Memorandum and Certifications</i>
Comments:	
Attachment(s):	<i>VT_4EL_ExPat_Act_Memo_20170523.pdf</i>

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
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Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Supporting Document Schedule Item Changes

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170901.pdf
<i>Previous Version</i>	
Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170523.pdf

Satisfied - Item:	Excel Rate Manual
Comments:	
Attachment(s):	Copy of VT Expat Rate Manual 2017_09_01.xlsx
<i>Previous Version</i>	
Satisfied - Item:	Excel Rate Manual
Comments:	
Attachment(s):	VT Expat Rate Manual 2016_05_23.xlsx

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted
1	Rate Manual	54.1215	New		VT Expat Rate Manual 2017_09_01.pdf,	09/03/2017 By: Michele O'Doherty
<i>Previous Version</i>						
1	Rate Manual	54.1215	New		VT Expat Rate Manual 2016_05_23.pdf,	05/31/2017 By: Carolyn Heindl

Conclusion:

Sincerely,
Michele O'Doherty

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 08/03/2017
 Submitted Date 08/03/2017

Dear Noel Hudson,

Introduction:

This will acknowledge and respond to your objection of 7/13/17.

Response 1

Comments:

The response to your objection has been provided under the Supporting Documentation Schedule.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response to 7.13.17 objection
Comments:	
Attachment(s):	VT ExPat Objection 20170713 response b.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Your continued time and attention to this filing is appreciated.

Sincerely,

Michele O'Doherty

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/24/2017
Submitted Date	06/24/2017

Dear Noel Hudson,

Introduction:

Thank you for your review of this submission.

Response 1

Comments:

1. The rate approval referenced in your objection letter is for an older product. This is not a revision of that product, but a new product/form and rates are not yet approved for this form. The purpose of this filing is to get approval for the new form rates.
2. As explained above, the present rate filing is for a new product/form and will have no effect on the rate previously approved for use in Vermont on the older form. Because this rate filing is for a new form, the rate/rule schedule has not been changed.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Your continued time and attention to this submission is appreciated.

Sincerely,

Michele O'Doherty

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Note To Filer

Created By:

Noel Hudson on 09/08/2017 10:09 AM

Last Edited By:

Noel Hudson

Submitted On:

09/08/2017 10:09 AM

Subject:

filing revisions

Comments:

Thank you for your note yesterday, 9/7, and the illustrations provided therein. The final illustration, reprinted below, represents the fullest compliance with the Board's order. Please revise the filing accordingly:

\$27 Admin, tax, profit (28.55%)

\$ 7.57 Commission (8.00%)

\$60 Claims (63.45%)

\$94.57 Premium (100.0%)

Thank you,
Noel Hudson

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Note To Reviewer

Created By:

Carolyn Heindl on 09/07/2017 11:23 AM

Last Edited By:

Carolyn Heindl

Submitted On:

09/07/2017 11:23 AM

Subject:

Your 9/7 note to filer

Comments:

We understand the 9/7/17 Note to Filer to mean that the non-commission expense items can stay at the same absolute levels, while reducing the commissions to 8%.

So for every \$100 of premium the originally filed expenses were:

- \$27 Admin, tax, profit (27.0%)
 - \$13 Commission (13.0%)
 - \$60 Claims (60.0%)
-
- \$100 Premium (100.0%)

Is it correct that your note implies the following:

- \$27 Admin, tax, profit (28.42%)
 - \$ 8 Commission (8.42%)
 - \$60 Claims (63.16%)
-
- \$95 Premium (100.0%)

Since the order was "to reduce the average commission expense to 8% from 13%" would it be more appropriate to change the expense items as below:

- \$27 Admin, tax, profit (28.55%)
 - \$ 7.57 Commission (8.00%)
 - \$60 Claims (63.45%)
-
- \$94.57 Premium (100.0%)

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Note To Filer

Created By:

Noel Hudson on 09/07/2017 07:44 AM

Last Edited By:

Noel Hudson

Submitted On:

09/07/2017 07:44 AM

Subject:

correction

Comments:

The objection posted yesterday, 9/6/17, contained an error in the final sentence. The Board's ordered revision should result in a projected loss ratio of approximately 63.2%.

Thank you,
Noel Hudson

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Note To Filer

Created By:

Noel Hudson on 07/26/2017 02:41 PM

Last Edited By:

Noel Hudson

Submitted On:

07/26/2017 02:41 PM

Subject:

Extension request

Comments:

The requested extension to August 4 is granted, though any follow-up objections that may arise will require an expedited response to meet the Board's statutory rate review time table.

Thanks,
Noel

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Note To Reviewer

Created By:

Michele O'Doherty on 07/25/2017 09:31 AM

Last Edited By:

Michele O'Doherty

Submitted On:

07/25/2017 09:31 AM

Subject:

Extension request

Comments:

We are requesting an extension until Friday, August 4, 2017 in order to respond to your objection.

Thank you in advance for your consideration.

State: VermontGMCB

Filing Company: 4 Ever Life Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name: 4EL 2016 ExPat

Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Reviewer Note

Created By:

Noel Hudson on 09/15/2017 03:21 PM

Subject:

Original Rate/Rule Schedule tab

Comments:

Original Rate/Rule Schedule tab

BCSF-131049258 4 Ever Life Ins. Co. Original Rate/Rule Schedule tab

Filing Method:

Rate Change Type:

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change?	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 required):	Minimum % Change (where required):
4 Ever Life Insurance Company	New Product	0.000 %	0.000 %	\$0.00	0	\$0.00	0.000 %	0.000 %

Company Name: 4 Ever Life Insurance Company

HHS Issuer ID: 00000

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
4EL 2016 Ex Pat			1

Trend Factors:

FORMS:

New Policy Forms: 54.1215

Affected Forms for Closed Blocks:

Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Other

Member Months: 0

Benefit Change: None

Percent Rate Change Requested: Min: % Max: % Weighted Avg.: %

PRIOR RATE:

Total Earned Premium:

Total Incurred Claims:

Annualized PMPM \$: Min: \$ Max: \$ Weighted Avg.: \$

REQUESTED RATE:

Projected Earned Premium: 395100

Projected Incurred Claims: 237060

Annualized PMPM \$: Min: \$ 439 Max: \$ 439 Weighted Avg.: \$ 439

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Post Submission Update Request Processed On 09/15/2017

Status: Allowed
Created By: Carolyn Heindl
Processed By: Noel Hudson
Comments:

Company Rate Information:

Company Name: 4 Ever Life Insurance Company

Field Name	Requested Change	Prior Value
Product:	NEW	
Product Name	4EL 2016 Ex Pat	
Number of Covered Lives	1	

REQUESTED RATE:

Projected Earned Premium:	373,617.000	395,100.000
Min:	415.000	439.000
Max:	415.000	439.000
Weighted Avg.:	415.000	439.000

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State: VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name: 4EL 2016 ExPat

Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: %

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change:	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):
4 Ever Life Insurance Company	New Product	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

State: VermontGMCB Filing Company: 4 Ever Life Insurance Company
 TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
 Product Name: 4EL 2016 ExPat
 Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Rate Review Detail

COMPANY:

Company Name: 4 Ever Life Insurance Company
 HHS Issuer Id: 00000

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
4EL 2016 Ex Pat			1

Trend Factors:

FORMS:

New Policy Forms: 54.1215
 Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Other
 Member Months: 0
 Benefit Change: None
 Percent Change Requested: Min: Max: Avg:

PRIOR RATE:

Total Earned Premium:
 Total Incurred Claims:
 Annual \$: Min: Max: Avg:

REQUESTED RATE:

Projected Earned Premium: 373,617.00
 Projected Incurred Claims: 237,060.00
 Annual \$: Min: 415.00 Max: 415.00 Avg: 415.00

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State:

VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name:

4EL 2016 ExPat

Project Name/Number:

4EL 2016 ExPat/54.1215 ER

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Manual	54.1215	New		VT Expat Rate Manual 2017_09_12.pdf,

**4Ever Life Insurance Company
Global HealthGuard
Forms 54.1215 et al.**

**Rate Manual
Table of Contents**

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II. Usage	2
III. Cost of Claims	2
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V. Relative Geographical Cost (See Table C)	2
VI. Office Visit Copay Factor	2
VII. Hospital Out-of-Network Copay Factor	2
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IX. Integrated Deductible	2
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Derivation of Rates

I. Benefit Plan Base Rates (See Table A)

All plans are compared to the base rate shown in Table A Claims Distribution Table.

The Medical Base Rate is	\$494.58
The Rx Base Rate is	\$99.31
The ADD Base Rate is	\$0.045 per thousand

II. Usage (split in US in-network, In US out-of-network, Overseas, totals 1.000)

Use actual/projected split, otherwise use:

U.S. Citizen Overseas usage:	.70
U.S. In-network usage:	5/6 times (1-overseas usage)
U.S. Out-of-network usage:	1/6 times (1-overseas usage)
Overseas usage if an alien traveling to US:	.10

III. Cost of Claims (CoC) - See Table A:

Base Rate minus A, minus B minus (1 -coinsurance) times C where:

A. Deductible covered claims = Deductible divided by .8, 0.4 if overseas

A = Excess of Base Rate over CoC calculated using deductible covered claims interpolated for interim values

B. Maximum covered claims = [Deductible+minimum(maximum benefit+out-of-pocket; maximum benefit/coinsurance)]/.8, 0.4 if overseas

B = CoC calculated using maximum covered claims interpolated for interim values

C. Out-of-pocket covered claims = out-of-pocket/(1-coinsurance) divided by .8, .4 if overseas plus Deductible covered claims

C = Excess of Base rate over CoC calculated using out-of-pocket covered claims interpolated for interim values less A

IV. Plan Design Factor - See Table B

Equals CoC divided by standard benefit plan CoC.

Base Plan Medical = US, 100% coinsurance, \$0 deductible, \$2k out-of-pocket, unlimited maximum.

Base Plan Rx = Unlimited maximum, no copays or coinsurance

V. Relative Geographical Cost - See Table C

U.S. In-network: .90 for medical, 1.00 for Rx

U.S. Out-of-network: 1.25 for medical, 1.00 for Rx

Overseas: .35 times area factor for medical (weighted average by enrollment; .45 for TCN), .65 for Rx

VI. Office Visit Copay Factor

1 plus [expected number of office visits times cost of an office visit less the office visit copay

minus Expected number of office visits (3.5) times cost of an office visit (\$120) times coinsurance times DeductiblePercent

all divided by the base rate (annualized)]

Deductible	DeductiblePercent	Deductible	DeductiblePercent
0	1.00	2,500	0.80
250	0.98	4,000	0.75
500	0.95	5,000	0.60
1,000	0.90	10,000	0.65
2,000	0.85		

VII. Hospital Out-of-Network Copay Factor

The factor is .97 if there is a hospital out-of-network copay

VIII. Not Used

IX. Integrated Deductible Factor (Medical and Rx)

For high deductibles, the Rx cost is reduced by 35%.

For deductibles below \$250, it is reduced by 35% times deductible/250

X. Trend Factors

Trend for full months from 1/1/17

Benefit	Annual Factor
Medical Rx	7.0%
Dental	6.0%
Vision	4.0%

XI. Anti-Selection Factor

Plan Design Factor	Factor
0.4	-0.12
0.5	-0.09
0.6 - 0.699	-0.06
0.7 - 0.799	-0.03
0.8 - 0.899	0.00
0.9 +	0.03

XII. Maximum Benefit Factor

Maximum Benefit	Factor
500,000	-0.020
1,000,000	0.000
2,000,000	0.020
3,000,000	0.030
5,000,000	0.035
>5,000,000	0.040

interpolate for interim values

XIIa. Specific Benefit Adjustments 1 + sum of factors below**Morbidity Adjustment Factor** -0.2175**Medical Evacuation Factor - Table D**

From the table shown below

Creditable Coverage Adjustment

Current Medical Cover	Factor
None	0.060
Business Travel/Accident	0.045
Offshore Limited Benefits	0.030
Offshore US Style Plan	0.015
ACA Compliant	0.000

Industry Adjustment Factor

S&P Sector	Factor
Other	0.000
Real Estate, Materials	-0.02
Financials/Services, Utilities	-0.04
Consumer Staples/Discretionary	-0.06
Technology, Health Care	-0.08

Primary to Protection & Indemnity Ins 0.015**XIII. Group Size Factor**

Group Size Factor	Factor
1	0.425
2	0.350
3	0.275
4	0.200
5	0.125
6	0.050
7+	0.000

XIV. Age Gender Factors (weighted average by enrollment)

Age	Male	Female	Dep. Child
0-24	0.3280	0.7520	0.367
25-29	0.4090	0.9830	0.367
30-34	0.5210	1.1430	0.367
35-39	0.6680	1.1390	0.367
40-44	0.8280	1.1700	0.367
45-49	1.0590	1.3780	0.367
50-54	1.4520	1.6650	0.367
55-59	1.8900	1.9660	0.367
60-64	2.5590	2.3350	0.367
65-69	3.4510	2.7840	0.367
70-74	4.9071	3.9587	0.367
75-79	6.1197	4.9369	0.367
80-84	7.3147	5.9010	0.367
85-89	8.8746	7.1593	0.367
90-94	11.3192	9.1315	0.367
95 or above	12.4039	10.0065	0.367

XV. Retention

Group Size	Retention Before Commission
1	0.345
2	0.31
10	0.31
20	0.28
40	0.275
100	0.26
499	0.21025
1,000+	0.15

may be reduced by up to 10% pts
interpolate for Sizes not listed

Commissions
0-15%

XVI. Dental and Vision

A standard dental plan and a vision plan is to be sold. The rates do not vary by age, area, group size, retention, commission, etc.
The 2017 Premium rates are as follows (updated Jan1 each year):

Relation	Dental	Vision
EE	\$43.00	\$14.00
EE + Spouse	\$93.00	\$28.00
EE + Child(ren)	\$83.00	\$27.00
Family	\$133.00	\$39.00

if non-standard plan, use experience or claims manual to adjust. Add 6% to dental rates if no dental pre-x exclusion

XVII. Tier Factors

Since rates are calculated for Employee (or Participant), Spouse and Child, the tier rates are derived.
The number of expected spouses per employee and children per employee at each tier is as follows:

		#Sp in Tier	#Chrn in Tier
Two Tier	Comp Dep	0.9	2.2
Three Tier	One Dep	0.9	0.1
Three Tier	2+ Deps	0.9	2.3
Four Tier	Spouse	1	0
Four Tier	Child/Children	0	2
Four Tier	Family	1	2.25

XVIII. Experience Rating (See Table E)

For larger groups, an experience rate is used for Medical and Rx when actual credible claims is obtainable.
A blend of the manual rate and an experience rate will be used weighted by a credibility factor (CF) (See Table E).
Actual claims is adjusted from the midpoint of the experience period to the midpoint of the rating period.
If claims are on a paid basis (rather than an incurred basis), lagged actual claims may be used.
If sufficient data is available, incurred claims will be calculated using a claims triangle reserve method.
Actual claims may also be adjusted if benefits or network availability will be changed.

The basic formula is as follows:

$$\text{Final Rate} = \text{Experience Rate times CF plus Manual Rate times (1-CF)}$$

XIX. Underwriting Discretion - +/-25%

XX. Local Coverage Adjustment

In jurisdictions where local carrier coverage is required, reduce by percent of claims coverage of local carrier

Sample Rate Calculation
Policy Effective 1/1/2017

	US-IN	US-OUT	Oversea	Rx
1 Medical Benefit	US	US	Oversea	All
2 Location	80%	60%	100%	100%
3 Coinsurance	\$0	\$1,000	\$0	\$0
4 Deductible	\$2,000	\$2,000	\$2,000	\$10 Tier 1/\$25 Tier 2-4 Copays
5 Out-of-Pocket	unlimited	unlimited	unlimited	Unlimited
6 Maximum	N	N	N	
7 Rx-Integrated-Deduc?	\$30	N	N	
8 OfficeVisitCopay, i.e. 10	NA	N	NA	
9 Hospital Out-of-Network	N	N	N	
10 AD&D	\$250,000	\$250,000	\$250,000	

12 Medical Base Rate	\$494.58	\$494.58	\$494.58	
13 Usage Percent	0.25	0.05	0.70	
14 Plan Design Factor	0.887	0.709	1.000	0.9572
15 Relative Geographical Cost	0.900	1.250	0.350	5 Aruba, 5 Burma
16 Office Visit Copay	0.996	1.000	1.000	
17 Hospital Out-of-Network	1.000	1.000	1.000	
18 Not Used	1.000	1.000	1.000	
19 Untrended Medical Plan	\$98.31	\$21.91	\$121.17	\$241.39
20 Rx Base Rate	\$99.31	\$99.31	\$99.31	
21 Usage Percent	0.25	0.05	0.70	
22 Plan Design Factor	0.747	0.747	0.747	
23 Coinsurance	100%	100%	100%	
24 Integrated Deductible Factor	1.000	1.000	1.000	
25 Relative Geographical Cost	1.000	1.000	0.650	
26 Untrended Rx Plan Cost	18.55	3.71	33.75	\$56.01
27 Untrended Medical & Rx (19+26)				\$297.40
28 Trend: Medical/Rx; Den; vision	1.000	1.000	1.000	
29 Anti-Selection Factor	0.030			
30 Maximum Benefit Factor	0.040			
30a Specific Benefit Adjustment Factors	-0.2115			current ACA coverage; Energy sector
31 Group Size Factor	0.000			
32 Combined Factors (28*(1+29+30+30a+31))	0.859			\$255.32
33 AD&D	0.000	0.000	NA	
34 Age Factors (Partic, Sp, Children)	0.999	0.999	0.367	5 Male age 42, 5 female age 42
35 Med&Rx Before Retention	255.07	255.07	93.70	
36 Med,Rx,ADD Before Retention (P)	255.07	255.07	93.70	
37 Retention(R) & Commission(C)	0.31	0.080		
37a Underwriting Discretion (D)	1.000			
38 Rates After Ret ((P)x(D))/(1-(R))/(1-(C))	401.8	401.8	147.61	
39 Med,Rx Per Employee	255.07			

	#Units	ED-Rx-AD&	DENTAL	VISION	TOTAL	AA #Sp in Tier	BB #Chm in tier
4 Tier							
40 Participant (38ee)	10	\$401.80	\$43	\$14			
41 Participant Plus Spouse	0	\$803.60	\$93	\$28		1	0
42 Participant Plus Child(ren)	0	\$697.02	\$83	\$27		0	2
43 Participant Plus Family	0	\$1,135.72	\$133	\$39		1	2.25
44 Total Mo Prem-4 Tier	10	\$4,018	\$430	\$140	\$4,588		

EXPERIENCE RATE

E1 Experience Period Begins:	11/1/14	E14 Experience PEPM (E6*(1+E10)*E12/E13)	\$233.20
E2 Experience Period Ends:	10/31/16	E15 Experience "Using Lagged" (E7*(1+E10)*E12/E13)	\$243.63
E3 Number of Months Experience:	24	E16 Manual Expected PEPM wNW wIBNR wTrend	255.07
E4 Enrolled Months	240	E17 Credibility Factor (CF)	10.00%
E5 Actual Claims	50,000	E18 Blended Claims Cost = Experience*CF + Manual*(1-CF)	\$252.88
E6 Actual PEPM	\$208.33	E19 Retention	0.31
E7 Lagged PEPM	\$217.65	E20 Commission	0.080
E8 Months Trended (mdpt to mdpt)	20	E21 Final Premium Charged (PEPM)	\$398.37
E9 Annual Trend Factor	0.07	E22 Gross MLR - Medical Loss Ratio	63.5%
E10 Trend from midpt to midpt	11.94%		
E11 Lagged is this percent over Actual	4.5%		
E12 Plan or other differential	1.000		
E13 Adjustment to incur claims	1.000		

TABLE A - Claims Distribution Table

Level	Cost of claims above Level (CoC)
\$0	\$494.58
\$50	\$489.37
\$100	\$484.20
\$150	\$479.08
\$200	\$474.63
\$250	\$470.23
\$300	\$465.83
\$350	\$461.79
\$400	\$457.91
\$450	\$454.02
\$500	\$450.38
\$750	\$433.85
\$1,000	\$419.62
\$1,500	\$396.19
\$2,000	\$376.98
\$2,500	\$360.66
\$3,000	\$346.54
\$4,000	\$322.39
\$5,000	\$302.96
\$7,500	\$265.21
\$10,000	\$237.00
\$15,000	\$195.59
\$20,000	\$167.50
\$25,000	\$146.90
\$30,000	\$130.84
\$35,000	\$118.16
\$40,000	\$107.91
\$45,000	\$99.13
\$50,000	\$91.93
\$60,000	\$79.74
\$70,000	\$69.95
\$80,000	\$62.16
\$90,000	\$55.55
\$100,000	\$50.30
\$125,000	\$40.07
\$150,000	\$32.72
\$175,000	\$27.23
\$200,000	\$23.01
\$225,000	\$19.74
\$250,000	\$16.97
\$300,000	\$12.77
\$400,000	\$7.66
\$500,000	\$4.85
\$1,000,000	\$0.54
\$10,000,000	\$0.005
Unlimited	\$0.00

base rates are for a policy year starting 1/1/2017

TABLE B - Sample of Plans with Benefit Design Factors

Med Plan#	Loc	Coins	Ded	OOP	Annual	Ben Design Fctr
				(addDed)	Limit	
1	US	80%	\$0	\$2,000	unlimited	0.887
2	US	60%	\$1,000	\$2,000	unlimited	0.709
3	Oversea	100%	\$0	\$2,000	unlimited	1.000
4	US	80%	\$500	\$3,000	\$5,000,000	0.784
5	US	60%	\$1,000	\$3,000	\$5,000,000	0.682
6	Oversea	100%	\$250	\$3,000	\$5,000,000	0.894
7	US	80%	\$1,000	\$4,000	\$5,000,000	0.717
8	US	60%	\$2,000	\$4,000	\$5,000,000	0.595
9	Oversea	100%	\$500	\$4,000	\$5,000,000	0.825
10	US	80%	\$2,000	\$8,000	\$5,000,000	0.619
11	US	60%	\$4,000	\$8,000	\$5,000,000	0.473
12	Oversea	100%	\$1,000	\$8,000	\$5,000,000	0.729
13	US	80%	\$5,000	\$10,000	\$5,000,000	0.488
14	US	60%	\$10,000	\$10,000	\$5,000,000	0.344
15	Oversea	80%	\$2,500	\$10,000	\$5,000,000	0.475

Rx Plan#	Type	Coinsurance Percent	Tier 1 Copay	Tier 2 Copay	Tier 3 Copay	Specialty Copay	Factor					
							Integrated Medical/Rx OOP Maximum					
							no	2,000	3,000	4,000	8,000	10,000
1	Copay	100%	\$10	\$25	\$25	\$25	0.747	0.763	0.760	0.758	0.754	0.752
2	Coinsurance	100%	\$0	\$0	\$0	\$0	1.000	1.000	1.000	1.000	1.000	1.000
3	Coinsurance	80%	\$0	\$0	\$0	\$0	0.800	0.873	0.860	0.852	0.830	0.824
4	Copay	100%	\$20	\$30	\$30	\$30	0.677	0.693	0.690	0.688	0.683	0.682
5	Coinsurance	100%	\$0	\$0	\$0	\$0	1.000	1.000	1.000	1.000	1.000	1.000
6	Blend		\$10	20%	20%	20%	0.679	0.741	0.731	0.723	0.705	0.699
7	Blend		\$10	30%	30%	30%	0.608	0.715	0.698	0.688	0.662	0.653
8	Blend		\$10	40%	40%	40%	0.538	0.692	0.670	0.655	0.623	0.611
9	Blend		\$10	50%	50%	50%	0.469	0.673	0.645	0.626	0.585	0.572

for other plans, use experience or outside claims manual to adjust

TABLE C - Area Factors (weighted average by enrollment)

Area	Factor	Area	Factor	Area	Factor
AFGHANISTAN	0.9209	FIJI	0.9209	NEPAL	0.9209
AFRICA	0.8053	FINLAND	1.1329	LESSER ANTILLES	1.0811
AFRICAN	0.8053	FR. PACIFIC ISLANDS	0.9209	NETHERLANDS	0.9636
ALBANIA	1.1329	FRANCE	1.1329	NEW ZEALAND	0.9209
ALGERIA	0.8053	FRENCH COMM IN AFRICA	0.8053	NICARAGUA	1.0811
ANDORRA FRENCH	1.1329	FRENCH GUIANA	1.0811	NIGER	0.8053
ANDORRA SPANISH	1.1329	GABON	0.8053	NIGERIA	0.8053
ANGOLA	0.8053	GAMBIA	0.8053	NORTH AMERICA	1.5501
ANTIGUA	1.0811	GERMANY	1.1329	NORWAY	1.1329
ARGENTINA	1.0811	GHANA	0.8053	OMAN	1.0117
ARMENIA	1.1329	GIBRALTAR	1.1329	PAKISTAN	0.9209
ARUBA	1.0811	GREECE	1.1329	PANAMA	1.0811
AUSTRALIA	0.8379	GREENLAND	1.1329	PAPUA NEW GUINEA	0.9209
AUSTRIA	1.1329	GRENADA	1.0811	PARUGUAY	1.0811
AZERBAIJAN	1.1329	GUADELOUPE	1.0811	PERU	1.0811
AZORES	1.1329	GUAM	0.9209	PHILIPPINES	0.7897
BAHAMAS	1.0811	GUATEMALA	1.0811	POLAND	1.1329
BAHRAIN	1.0117	GUINEA BISSAU	0.8053	PORTUGAL	1.1329
BANGLADESH	0.9209	GUINEA REPUBLIC	0.8053	PUERTO RICO	1.0811
BARBADOS	1.0811	GUYANA	1.0811	QATAR	1.0117
BELARUS	1.1329	HAITI	1.0811	REUNION ISLANDS	0.8053
BELGIUM	0.9636	HONDURAS	1.0811	ROMANIA	1.1329
BELIZE	1.0811	HONG KONG	1.3482	RWANDA	0.8053
BENIN	0.8053	HUNGARY	1.1329	SAO TOME E PRINCIPE	0.8053
BERMUDA	1.0811	ICELAND	1.1329	SAUDI	1.0117
BHUTAN	0.9209	INDIA	0.9209	SAUDI ARABIA	1.0117
BOLIVIA	1.0811	INDONESIA	0.7332	SENEGAL	0.8053
BOSNIA HERZEGOVINA	1.1329	IRAN	1.0117	SEYCHELLES	0.8053
BOTSWANA	0.8053	IRAQ	1.0117	SIERRA LEONE	0.8053
BRAZIL	1.2212	IRELAND	0.9636	SINGAPORE	1.1810
BRUNEI	0.9209	ISRAEL	1.5501	SLOVAKIA	1.1329
BULGARIA	1.1329	ITALY	1.1329	SLOVENIA	1.1329
BURKINA FASCO	0.8053	IVORY COAST	0.8053	SOLOMON ISLANDS	0.9209
BURMA/MYANMAR	0.9209	JAMAICA	1.0811	SOMALI REPUBLIC	0.8053
BURUNDI	0.8053	JAPAN	0.9209	SOUTH AFRICA	0.8053
C&S AMER 1	1.0811	JERSEY	1.1329	SOUTH AMERICA	1.0811
C&S AMER 2	1.0811	JORDAN	1.0117	SPAIN	1.1329
CAMBODIA	0.9209	KAZAKHSTAN	1.1329	SRI LANKA	0.9209
CAMEROON	0.8053	KENYA	0.8053	ST LUCIA	1.0811
CANADA	1.0942	KIRIBATI	0.9209	SUDAN	0.8053
CANARY ISLANDS	0.8053	KOREA	0.9209	SWAZILAND	0.8053
		KOREA SOUTH	0.9209	SWEDEN	1.1329
CAPE VERDE	0.8053	KUWAIT	1.0117	SWITZERLAND	1.5501
CAYMAN ISLANDS	1.0811	LAOS	0.9209	SYRIA	1.0117
CENTRAL AFRICAN REP	0.8053	LATVIA	1.1329	TAIWAN	0.9209
CHAD	0.8053	LEBANON	1.0117	TANZANIA	0.8053
CHILE	1.0811	LEICHTENSTEIN	1.1329	THAILAND	0.7960
CHINA	1.1626	LESOTHO	0.8053	TOGO REPUBLIC	0.8053
CIS	1.1329	LIBERIA	0.8053	TONGA	0.9209
COLOMBIA	1.0811	LIBYA	0.8053	TRINIDAD & TOBAGO	1.0811
COMORO ISLANDS	0.8053	LITHUANIA	1.1329	TUNISIA	0.8053
CONGO	0.8053	LUXEMBOURG	1.1329	TURKEY	1.0117
COSTA RICA	1.0811	MACAU	0.9209	TURKS & CAICOS ISLANDS	1.0811
CROATIA	1.1329	MADAGASCAR	0.8053	UAE	1.0117
CUBA	1.5501	MADEIRA	1.1329	UGANDA	0.8053
CYPRUS	1.1329	MALAWI	0.8053	UKRAINE	1.1329
CZECH REPUBLIC	1.1329	MALAYSIA	0.9209	UNITED KINGDOM	1.1825
DENMARK	1.2778	MALDIVES	0.9209	URUGUAY	1.0811
DJIBOUTI	0.8053	MALI REPUBLIC	0.8053	UZBEKISTAN	1.1329
DOMINICA ISLE	1.0811	MALTA	1.1329	VANUATU	0.9209
DOMINICAN REPUBLIC	1.0811	MARSHALL ISLANDS	0.9209	VENEZUELA	1.0811
		MARTINIQUE	1.0811	VIETNAM	0.9209
ECUADOR	1.0811	MAURITANIA	0.8053	VIRGIN ISLANDS (British)	1.0811
EGYPT	0.8053	MAURITIUS	0.8053	SAMOA	0.9209
EL SALVADOR	1.0811	MEXICO	1.2711	YEMEN	1.0117
EQUATORIAL GUINEA	0.8053	MIDDLE EAST	1.0117	YEMEN, REP	1.0117
ESTONIA	1.1329	MOLDOVA	1.1329		
ETHIOPIA	0.8053	MONACO	1.1329	ZAIRE	0.8053
EUROPE	1.1329	MONGOLIA	0.9209	ZAMBIA	0.8053
EUROPEAN	1.1329	MOROCCO	0.8053	ZIMBABWE	0.8053
FALKLAND ISLANDS	1.0811	MOZAMBIQUE	0.8053	MACEDONIA	1.1329
FAR EAST 1	0.9209	MUSCAT	1.0117	MONTENEGRO	1.1329
FAR EAST 2	0.9209	NAMERICAN	1.5501	SERBIA	1.1329
FAROE ISLANDS	1.1329	NAMIBIA	0.8053	KOSOVO	1.1329

TABLE D - Medical Evacuation

Option	Benefit	Factor
1	\$0	-0.018
2	\$50,000	-0.010
3	\$100,000	0.000
4	\$150,000	0.003
5	\$200,000	0.004
6	\$250,000	0.006
7	\$300,000	0.007
8	\$350,000	0.010
9	\$400,000	0.010
10	\$450,000	0.011
11	\$500,000	0.011
12	\$550,000	0.012
13	\$600,000	0.013
14	\$650,000	0.013
15	\$700,000	0.014
16	\$750,000	0.014
17	\$800,000	0.015
18	\$850,000	0.016
19	\$900,000	0.016
20	\$950,000	0.017
21	\$1,000,000	0.018
22	\$1,000,001+	Not Avail

use next lowest Benefit Amount if value not listed

TABLE E - Credibility Factors

Number of Life Years		Range of Credibility		Formula
From	To	Low	High	
0	74	0%	30%	17%
75	99	0%	35%	24%
100	124	0%	40%	29%
125	149	0%	45%	33%
150	174	0%	50%	37%
175	199	5%	55%	40%
200	224	10%	60%	42%
225	249	15%	65%	45%
250	274	20%	70%	47%
275	299	25%	75%	49%
300	324	30%	80%	50%
325	349	35%	85%	52%
350	374	40%	90%	53%
375	399	45%	95%	55%
400	424	50%	100%	56%
425	or more	50%	100%	57%

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170908.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	VT_4EL_ExPat_Act_Memo_20170901.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Civil Union Rating Requirements
Comments:	Civil Union requirements have been incorporated into the approved Certificate form 54.1315 ER (Page 64) which was approved 5/20/2017 included in BCSF-130866203.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	N/A Initial Submission
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Compliance Certification
Comments:	
Attachment(s):	VT Certification of Compliance.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Third Party Filing Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State: VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name: 4EL 2016 ExPat

Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A - Large Group
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Excel Rate Manual
Comments:	
Attachment(s):	Copy of VT Expat Rate Manual 2017_09_01.xlsx
Item Status:	
Status Date:	
Satisfied - Item:	Response to 7.13.17 objection
Comments:	
Attachment(s):	VT ExPat Objection 20170713 response b.pdf
Item Status:	
Status Date:	

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State:

VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name:

4EL 2016 ExPat

Project Name/Number:

4EL 2016 ExPat/54.1215 ER

Attachment Copy of VT Expat Rate Manual 2017_09_01.xlsx is not a PDF document and cannot be reproduced here.

**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

Item 1. Scope & Purpose

This is a new rate filing. I have prepared this actuarial memorandum on behalf of 4 Ever Life Insurance Company. This memorandum is for the purpose of demonstrating that the anticipated loss ratio of this product meets minimum requirements and that the benefits are reasonable in relation to the proposed premium. This rate filing is not intended to be used for other purposes.

Item 2. Benefit Description

The program is an expatriate health plan that provides hospital/medical/surgical expense benefits to employers for the benefit of employees who are traveling outside the United States for extended periods of time for employer business purposes (generally 6 months or more).

All plans are subject to deductibles and coinsurance and have maximum benefits and other limits consistent with PPACA.

The policy has in-network and out-of-network benefits for coverage in the US and uses a PPO network for these benefits.

Item 3. Renewability

The Policy will continue inforce while the required premiums are paid until the Policy is terminated by either the policyholder or the insurer as allowed in the Policy.

Item 4. Applicability

This filing applies to all new issues and subsequent renewals. There are no existing insureds under this form.

Item 5. Morbidity

The morbidity basis shown in the attached Rate Manual is based on the nationwide experience for a similar block of business that was written nationwide for large employers. Current nationwide membership is around 18,000 members and the experienced loss ratio has averaged 66.8%.

**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

4Ever Life Large Employer Group Global HealthGuard ExPat (\$000)

Year	Earned Premium	Paid Claims	Reserve	Incurred Claims	Loss Ratio	Avg Covered Lives (0)	Claims pmpm (\$0)
2011	139	83	0	83	59.7%	77	215
2012	17,011	12,066	0	12,066	70.9%	4,439	227
2013	58,918	41,783	0	41,783	70.9%	13,470	259
2014	60,216	40,345	0	40,345	67.0%	12,924	260
2015	77,646	49,851	85	49,936	64.3%	16,313	255
201611	77,307	44,677	5,522	50,199	64.9%	17,922	255
Total	291,237	188,804	5,607	194,411	66.8%	11,926	255

Item 6. Mortality

Mortality is based on US population mortality.

Item 7. Persistency

Given the short term nature of the product, there is no specific persistency assumption used in developing the claim costs.

Item 8. Expenses and Commissions

Premium	100.0%
Administration	20.55%
Average Commissions	8.0%
Premium Taxes	2.0%
Contingency and Risk Margin	6.0%
Total	36.55%

The actual commissions will vary between 0% and 15%.

The retention net of commissions varies by group size as shown in the following table.

**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

Group Size	Retention
1	34.5%
2	31.0%
10	31.0%
20	28.0%
40	27.5%
100	26.0%
499	21.025%
1,000+	15.0%

Item 9. Marketing Method

Marketing will be to employer groups either through direct response or using agents and brokers.

Item 10. Underwriting

The policies are guarantee issue with no health questions. A group can be declined if the travel is to a country of civil unrest or hazardous.

Item 11. Premium Classes

For each employer, rates vary only by tier. The rate is determined by taking the average rate based on the age and gender of the employees, benefit plan provisions (deductible, coinsurance, and lifetime maximum, etc.), area, etc.

Item 12. Issue Age Limits

None.

Item 13. Area Factors

Rates vary by nationality as shown in the rate manual.

Item 14. Average Annual Premium

The average annual premium is shown in the Rate Manual worksheet.

Item 15. Number of Insureds

The Company has no insureds at the present time as this is the initial filing.

**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

Item 16. Premium Modalization Rules

Premiums are stated as monthly.

Item 17. Trend Assumption

Medical trend is 7.0% annual. Dental trend is 6.0 % annual. Vision trend is 4.0% annual.

Item 18. Claim Liability and Reserves

Claim Reserves and Liabilities will be established by a combination of Lag Studies, case level reserves, and analysis of claim inventories.

Item 19. Active Life Reserves

No Active Life Reserves will be held for this coverage.

Item 20. Minimum Required Loss Ratio

The EXPATRIATE HEALTH COVERAGE CLARIFICATION ACT OF 2014 generally exempts expatriate health plans from the MLR requirements of PPACA for plans written on or after 7/1/15. Prior to that, expatriate plans were allowed a 2x factor to the numerator when calculating the MLR, essentially permitting a minimum standard loss ratio of 42.5% for large-group expatriate plans in order to meet MLR requirements. . Please keep in mind that there are expenses involved in administering expatriate plans that do not exist in typical major medical plans.

The unique cost characteristics of plans covering expatriate employees and their dependents were identified in 2011 by the United State Department of Health and Human Services (HHS) and Centers of Medicare and Medicaid Services (CMS) noting “that these policies have higher administrative costs as a result of (1) Providing international access to providers; (2) maintaining emergency evacuation services; and (3) navigating health care and legal systems in different countries. These policies may also have unpredictable experience depending on the location of the enrollees. One issuer stated that a large portion of international policies are sold through brokers, and high broker fees contribute to the increased administrative cost. We received no comments opposing a special circumstances adjustment for expatriate policies.” (FEDERAL REGISTER VOLUME 76, NUMBER 235 DECEMBER 7, 2011). These concerns prompted HHS to determine that for MLR reporting requirements for Expatriate plans that a factor of 2 times the effective claims costs could be used as the numerator in MLR determinations (Interim Final Rule on 12/1/2010 concerning MLR and Final Rule 12/7/2011). The Expatriate Health Coverage Clarification Act of 2014 exempting expatriate plans from key provisions of the Affordable Care Act such as MLR reporting further confirmed the unique status of expatriate plans. In addition to the factors noted above by HHS, costs of administering expatriate plans are impacted by low volumes of claims submitted electronically and high volumes of claims that are submitted in languages other than English and that do not conform to US coding standards thereby adding substantial additional cost to insurers. Other costs include providing translation and other services to enrollees, helping subscribers locate qualified providers in different countries, 24-hour call centers, and identifying and credentialing providers worldwide in countries with different licensing and other requirements from those found in the United States. Coverage is

**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

often for short durations and exposed to high risk of claim fluctuation because of lower loss frequency and uncertain costs by location.

Item 21. Distribution of Business

The anticipated distribution of business is shown on the attached Rate Manual worksheet and is used in the calculation of the average premium.

Item 22. Contingency and Risk Margin

The expected margin for profit and contingencies is 6.0% of premium.

Item 23. Experience – Past and Future

As this is a new product, no historical experience is available in this state.

Item 24. Anticipated Loss Ratio

The anticipated loss ratio is 63.45%. The anticipated loss ratio for each year is 63.45%

Item 25. History of Rate Adjustments

This is a new rate filing. There have been no rate adjustments.

Item 26. Proposed Effective Date

These rates are to be effective coincident with approval.

**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

Item 27. Actuarial Certification

I, Randall Jones, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify to the best of my knowledge and judgment, this Actuarial Memorandum and the entire rate filing is in compliance with the applicable laws of the State and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8 “Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits” as adopted by the Actuarial Standards Board, and that the benefits provided are reasonable in relation to the proposed premiums based on the standards described above. The premium schedule is not excessive, inadequate or unfairly discriminatory. This rate filing is in full compliance with the Expatriate Health Coverage Clarification Act of 2014.



Randall S. Jones, FSA, MAAA
President
Sierra Actuarial Services, Inc.
September 8, 2017

4 Ever Life Insurance Company
Actuarial Memorandum
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Forms 54.1215 et al.

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**4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

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Item 20. Minimum Required Loss Ratio

The EXPATRIATE HEALTH COVERAGE CLARIFICATION ACT OF 2014 generally exempts expatriate health plans from the MLR requirements of PPACA for plans written on or after 7/1/15. Prior to that, expatriate plans were allowed a 2x factor to the numerator when calculating the MLR, essentially permitting a minimum standard loss ratio of 42.5% for large-group expatriate plans in order to meet MLR requirements. . Please keep in mind that there are expenses involved in administering expatriate plans that do not exist in typical major medical plans.

The unique cost characteristics of plans covering expatriate employees and their dependents were identified in 2011 by the United State Department of Health and Human Services (HHS) and Centers of Medicare and Medicaid Services (CMS) noting “that these policies have higher administrative costs as a result of (1) Providing international access to providers; (2) maintaining emergency evacuation services; and (3) navigating health care and legal systems in different countries. These policies may also have unpredictable experience depending on the location of the enrollees. One issuer stated that a large portion of international policies are sold through brokers, and high broker fees contribute to the increased administrative cost. We received no comments opposing a special circumstances adjustment for expatriate policies.” (FEDERAL REGISTER VOLUME 76, NUMBER 235 DECEMBER 7, 2011). These concerns prompted HHS to determine that for MLR reporting requirements for Expatriate plans that a factor of 2 times the effective claims costs could be used as the numerator in MLR determinations (Interim Final Rule on 12/1/2010 concerning MLR and Final Rule 12/7/2011). The Expatriate Health Coverage Clarification Act of 2014 exempting expatriate plans from key provisions of the Affordable Care Act such as MLR reporting further confirmed the unique status of expatriate plans. In addition to the factors noted above by HHS, costs of administering expatriate plans are impacted by low volumes of claims submitted electronically and high volumes of claims that are submitted in languages other than English and that do not conform to US coding standards thereby adding substantial additional cost to insurers. Other costs include providing translation and other services to enrollees, helping subscribers locate qualified providers in different countries, 24-hour call centers, and identifying and credentialing providers worldwide in countries with different licensing and other requirements from those found in the United States. Coverage is

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often for short durations and exposed to high risk of claim fluctuation because of lower loss frequency and uncertain costs by location.

Item 21. Distribution of Business

The anticipated distribution of business is shown on the attached Rate Manual worksheet and is used in the calculation of the average premium.

Item 22. Contingency and Risk Margin

The expected margin for profit and contingencies is 6.0% of premium.

Item 23. Experience – Past and Future

As this is a new product, no historical experience is available in this state.

Item 24. Anticipated Loss Ratio

The anticipated loss ratio is 60.0%. The anticipated loss ratio for each year is 60.0%

Item 25. History of Rate Adjustments

This is a new rate filing. There have been no rate adjustments.

Item 26. Proposed Effective Date

These rates are to be effective coincident with approval.

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Item 27. Actuarial Certification

I, Randall Jones, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify to the best of my knowledge and judgment, this Actuarial Memorandum and the entire rate filing is in compliance with the applicable laws of the State and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8 “Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits” as adopted by the Actuarial Standards Board, and that the benefits provided are reasonable in relation to the proposed premiums based on the standards described above. The premium schedule is not excessive, inadequate or unfairly discriminatory. This rate filing is in full compliance with the Expatriate Health Coverage Clarification Act of 2014.



Randall S. Jones, FSA, MAAA
President
Sierra Actuarial Services, Inc.
September 1, 2017

4 Ever Life Insurance Company

Oakbrook Terrace, IL 60181

Certification of Compliance

Re: Group Major Medical Policy Form 54.1215 ER (VT), et al.

I, Linda Hickok, Vice President, certify to the best of my knowledge and belief that the attached forms comply with Vermont law, specifically the accident and health requirements of Regulation 80-1, and that:

1. Only large employer-employee groups meeting the standards of 8 VSA § 4079 (1) will be allowed to purchase this product; and
2. The forms will be issued only to large employer-employee groups meeting the standards of 8 VSA § 4079 (1).

If further certify to the best of my knowledge and belief that the attached forms comply with:

1. Regulation H-2009-03 (NILS designation H-09-3), the Consumer Protection and Quality Requirements for Managed Care Organizations;
2. Regulation H-2008-01 (NILS designation H-08-1), the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES); and
3. The immediate market reform requirements of the Patient Protection and Affordable Care Act (PPACA).

Signature:



Date: May 22, 2017

SERFF Tracking #: BCSF-131049258

State Tracking #:

Company Tracking #: 54.1215 ER R

Dear Noel Hudson,

This is in response to your 07/13/17 objection letter:

1. This filing proposes rates for a new product that supersedes the Company's older ex-patriot health plan, also trade-named Global HealthGuard, whose rates were previously filed with the Board under BCSF-130097000 in 2015. Please explain the specific differences between the old and new product, including but not limited to differences in benefits, cost-sharing structures, and premium tiers.

The policy form for the new product differs from the form previously filed with the Board under BCSF-130097000 in 2015 and represented by the experience that was shown mainly by the following:

- a. Basic infertility benefit was added, formerly an option
- b. Transgender services added
- c. Bariatric surgery added
- d. Family Planning/Contraceptive Management added
- e. Telehealth added
- f. Services of a Doula added as an option
- g. Rx was restructured allowing the PBM to do prior authorization, utilization review and step therapy; added a tier level so different cost sharing could be applied; allows for shared/integrated deductible and out of pocket maximums with medical claims; added the option of mail order

These changes were considered minor with minimal rating impact, with the exception of the Rx rate factors. Here new rate factors for the Tier structure and for the integrated out-of-pocket maximum were added to Rate Manual Table B. An integrated deductible factor is in section IX.

2. Please state whether the older Global HealthGuard product approved in 2015 currently covers any lives or policyholders in Vermont. Please also state whether any Vermont lives are covered through a policy in any of the other US jurisdictions in which the product was approved.

The older product currently has 1 Vermont employer group covered with 14 covered employees. No Vermont lives are currently covered through a policy in any of the other US jurisdictions in which the product was approved.

3. The Company states that the anticipated yearly and lifetime loss ratios for this product are 60%, but offers no support, justification, or detail regarding this assumption beyond providing the nationwide experience data for the prior Global HealthGuard product for the years 2011-2016. Please explain how the loss ratio assumption on the proposed rates was derived from the prior data, including adjustments made in light of product differences as explained in response to Objection 1, above.

Current nationwide membership is around 18,000 members and the experienced loss ratio has averaged 64.6% over the last two calendar years. The form changes were considered minor with minimal rating impact. Since the manual trend factors equal the expected trend factor, 64.6% is also the projected countrywide loss ratio for the rating period. The target loss ratio countrywide based on group size is 63.9%. The target loss ratio for Vermont based on expected group size is 60%. The projected Vermont loss ratio is 60.7% ($64.6\% \times 60.0/63.9$), rounded to 60%.

4. The Company states in its actuarial memorandum that the Expatriate Health Coverage Clarification Act “generally exempts” ex-pat plans from the ACA’s medical loss ratio requirements, but includes no citations. Please cite the specific legal authority exempting this product from the ACA’s medical loss ratio requirement of 85% for group policies. Please provide the relevant statutory and regulatory cites, including identifying sections and subsections.

The specific legal authority exempting this product from the ACA’s medical loss ratio requirement of 85% for group policies is The Expatriate Health Coverage Clarification Act as codified in 42 USC 18014. Please specifically see 42 USC 18014(a):

42 USC 18014(a) In general

Subject to subsection (b), the provisions of (including any amendment made by) the Patient Protection and Affordable Care Act (Public Law 111–148) and of title I and subtitle B of title II of the Health Care and Education Reconciliation Act of 2010 (Public Law 111–152) shall not apply with respect to-

- (1) expatriate health plans;
- (2) employers with respect to such plans, solely in their capacity as plan sponsors for such plans; or
- (3) expatriate health insurance issuers with respect to coverage offered by such issuers under such plans.

The exemption cited above for subsection (b) relates to Minimum essential coverage and reporting requirements, not to MLR.

5. Please state the percentage of direct sales vs. brokered sales that the Company anticipates for this product, both in Vermont and nationwide.

Nationwide, 14% of groups are direct sales. We would expect that percentage also in VT over the long run, but under the older product there is only one group currently in-force and that group is brokered.

6. The Company projects an average commission of 13%, with the range of possible commissions reaching 20%. This commission structure is extraordinarily high, significantly higher than the already high commission levels last proposed by the Company in 2015. Please explain the Company's underlying rationale and business strategy for the proposed commissions.

Claims costs on Expatriate plans are often lower than domestic business due to the lower medical costs outside the US. Also the plan covers only a group's expatriate employees, resulting in a much smaller size of most groups compared with typical domestic group plans. Coverage is often for shorter durations than domestic business. Distribution cost as a percentage of premium are often higher for these plans due to the lower cost and volume of this business. As was noted in Item 20 of the Actuarial Memorandum, HHS recognized these unique cost characteristics of plans covering expatriate employees and their dependents when setting MLR requirements for expatriate plans prior to the Expatriate Health Coverage Clarification Act.

7. Item 17 of the Actuarial memo and pg. 2 of the rate manual state medical, dental, and vision trends of 7, 6, and 4%, respectively. Please break these down into unit-cost and utilization trends if the figures are inclusive. If the figures are not inclusive, please provide the missing unit-cost or utilization trends. Please

explain the data on which the Company is relying for the proposed trend assumptions. Please explain and justify any adjustments used if the underlying data does not represent the full spectrum of international risk the Company underwrites with this product.

We relied on the Aon Hewitt 2016 Global Medical Trend Rates (http://www.aon.com/attachments/human-capital-consulting/2016_Med_Report_US_WEB.pdf) report for our projected medical trend rates by country. We weighted the country-specific trend rates from the report by the proportion of 4Ever Life's 2015 claims for each country. The weighted average result was 6.5%. We added 0.5% to protect against a drop in the US Dollar, to get the total trend rate in US Dollar terms of 7%. We have assumed the following split: unit-cost trend – 5.7%; utilization trend – 1.3%.

We relied on the Oliver Wyman CARRIER TREND REPORT – JULY 2015 (<http://www.oliverwyman.com/insights/publications/2015/sep/carrier-trend-report--july-2015.html#.WA6CcccpKOo>, p.1) for the dental and vision trends. The indemnity/PPO Dental trends are projected at 5.0% and vision at 4.0%. We added additional utilization and leveraging impacts for dental at 0.5%. We added 0.5% to protect against a drop in the US Dollar, to get the total trend rate in US Dollar terms (Dental: 5.0 + 0.5 + 0.5 = 6.0%; Vision: 4.0 + 0.5 = 4.5%, rounded down to 4.0%). We have assumed the following split: Dental unit-cost trend – 4.2%; Dental utilization trend – 1.8%; Vision unit-cost trend – 2.7%; Vision utilization trend – 1.3%.

8. Rate Manual, p. 3 includes six different group size factors for groups numbering 1-6, and a single factor for 7+. Please explain why there is a premium differential between groups of 2 and 6 or 2 and 10, for example, even though none of these groups are actuarially credible. Are these factors derived from actuarial considerations, or do they represent a simple business decision to cross-subsidize differently-sized groups? Please explain either the actuarial justification or the business decision.

These factors are related to anti-selection potential when dealing with small numbers of participants and represent the expected increase in claims cost due to anti-selection.

9. The rate manual includes a table of international area factors. Please include a table of domestic area factors that reflects Vermont's requirement of a single service area for the entire state (i.e. all VT zip codes or similar area definitions subdividing the state, if any, should be assigned the same area factor.)

The rate manual for this product does not use domestic area as a rating factor, therefore, all areas within Vermont are assigned the same area factor of 1.0.

A handwritten signature in black ink that reads "Randall Jones". The signature is written in a cursive, flowing style.

Randall Jones, FSA, MAAA
President
Sierra Actuarial Services
08/3/17

State: VermontGMCB **Filing Company:** 4 Ever Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.002C Large Group Only - Other
Product Name: 4EL 2016 ExPat
Project Name/Number: 4EL 2016 ExPat/54.1215 ER

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
09/03/2017		Rate	Rate Manual	09/13/2017	VT Expat Rate Manual 2017_09_01.pdf (Superseded)
05/23/2017		Supporting Document	Excel Rate Manual	09/03/2017	VT Expat Rate Manual 2016_05_23.xlsx (Superseded)
05/22/2017		Rate	Rate Manual	09/03/2017	VT Expat Rate Manual 2016_05_23.pdf (Superseded)
05/22/2017		Supporting Document	Actuarial Memorandum	09/08/2017	VT_4EL_ExPat_Act_Memo_20170523.pdf (Superseded)
05/22/2017		Supporting Document	Actuarial Memorandum and Certifications	09/03/2017	VT_4EL_ExPat_Act_Memo_20170523.pdf (Superseded)

SERFF Tracking #:

BCSF-131049258

State Tracking #:

Company Tracking #:

54.1215 ER R

State:

VermontGMCB

Filing Company:

4 Ever Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.002C Large Group Only - Other

Product Name:

4EL 2016 ExPat

Project Name/Number:

4EL 2016 ExPat/54.1215 ER

Attachment VT Expat Rate Manual 2016_05_23.xlsx is not a PDF document and cannot be reproduced here.

**4Ever Life Insurance Company
Global HealthGuard
Forms 54.1215 et al.**

**Rate Manual
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Derivation of Rates

I. Benefit Plan Base Rates (See Table A)

All plans are compared to the base rate shown in Table A Claims Distribution Table.

The Medical Base Rate is	\$494.58
The Rx Base Rate is	\$99.31
The ADD Base Rate is	\$0.045 per thousand

II. Usage (split in US in-network, In US out-of-network, Overseas, totals 1.000)

Use actual/projected split, otherwise use:

U.S. Citizen Overseas usage:	.70
U.S. In-network usage:	5/6 times (1-overseas usage)
U.S. Out-of-network usage:	1/6 times (1-overseas usage)
Overseas usage if an alien traveling to US:	.10

III. Cost of Claims (CoC) - See Table A:

Base Rate minus A, minus B minus (1 -coinsurance) times C where:

A. Deductible covered claims = Deductible divided by .8, 0.4 if overseas

A = Excess of Base Rate over CoC calculated using deductible covered claims interpolated for interim values

B. Maximum covered claims = [Deductible+minimum(maximum benefit+out-of-pocket; maximum benefit/coinsurance)]/.8, 0.4 if overseas

B = CoC calculated using maximum covered claims interpolated for interim values

C. Out-of-pocket covered claims = out-of-pocket/(1-coinsurance) divided by .8, .4 if overseas plus Deductible covered claims

C = Excess of Base rate over CoC calculated using out-of-pocket covered claims interpolated for interim values less A

IV. Plan Design Factor - See Table B

Equals CoC divided by standard benefit plan CoC.

Base Plan Medical = US, 100% coinsurance, \$0 deductible, \$2k out-of-pocket, unlimited maximum.

Base Plan Rx = Unlimited maximum, no copays or coinsurance

V. Relative Geographical Cost - See Table C

U.S. In-network: .90 for medical, 1.00 for Rx

U.S. Out-of-network: 1.25 for medical, 1.00 for Rx

Overseas: .35 times area factor for medical (weighted average by enrollment; .45 for TCN), .65 for Rx

VI. Office Visit Copay Factor

1 plus [expected number of office visits times cost of an office visit less the office visit copay

minus Expected number of office visits (3.5) times cost of an office visit (\$120) times coinsurance times DeductiblePercent

all divided by the base rate (annualized)]

Deductible	DeductiblePercent	Deductible	DeductiblePercent
0	1.00	2,500	0.80
250	0.98	4,000	0.75
500	0.95	5,000	0.60
1,000	0.90	10,000	0.65
2,000	0.85		

VII. Hospital Out-of-Network Copay Factor

The factor is .97 if there is a hospital out-of-network copay

VIII. Not Used

IX. Integrated Deductible Factor (Medical and Rx)

For high deductibles, the Rx cost is reduced by 35%.

For deductibles below \$250, it is reduced by 35% times deductible/250

X. Trend Factors

Trend for full months from 1/1/17

Benefit	Annual Factor
Medical Rx	7.0%
Dental	6.0%
Vision	4.0%

XI. Anti-Selection Factor

Plan Design Factor	Factor
0.4	-0.12
0.5	-0.09
0.6 - 0.699	-0.06
0.7 - 0.799	-0.03
0.8 - 0.899	0.00
0.9 +	0.03

XII. Maximum Benefit Factor

Maximum Benefit	Factor
500,000	-0.020
1,000,000	0.000
2,000,000	0.020
3,000,000	0.030
5,000,000	0.035
>5,000,000	0.040

interpolate for interim values

XIIa. Specific Benefit Adjustments 1 + sum of factors below**Morbidity Adjustment Factor** -0.2175**Medical Evacuation Factor - Table D**

From the table shown below

Creditable Coverage Adjustment

Current Medical Cover	Factor
None	0.060
Business Travel/Accident	0.045
Offshore Limited Benefits	0.030
Offshore US Style Plan	0.015
ACA Compliant	0.000

Industry Adjustment Factor

S&P Sector	Factor
Other	0.000
Real Estate, Materials	-0.02
Financials/Services, Utilities	-0.04
Consumer Staples/Discretionary	-0.06
Technology, Health Care	-0.08

Primary to Protection & Indemnity Ins 0.015**XIII. Group Size Factor**

Group Size Factor	Factor
1	0.425
2	0.350
3	0.275
4	0.200
5	0.125
6	0.050
7+	0.000

XIV. Age Gender Factors (weighted average by enrollment)

Age	Male	Female	Dep. Child
0-24	0.3280	0.7520	0.367
25-29	0.4090	0.9830	0.367
30-34	0.5210	1.1430	0.367
35-39	0.6680	1.1390	0.367
40-44	0.8280	1.1700	0.367
45-49	1.0590	1.3780	0.367
50-54	1.4520	1.6650	0.367
55-59	1.8900	1.9660	0.367
60-64	2.5590	2.3350	0.367
65-69	3.4510	2.7840	0.367
70-74	4.9071	3.9587	0.367
75-79	6.1197	4.9369	0.367
80-84	7.3147	5.9010	0.367
85-89	8.8746	7.1593	0.367
90-94	11.3192	9.1315	0.367
95 or above	12.4039	10.0065	0.367

XV. Retention

Group Size	Retention Before Commission
1	0.345
2	0.31
10	0.31
20	0.28
40	0.275
100	0.26
499	0.21025
1,000+	0.15

may be reduced by up to 10% pts
interpolate for Sizes not listed

Commissions
0-15%

XVI. Dental and Vision

A standard dental plan and a vision plan is to be sold. The rates do not vary by age, area, group size, retention, commission, etc.

The 2017 Premium rates are as follows (updated Jan1 each year):

Relation	Dental	Vision
EE	\$43.00	\$14.00
EE + Spouse	\$93.00	\$28.00
EE + Child(ren)	\$83.00	\$27.00
Family	\$133.00	\$39.00

if non-standard plan, use experience or claims manual to adjust. Add 6% to dental rates if no dental pre-x exclusion

XVII. Tier Factors

Since rates are calculated for Employee (or Participant), Spouse and Child, the tier rates are derived.

The number of expected spouses per employee and children per employee at each tier is as follows:

		#Sp in Tier	#Chrn in Tier
Two Tier	Comp Dep	0.9	2.2
Three Tier	One Dep	0.9	0.1
Three Tier	2+ Deps	0.9	2.3
Four Tier	Spouse	1	0
Four Tier	Child/Children	0	2
Four Tier	Family	1	2.25

XVIII. Experience Rating (See Table E)

For larger groups, an experience rate is used for Medical and Rx when actual credible claims is obtainable.

A blend of the manual rate and an experience rate will be used weighted by a credibility factor (CF) (See Table E).

Actual claims is adjusted from the midpoint of the experience period to the midpoint of the rating period.

If claims are on a paid basis (rather than an incurred basis), lagged actual claims may be used.

If sufficient data is available, incurred claims will be calculated using a claims triangle reserve method.

Actual claims may also be adjusted if benefits or network availability will be changed.

The basic formula is as follows:

Final Rate = Experience Rate times CF plus Manual Rate times (1-CF)

XIX. Underwriting Discretion - +/-25%

XX. Local Coverage Adjustment

In jurisdictions where local carrier coverage is required, reduce by percent of claims coverage of local carrier

Sample Rate Calculation
Policy Effective 1/1/2017

	US-IN	US-OUT	Oversea	Rx
1 Medical Benefit	US	US	Oversea	All
2 Location	80%	60%	100%	100%
3 Coinsurance	\$0	\$1,000	\$0	\$0
4 Deductible	\$2,000	\$2,000	\$2,000	\$10 Tier 1/\$25 Tier 2-4 Copays
5 Out-of-Pocket	unlimited	unlimited	unlimited	Unlimited
6 Maximum	N	N	N	
7 Rx-Integrated-Deduc?	\$30	N	N	
8 OfficeVisitCopay, i.e. 10	NA	N	NA	
9 Hospital Out-of-Network	N	N	N	
10 AD&D	\$250,000	\$250,000	\$250,000	
11 Medical Evacuation				
12 Medical Base Rate	\$494.58	\$494.58	\$494.58	
13 Usage Percent	0.25	0.05	0.70	
14 Plan Design Factor	0.887	0.709	1.000	0.9572
15 Relative Geographical Cost	0.900	1.250	0.350	5 Aruba, 5 Burma
16 Office Visit Copay	0.996	1.000	1.000	
17 Hospital Out-of-Network	1.000	1.000	1.000	
18 Not Used	1.000	1.000	1.000	
19 Untrended Medical Plan	\$98.31	\$21.91	\$121.17	\$241.39
20 Rx Base Rate	\$99.31	\$99.31	\$99.31	
21 Usage Percent	0.25	0.05	0.70	
22 Plan Design Factor	0.747	0.747	0.747	
23 Coinsurance	100%	100%	100%	
24 Integrated Deductible Factor	1.000	1.000	1.000	
25 Relative Geographical Cost	1.000	1.000	0.650	
26 Untrended Rx Plan Cost	18.55	3.71	33.75	\$56.01
27 Untrended Medical & Rx (19+26)				\$297.40
28 Trend: Medical/Rx; Den; vision	1.000	1.000	1.000	
29 Anti-Selection Factor	0.030			
30 Maximum Benefit Factor	0.040			
30a Specific Benefit Adjustment Factors	-0.2115			current ACA coverage; Energy sector
31 Group Size Factor	0.000			
32 Combined Factors (28*(1+29+30+30a+31))	0.859			\$255.32
33 AD&D	0.000	0.000	NA	
34 Age Factors (Partic, Sp, Children)	0.999	0.999	0.367	5 Male age 42, 5 female age 42
35 Med&Rx Before Retention	255.07	255.07	93.70	
36 Med,Rx,ADD Before Retention (P)	255.07	255.07	93.70	
37 Retention(R) & Commission(C)	0.31	0.130		
37a Underwriting Discretion (D)	1.000			
38 Rates After Ret ((P)x(D))/(1-(R))/(1-(C))	424.9	424.9	156.09	
39 Med,Rx Per Employee	255.07			

	#Units	ED-Rx-AD&	DENTAL	VISION	TOTAL	AA #Sp in Tier	BB #Chm in tier
4 Tier							
40 Participant (38ee)	10	\$424.90	\$43	\$14			
41 Participant Plus Spouse	0	\$849.80	\$93	\$28		1	0
42 Participant Plus Child(ren)	0	\$737.08	\$83	\$27		0	2
43 Participant Plus Family	0	\$1,201.00	\$133	\$39		1	2.25
44 Total Mo Prem-4 Tier	10	\$4,249	\$430	\$140	\$4,819		

EXPERIENCE RATE

E1 Experience Period Begins:	11/1/14	E14 Experience PEPM (E6*(1+E10)*E12/E13)	\$233.20
E2 Experience Period Ends:	10/31/16	E15 Experience "Using Lagged" (E7*(1+E10)*E12/E13)	\$243.63
E3 Number of Months Experience:	24	E16 Manual Expected PEPM wNW wIBNR wTrend	255.07
E4 Enrolled Months	240	E17 Credibility Factor (CF)	10.00%
E5 Actual Claims	50,000	E18 Blended Claims Cost = Experience*CF + Manual*(1-CF)	\$252.88
E6 Actual PEPM	\$208.33	E19 Retention	0.31
E7 Lagged PEPM	\$217.65	E20 Commission	0.130
E8 Months Trended (mdpt to mdpt)	20	E21 Final Premium Charged (PEPM)	\$421.26
E9 Annual Trend Factor	0.07	E22 Gross MLR - Medical Loss Ratio	60.0%
E10 Trend from midpt to midpt	11.94%		
E11 Lagged is this percent over Actual	4.5%		
E12 Plan or other differential	1.000		
E13 Adjustment to incur claims	1.000		

TABLE A - Claims Distribution Table

Level	Cost of claims above Level (CoC)
\$0	\$494.58
\$50	\$489.37
\$100	\$484.20
\$150	\$479.08
\$200	\$474.63
\$250	\$470.23
\$300	\$465.83
\$350	\$461.79
\$400	\$457.91
\$450	\$454.02
\$500	\$450.38
\$750	\$433.85
\$1,000	\$419.62
\$1,500	\$396.19
\$2,000	\$376.98
\$2,500	\$360.66
\$3,000	\$346.54
\$4,000	\$322.39
\$5,000	\$302.96
\$7,500	\$265.21
\$10,000	\$237.00
\$15,000	\$195.59
\$20,000	\$167.50
\$25,000	\$146.90
\$30,000	\$130.84
\$35,000	\$118.16
\$40,000	\$107.91
\$45,000	\$99.13
\$50,000	\$91.93
\$60,000	\$79.74
\$70,000	\$69.95
\$80,000	\$62.16
\$90,000	\$55.55
\$100,000	\$50.30
\$125,000	\$40.07
\$150,000	\$32.72
\$175,000	\$27.23
\$200,000	\$23.01
\$225,000	\$19.74
\$250,000	\$16.97
\$300,000	\$12.77
\$400,000	\$7.66
\$500,000	\$4.85
\$1,000,000	\$0.54
\$10,000,000	\$0.005
Unlimited	\$0.00

base rates are for a policy year starting 1/1/2017

TABLE B - Sample of Plans with Benefit Design Factors

Med Plan#	Loc	Coins	Ded	OOP	Annual	Ben Design Fctr
				(addDed)	Limit	
1	US	80%	\$0	\$2,000	unlimited	0.887
2	US	60%	\$1,000	\$2,000	unlimited	0.709
3	Oversea	100%	\$0	\$2,000	unlimited	1.000
4	US	80%	\$500	\$3,000	\$5,000,000	0.784
5	US	60%	\$1,000	\$3,000	\$5,000,000	0.682
6	Oversea	100%	\$250	\$3,000	\$5,000,000	0.894
7	US	80%	\$1,000	\$4,000	\$5,000,000	0.717
8	US	60%	\$2,000	\$4,000	\$5,000,000	0.595
9	Oversea	100%	\$500	\$4,000	\$5,000,000	0.825
10	US	80%	\$2,000	\$8,000	\$5,000,000	0.619
11	US	60%	\$4,000	\$8,000	\$5,000,000	0.473
12	Oversea	100%	\$1,000	\$8,000	\$5,000,000	0.729
13	US	80%	\$5,000	\$10,000	\$5,000,000	0.488
14	US	60%	\$10,000	\$10,000	\$5,000,000	0.344
15	Oversea	80%	\$2,500	\$10,000	\$5,000,000	0.475

Rx Plan#	Type	Coinsurance Percent	Tier 1 Copay	Tier 2 Copay	Tier 3 Copay	Specialty Copay	Factor					
							Integrated Medical/Rx OOP Maximum					
							no	2,000	3,000	4,000	8,000	10,000
1	Copay	100%	\$10	\$25	\$25	\$25	0.747	0.763	0.760	0.758	0.754	0.752
2	Coinsurance	100%	\$0	\$0	\$0	\$0	1.000	1.000	1.000	1.000	1.000	1.000
3	Coinsurance	80%	\$0	\$0	\$0	\$0	0.800	0.873	0.860	0.852	0.830	0.824
4	Copay	100%	\$20	\$30	\$30	\$30	0.677	0.693	0.690	0.688	0.683	0.682
5	Coinsurance	100%	\$0	\$0	\$0	\$0	1.000	1.000	1.000	1.000	1.000	1.000
6	Blend		\$10	20%	20%	20%	0.679	0.741	0.731	0.723	0.705	0.699
7	Blend		\$10	30%	30%	30%	0.608	0.715	0.698	0.688	0.662	0.653
8	Blend		\$10	40%	40%	40%	0.538	0.692	0.670	0.655	0.623	0.611
9	Blend		\$10	50%	50%	50%	0.469	0.673	0.645	0.626	0.585	0.572

for other plans, use experience or outside claims manual to adjust

TABLE C - Area Factors (weighted average by enrollment)

Area	Factor	Area	Factor	Area	Factor
AFGHANISTAN	0.9209	FIJI	0.9209	NEPAL	0.9209
AFRICA	0.8053	FINLAND	1.1329	LESSER ANTILLES	1.0811
AFRICAN	0.8053	FR. PACIFIC ISLANDS	0.9209	NETHERLANDS	0.9636
ALBANIA	1.1329	FRANCE	1.1329	NEW ZEALAND	0.9209
ALGERIA	0.8053	FRENCH COMM IN AFRICA	0.8053	NICARAGUA	1.0811
ANDORRA FRENCH	1.1329	FRENCH GUIANA	1.0811	NIGER	0.8053
ANDORRA SPANISH	1.1329	GABON	0.8053	NIGERIA	0.8053
ANGOLA	0.8053	GAMBIA	0.8053	NORTH AMERICA	1.5501
ANTIGUA	1.0811	GERMANY	1.1329	NORWAY	1.1329
ARGENTINA	1.0811	GHANA	0.8053	OMAN	1.0117
ARMENIA	1.1329	GIBRALTAR	1.1329	PAKISTAN	0.9209
ARUBA	1.0811	GREECE	1.1329	PANAMA	1.0811
AUSTRALIA	0.8379	GREENLAND	1.1329	PAPUA NEW GUINEA	0.9209
AUSTRIA	1.1329	GRENADA	1.0811	PARUGUAY	1.0811
AZERBAIJAN	1.1329	GUADELOUPE	1.0811	PERU	1.0811
AZORES	1.1329	GUAM	0.9209	PHILIPPINES	0.7897
BAHAMAS	1.0811	GUATEMALA	1.0811	POLAND	1.1329
BAHRAIN	1.0117	GUINEA BISSAU	0.8053	PORTUGAL	1.1329
BANGLADESH	0.9209	GUINEA REPUBLIC	0.8053	PUERTO RICO	1.0811
BARBADOS	1.0811	GUYANA	1.0811	QATAR	1.0117
BELARUS	1.1329	HAITI	1.0811	REUNION ISLANDS	0.8053
BELGIUM	0.9636	HONDURAS	1.0811	ROMANIA	1.1329
BELIZE	1.0811	HONG KONG	1.3482	RWANDA	0.8053
BENIN	0.8053	HUNGARY	1.1329	SAO TOME E PRINCIPE	0.8053
BERMUDA	1.0811	ICELAND	1.1329	SAUDI	1.0117
BHUTAN	0.9209	INDIA	0.9209	SAUDI ARABIA	1.0117
BOLIVIA	1.0811	INDONESIA	0.7332	SENEGAL	0.8053
BOSNIA HERZEGOVINA	1.1329	IRAN	1.0117	SEYCHELLES	0.8053
BOTSWANA	0.8053	IRAQ	1.0117	SIERRA LEONE	0.8053
BRAZIL	1.2212	IRELAND	0.9636	SINGAPORE	1.1810
BRUNEI	0.9209	ISRAEL	1.5501	SLOVAKIA	1.1329
BULGARIA	1.1329	ITALY	1.1329	SLOVENIA	1.1329
BURKINA FASCO	0.8053	IVORY COAST	0.8053	SOLOMON ISLANDS	0.9209
BURMA/MYANMAR	0.9209	JAMAICA	1.0811	SOMALI REPUBLIC	0.8053
BURUNDI	0.8053	JAPAN	0.9209	SOUTH AFRICA	0.8053
C&S AMER 1	1.0811	JERSEY	1.1329	SOUTH AMERICA	1.0811
C&S AMER 2	1.0811	JORDAN	1.0117	SPAIN	1.1329
CAMBODIA	0.9209	KAZAKHSTAN	1.1329	SRI LANKA	0.9209
CAMEROON	0.8053	KENYA	0.8053	ST LUCIA	1.0811
CANADA	1.0942	KIRIBATI	0.9209	SUDAN	0.8053
CANARY ISLANDS	0.8053	KOREA	0.9209	SWAZILAND	0.8053
		KOREA SOUTH	0.9209	SWEDEN	1.1329
CAPE VERDE	0.8053	KUWAIT	1.0117	SWITZERLAND	1.5501
CAYMAN ISLANDS	1.0811	LAOS	0.9209	SYRIA	1.0117
CENTRAL AFRICAN REP	0.8053	LATVIA	1.1329	TAIWAN	0.9209
CHAD	0.8053	LEBANON	1.0117	TANZANIA	0.8053
CHILE	1.0811	LEICHTENSTEIN	1.1329	THAILAND	0.7960
CHINA	1.1626	LESOTHO	0.8053	TOGO REPUBLIC	0.8053
CIS	1.1329	LIBERIA	0.8053	TONGA	0.9209
COLOMBIA	1.0811	LIBYA	0.8053	TRINIDAD & TOBAGO	1.0811
COMORO ISLANDS	0.8053	LITHUANIA	1.1329	TUNISIA	0.8053
CONGO	0.8053	LUXEMBOURG	1.1329	TURKEY	1.0117
COSTA RICA	1.0811	MACAU	0.9209	TURKS & CAICOS ISLANDS	1.0811
CROATIA	1.1329	MADAGASCAR	0.8053	UAE	1.0117
CUBA	1.5501	MADEIRA	1.1329	UGANDA	0.8053
CYPRUS	1.1329	MALAWI	0.8053	UKRAINE	1.1329
CZECH REPUBLIC	1.1329	MALAYSIA	0.9209	UNITED KINGDOM	1.1825
DENMARK	1.2778	MALDIVES	0.9209	URUGUAY	1.0811
DJIBOUTI	0.8053	MALI REPUBLIC	0.8053	UZBEKISTAN	1.1329
DOMINICA ISLE	1.0811	MALTA	1.1329	VANUATU	0.9209
DOMINICAN REPUBLIC	1.0811	MARSHALL ISLANDS	0.9209	VENEZUELA	1.0811
		MARTINIQUE	1.0811	VIETNAM	0.9209
ECUADOR	1.0811	MAURITANIA	0.8053	VIRGIN ISLANDS (British)	1.0811
EGYPT	0.8053	MAURITIUS	0.8053	SAMOA	0.9209
EL SALVADOR	1.0811	MEXICO	1.2711	YEMEN	1.0117
EQUATORIAL GUINEA	0.8053	MIDDLE EAST	1.0117	YEMEN, REP	1.0117
ESTONIA	1.1329	MOLDOVA	1.1329		
ETHIOPIA	0.8053	MONACO	1.1329	ZAIRE	0.8053
EUROPE	1.1329	MONGOLIA	0.9209	ZAMBIA	0.8053
EUROPEAN	1.1329	MOROCCO	0.8053	ZIMBABWE	0.8053
FALKLAND ISLANDS	1.0811	MOZAMBIQUE	0.8053	MACEDONIA	1.1329
FAR EAST 1	0.9209	MUSCAT	1.0117	MONTENEGRO	1.1329
FAR EAST 2	0.9209	NAMERICAN	1.5501	SERBIA	1.1329
FAROE ISLANDS	1.1329	NAMIBIA	0.8053	KOSOVO	1.1329

TABLE D - Medical Evacuation

Option	Benefit	Factor
1	\$0	-0.018
2	\$50,000	-0.010
3	\$100,000	0.000
4	\$150,000	0.003
5	\$200,000	0.004
6	\$250,000	0.006
7	\$300,000	0.007
8	\$350,000	0.010
9	\$400,000	0.010
10	\$450,000	0.011
11	\$500,000	0.011
12	\$550,000	0.012
13	\$600,000	0.013
14	\$650,000	0.013
15	\$700,000	0.014
16	\$750,000	0.014
17	\$800,000	0.015
18	\$850,000	0.016
19	\$900,000	0.016
20	\$950,000	0.017
21	\$1,000,000	0.018
22	\$1,000,001+	Not Avail

use next lowest Benefit Amount if value not listed

TABLE E - Credibility Factors

Number of Life Years		Range of Credibility		Formula
From	To	Low	High	
0	74	0%	30%	17%
75	99	0%	35%	24%
100	124	0%	40%	29%
125	149	0%	45%	33%
150	174	0%	50%	37%
175	199	5%	55%	40%
200	224	10%	60%	42%
225	249	15%	65%	45%
250	274	20%	70%	47%
275	299	25%	75%	49%
300	324	30%	80%	50%
325	349	35%	85%	52%
350	374	40%	90%	53%
375	399	45%	95%	55%
400	424	50%	100%	56%
425	or more	50%	100%	57%

**4Ever Life Insurance Company
Global HealthGuard
Forms 54.1215 et al.**

**Rate Manual
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Derivation of Rates

I. Benefit Plan Base Rates (See Table A)

All plans are compared to the base rate shown in Table A Claims Distribution Table.

The Medical Base Rate is	\$494.58
The Rx Base Rate is	\$99.31
The ADD Base Rate is	\$0.045 per thousand

II. Usage (split In US in-network, In US out-of-network, Overseas, totals 1.000)

Use actual/projected split, otherwise use:

U.S. Citizen Overseas usage:	.70
U.S. In-network usage:	5/6 times (1-overseas usage)
U.S. Out-of-network usage:	1/6 times (1-overseas usage)
Overseas usage if an alien traveling to US:	.10

III. Cost of Claims (CoC) - See Table A:

Base Rate minus A, minus B minus (1 -coinsurance) times C where:

A. Deductible covered claims = Deductible divided by .8, 0.4 if overseas

A = Excess of Base Rate over CoC calculated using deductible covered claims interpolated for interim values

B. Maximum covered claims = [Deductible+minimum(maximum benefit+out-of-pocket; maximum benefit/coinsurance)]/.8, 0.4 if overseas

B = CoC calculated using maximum covered claims interpolated for interim values

C. Out-of-pocket covered claims = out-of-pocket/(1-coinsurance) divided by .8, .4 if overseas plus Deductible covered claims

C = Excess of Base rate over CoC calculated using out-of-pocket covered claims interpolated for interim values less A

IV. Plan Design Factor - See Table B

Equals CoC divided by standard benefit plan CoC.

Base Plan Medical = US, 100% coinsurance, \$0 deductible, \$2k out-of-pocket, unlimited maximum.

Base Plan Rx = Unlimited maximum, no copays or coinsurance

V. Relative Geographical Cost - See Table C

U.S. In-network: .90 for medical, 1.00 for Rx

U.S. Out-of-network: 1.25 for medical, 1.00 for Rx

Overseas: .35 times area factor for medical (weighted average by enrollment; .45 for TCN), .65 for Rx

VI. Office Visit Copay Factor

1 plus [expected number of office visits times cost of an office visit less the office visit copay

minus Expected number of office visits (3.5) times cost of an office visit (\$120) times coinsurance times DeductiblePercent

all divided by the base rate (annualized)]

Deductible	DeductiblePercent	Deductible	DeductiblePercent
0	1.00	2,500	0.80
250	0.98	4,000	0.75
500	0.95	5,000	0.60
1,000	0.90	10,000	0.65
2,000	0.85		

VII. Hospital Out-of-Network Copay Factor

The factor is .97 if there is a hospital out-of-network copay

VIII. Not Used

IX. Integrated Deductible Factor (Medical and Rx)

For high deductibles, the Rx cost is reduced by 35%.

For deductibles below \$250, it is reduced by 35% times deductible/250

X. Trend Factors

Trend for full months from 1/1/17

Benefit	Annual Factor
Medical Rx	7.0%
Dental	6.0%
Vision	4.0%

XI. Anti-Selection Factor

Plan Design Factor	Factor
0.4	-0.12
0.5	-0.09
0.6 - 0.699	-0.06
0.7 - 0.799	-0.03
0.8 - 0.899	0.00
0.9 +	0.03

XII. Maximum Benefit Factor

Maximum Benefit	Factor
500,000	-0.020
1,000,000	0.000
2,000,000	0.020
3,000,000	0.030
5,000,000	0.035
>5,000,000	0.040

interpolate for interim values

XIIa. Specific Benefit Adjustments 1 + sum of factors below**Morbidity Adjustment Factor** -0.2175**Medical Evacuation Factor - Table D**

From the table shown below

Creditable Coverage Adjustment

Current Medical Cover	Factor
None	0.060
Business Travel/Accident	0.045
Offshore Limited Benefits	0.030
Offshore US Style Plan	0.015
ACA Compliant	0.000

Industry Adjustment Factor

S&P Sector	Factor
Other	0.000
Real Estate, Materials	-0.02
Financials/Services, Utilities	-0.04
Consumer Staples/Discretionary	-0.06
Technology, Health Care	-0.08

Primary to Protection & Indemnity Ins 0.015**XIII. Group Size Factor**

Group Size Factor	Factor
1	0.425
2	0.350
3	0.275
4	0.200
5	0.125
6	0.050
7+	0.000

XIV. Age Gender Factors (weighted average by enrollment)

Age	Male	Female	Dep. Child
0-24	0.3280	0.7520	0.367
25-29	0.4090	0.9830	0.367
30-34	0.5210	1.1430	0.367
35-39	0.6680	1.1390	0.367
40-44	0.8280	1.1700	0.367
45-49	1.0590	1.3780	0.367
50-54	1.4520	1.6650	0.367
55-59	1.8900	1.9660	0.367
60-64	2.5590	2.3350	0.367
65-69	3.4510	2.7840	0.367
70-74	4.9071	3.9587	0.367
75-79	6.1197	4.9369	0.367
80-84	7.3147	5.9010	0.367
85-89	8.8746	7.1593	0.367
90-94	11.3192	9.1315	0.367
95 or above	12.4039	10.0065	0.367

XV. Retention

Group Size	Retention Before Commission
1	0.345
2	0.31
10	0.31
20	0.28
40	0.275
100	0.26
499	0.21025
1,000+	0.15

may be reduced by up to 10% pts
interpolate for Sizes not listed

Commissions
0-20%

XVI. Dental and Vision

A standard dental plan and a vision plan is to be sold. The rates do not vary by age, area, group size, retention, commission, etc.

The 2017 Premium rates are as follows (updated Jan1 each year):

Relation	Dental	Vision
EE	\$43.00	\$14.00
EE + Spouse	\$93.00	\$28.00
EE + Child(ren)	\$83.00	\$27.00
Family	\$133.00	\$39.00

if non-standard plan, use experience or claims manual to adjust. Add 6% to dental rates if no dental pre-x exclusion

XVII. Tier Factors

Since rates are calculated for Employee (or Participant), Spouse and Child, the tier rates are derived.

The number of expected spouses per employee and children per employee at each tier is as follows:

		#Sp in Tier	#Chrn in Tier
Two Tier	Comp Dep	0.9	2.2
Three Tier	One Dep	0.9	0.1
Three Tier	2+ Deps	0.9	2.3
Four Tier	Spouse	1	0
Four Tier	Child/Children	0	2
Four Tier	Family	1	2.25

XVIII. Experience Rating (See Table E)

For larger groups, an experience rate is used for Medical and Rx when actual credible claims is obtainable.

A blend of the manual rate and an experience rate will be used weighted by a credibility factor (CF) (See Table E).

Actual claims is adjusted from the midpoint of the experience period to the midpoint of the rating period.

If claims are on a paid basis (rather than an incurred basis), lagged actual claims may be used.

If sufficient data is available, incurred claims will be calculated using a claims triangle reserve method.

Actual claims may also be adjusted if benefits or network availability will be changed.

The basic formula is as follows:

Final Rate = Experience Rate times CF plus Manual Rate times (1-CF)

XIX. Underwriting Discretion - +/-25%

XX. Local Coverage Adjustment

In jurisdictions where local carrier coverage is required, reduce by percent of claims coverage of local carrier

Sample Rate Calculation
Policy Effective 1/1/2017

	US-IN	US-OUT	Oversea	Rx
1 Medical Benefit	US	US	Oversea	All
2 Location	80%	60%	100%	100%
3 Coinsurance	\$0	\$1,000	\$0	\$0
4 Deductible	\$2,000	\$2,000	\$2,000	\$10 Tier 1/\$25 Tier 2-4 Copays
5 Out-of-Pocket	unlimited	unlimited	unlimited	Unlimited
6 Maximum	N	N	N	
7 Rx-Integrated-Deduc?	\$30	N	N	
8 OfficeVisitCopay, i.e. 10	NA	N	NA	
9 Hospital Out-of-Network	N	N	N	
10 AD&D	\$250,000	\$250,000	\$250,000	

12 Medical Base Rate	\$494.58	\$494.58	\$494.58	
13 Usage Percent	0.25	0.05	0.70	
14 Plan Design Factor	0.887	0.709	1.000	0.9572
15 Relative Geographical Cost	0.900	1.250	0.350	5 Aruba, 5 Burma
16 Office Visit Copay	0.996	1.000	1.000	
17 Hospital Out-of-Network	1.000	1.000	1.000	
18 Not Used	1.000	1.000	1.000	
19 Untrended Medical Plan	\$98.31	\$21.91	\$121.17	\$241.39
20 Rx Base Rate	\$99.31	\$99.31	\$99.31	
21 Usage Percent	0.25	0.05	0.70	
22 Plan Design Factor	0.747	0.747	0.747	
23 Coinsurance	100%	100%	100%	
24 Integrated Deductible Factor	1.000	1.000	1.000	
25 Relative Geographical Cost	1.000	1.000	0.650	
26 Untrended Rx Plan Cost	18.55	3.71	33.75	\$56.01
27 Untrended Medical & Rx (19+26)				\$297.40
28 Trend: Medical/Rx; Den; vision	1.000	1.000	1.000	
29 Anti-Selection Factor	0.030			
30 Maximum Benefit Factor	0.040			
30a Specific Benefit Adjustment Factors	-0.2115			current ACA coverage; Energy sector
31 Group Size Factor	0.000			
32 Combined Factors (28*(1+29+30+30a+31))	0.859			\$255.32
33 AD&D	0.000	0.000	NA	
34 Age Factors (Partic, Sp, Children)	0.999	0.999	0.367	5 Male age 42, 5 female age 42
35 Med&Rx Before Retention	255.07	255.07	93.70	
36 Med,Rx,ADD Before Retention (P)	255.07	255.07	93.70	
37 Retention(R) & Commission(C)	0.31	0.130		
37a Underwriting Discretion (D)	1.000			
38 Rates After Ret ((P)x(D))/(1-(R))/(1-(C))	424.9	424.9	156.09	
39 Med,Rx Per Employee	255.07			

	#Units	ED-Rx-AD&	DENTAL	VISION	TOTAL	AA #Sp in Tier	BB #Chrn in tier
4 Tier							
40 Participant (38ee)	10	\$424.90	\$43	\$14			
41 Participant Plus Spouse	0	\$849.80	\$93	\$28		1	0
42 Participant Plus Child(ren)	0	\$737.08	\$83	\$27		0	2
43 Participant Plus Family	0	\$1,201.00	\$133	\$39		1	2.25
44 Total Mo Prem-4 Tier	10	\$4,249	\$430	\$140	\$4,819		

EXPERIENCE RATE

E1 Experience Period Begins:	11/1/14	E14 Experience PEPM (E6*(1+E10)*E12/E13)	\$233.20
E2 Experience Period Ends:	10/31/16	E15 Experience "Using Lagged" (E7*(1+E10)*E12/E13)	\$243.63
E3 Number of Months Experience:	24	E16 Manual Expected PEPM wNW wIBNR wTrend	255.07
E4 Enrolled Months	240	E17 Credibility Factor (CF)	10.00%
E5 Actual Claims	50,000	E18 Blended Claims Cost = Experience*CF + Manual*(1-CF)	\$252.88
E6 Actual PEPM	\$208.33	E19 Retention	0.31
E7 Lagged PEPM	\$217.65	E20 Commission	0.130
E8 Months Trended (mdpt to mdpt)	20	E21 Final Premium Charged (PEPM)	\$421.26
E9 Annual Trend Factor	0.07	E22 Gross MLR - Medical Loss Ratio	60.0%
E10 Trend from midpt to midpt	11.94%		
E11 Lagged is this percent over Actual	4.5%		
E12 Plan or other differential	1.000		
E13 Adjustment to incur claims	1.000		

TABLE A - Claims Distribution Table

Level	Cost of claims above Level (CoC)
\$0	\$494.58
\$50	\$489.37
\$100	\$484.20
\$150	\$479.08
\$200	\$474.63
\$250	\$470.23
\$300	\$465.83
\$350	\$461.79
\$400	\$457.91
\$450	\$454.02
\$500	\$450.38
\$750	\$433.85
\$1,000	\$419.62
\$1,500	\$396.19
\$2,000	\$376.98
\$2,500	\$360.66
\$3,000	\$346.54
\$4,000	\$322.39
\$5,000	\$302.96
\$7,500	\$265.21
\$10,000	\$237.00
\$15,000	\$195.59
\$20,000	\$167.50
\$25,000	\$146.90
\$30,000	\$130.84
\$35,000	\$118.16
\$40,000	\$107.91
\$45,000	\$99.13
\$50,000	\$91.93
\$60,000	\$79.74
\$70,000	\$69.95
\$80,000	\$62.16
\$90,000	\$55.55
\$100,000	\$50.30
\$125,000	\$40.07
\$150,000	\$32.72
\$175,000	\$27.23
\$200,000	\$23.01
\$225,000	\$19.74
\$250,000	\$16.97
\$300,000	\$12.77
\$400,000	\$7.66
\$500,000	\$4.85
\$1,000,000	\$0.54
\$10,000,000	\$0.005
Unlimited	\$0.00

base rates are for a policy year starting 1/1/2017

TABLE B - Sample of Plans with Benefit Design Factors

Med Plan#	Loc	Coins	Ded	OOP	Annual	Ben Design Fctr
				(addDed)	Limit	
1	US	80%	\$0	\$2,000	unlimited	0.887
2	US	60%	\$1,000	\$2,000	unlimited	0.709
3	Oversea	100%	\$0	\$2,000	unlimited	1.000
4	US	80%	\$500	\$3,000	\$5,000,000	0.784
5	US	60%	\$1,000	\$3,000	\$5,000,000	0.682
6	Oversea	100%	\$250	\$3,000	\$5,000,000	0.894
7	US	80%	\$1,000	\$4,000	\$5,000,000	0.717
8	US	60%	\$2,000	\$4,000	\$5,000,000	0.595
9	Oversea	100%	\$500	\$4,000	\$5,000,000	0.825
10	US	80%	\$2,000	\$8,000	\$5,000,000	0.619
11	US	60%	\$4,000	\$8,000	\$5,000,000	0.473
12	Oversea	100%	\$1,000	\$8,000	\$5,000,000	0.729
13	US	80%	\$5,000	\$10,000	\$5,000,000	0.488
14	US	60%	\$10,000	\$10,000	\$5,000,000	0.344
15	Oversea	80%	\$2,500	\$10,000	\$5,000,000	0.475

Rx Plan#	Type	Coinsurance Percent	Tier 1 Copay	Tier 2 Copay	Tier 3 Copay	Specialty Copay	Factor					
							Integrated Medical/Rx OOP Maximum					
							no	2,000	3,000	4,000	8,000	10,000
1	Copay	100%	\$10	\$25	\$25	\$25	0.747	0.763	0.760	0.758	0.754	0.752
2	Coinsurance	100%	\$0	\$0	\$0	\$0	1.000	1.000	1.000	1.000	1.000	1.000
3	Coinsurance	80%	\$0	\$0	\$0	\$0	0.800	0.873	0.860	0.852	0.830	0.824
4	Copay	100%	\$20	\$30	\$30	\$30	0.677	0.693	0.690	0.688	0.683	0.682
5	Coinsurance	100%	\$0	\$0	\$0	\$0	1.000	1.000	1.000	1.000	1.000	1.000
6	Blend		\$10	20%	20%	20%	0.679	0.741	0.731	0.723	0.705	0.699
7	Blend		\$10	30%	30%	30%	0.608	0.715	0.698	0.688	0.662	0.653
8	Blend		\$10	40%	40%	40%	0.538	0.692	0.670	0.655	0.623	0.611
9	Blend		\$10	50%	50%	50%	0.469	0.673	0.645	0.626	0.585	0.572

for other plans, use experience or outside claims manual to adjust

TABLE C - Area Factors (weighted average by enrollment)

Area	Factor	Area	Factor	Area	Factor
AFGHANISTAN	0.9209	FIJI	0.9209	NEPAL	0.9209
AFRICA	0.8053	FINLAND	1.1329	LESSER ANTILLES	1.0811
AFRICAN	0.8053	FR. PACIFIC ISLANDS	0.9209	NETHERLANDS	0.9636
ALBANIA	1.1329	FRANCE	1.1329	NEW ZEALAND	0.9209
ALGERIA	0.8053	FRENCH COMM IN AFRICA	0.8053	NICARAGUA	1.0811
ANDORRA FRENCH	1.1329	FRENCH GUIANA	1.0811	NIGER	0.8053
ANDORRA SPANISH	1.1329	GABON	0.8053	NIGERIA	0.8053
ANGOLA	0.8053	GAMBIA	0.8053	NORTH AMERICA	1.5501
ANTIGUA	1.0811	GERMANY	1.1329	NORWAY	1.1329
ARGENTINA	1.0811	GHANA	0.8053	OMAN	1.0117
ARMENIA	1.1329	GIBRALTAR	1.1329	PAKISTAN	0.9209
ARUBA	1.0811	GREECE	1.1329	PANAMA	1.0811
AUSTRALIA	0.8379	GREENLAND	1.1329	PAPUA NEW GUINEA	0.9209
AUSTRIA	1.1329	GRENADA	1.0811	PARUGUAY	1.0811
AZERBAIJAN	1.1329	GUADELOUPE	1.0811	PERU	1.0811
AZORES	1.1329	GUAM	0.9209	PHILIPPINES	0.7897
BAHAMAS	1.0811	GUATEMALA	1.0811	POLAND	1.1329
BAHRAIN	1.0117	GUINEA BISSAU	0.8053	PORTUGAL	1.1329
BANGLADESH	0.9209	GUINEA REPUBLIC	0.8053	PUERTO RICO	1.0811
BARBADOS	1.0811	GUYANA	1.0811	QATAR	1.0117
BELARUS	1.1329	HAITI	1.0811	REUNION ISLANDS	0.8053
BELGIUM	0.9636	HONDURAS	1.0811	ROMANIA	1.1329
BELIZE	1.0811	HONG KONG	1.3482	RWANDA	0.8053
BENIN	0.8053	HUNGARY	1.1329	SAO TOME E PRINCIPE	0.8053
BERMUDA	1.0811	ICELAND	1.1329	SAUDI	1.0117
BHUTAN	0.9209	INDIA	0.9209	SAUDI ARABIA	1.0117
BOLIVIA	1.0811	INDONESIA	0.7332	SENEGAL	0.8053
BOSNIA HERZEGOVINA	1.1329	IRAN	1.0117	SEYCHELLES	0.8053
BOTSWANA	0.8053	IRAQ	1.0117	SIERRA LEONE	0.8053
BRAZIL	1.2212	IRELAND	0.9636	SINGAPORE	1.1810
BRUNEI	0.9209	ISRAEL	1.5501	SLOVAKIA	1.1329
BULGARIA	1.1329	ITALY	1.1329	SLOVENIA	1.1329
BURKINA FASCO	0.8053	IVORY COAST	0.8053	SOLOMON ISLANDS	0.9209
BURMA/MYANMAR	0.9209	JAMAICA	1.0811	SOMALI REPUBLIC	0.8053
BURUNDI	0.8053	JAPAN	0.9209	SOUTH AFRICA	0.8053
C&S AMER 1	1.0811	JERSEY	1.1329	SOUTH AMERICA	1.0811
C&S AMER 2	1.0811	JORDAN	1.0117	SPAIN	1.1329
CAMBODIA	0.9209	KAZAKHSTAN	1.1329	SRI LANKA	0.9209
CAMEROON	0.8053	KENYA	0.8053	ST LUCIA	1.0811
CANADA	1.0942	KIRIBATI	0.9209	SUDAN	0.8053
CANARY ISLANDS	0.8053	KOREA	0.9209	SWAZILAND	0.8053
CAPE VERDE	0.8053	KOREA SOUTH	0.9209	SWEDEN	1.1329
CAYMAN ISLANDS	1.0811	KUWAIT	1.0117	SWITZERLAND	1.5501
CENTRAL AFRICAN REP	0.8053	LAOS	0.9209	SYRIA	1.0117
CHAD	0.8053	LATVIA	1.1329	TAIWAN	0.9209
CHILE	1.0811	LEBANON	1.0117	TANZANIA	0.8053
CHINA	1.1626	LEICHTENSTEIN	1.1329	THAILAND	0.7960
CIS	1.1329	LESOTHO	0.8053	TOGO REPUBLIC	0.8053
COLOMBIA	1.0811	LIBERIA	0.8053	TONGA	0.9209
COMORO ISLANDS	0.8053	LIBYA	0.8053	TRINIDAD & TOBAGO	1.0811
CONGO	0.8053	LITHUANIA	1.1329	TUNISIA	0.8053
COSTA RICA	1.0811	LUXEMBOURG	1.1329	TURKEY	1.0117
CROATIA	1.1329	MACAU	0.9209	TURKS & CAICOS ISLANDS	1.0811
CUBA	1.5501	MADAGASCAR	0.8053	UAE	1.0117
CYPRUS	1.1329	MADEIRA	1.1329	UGANDA	0.8053
CZECH REPUBLIC	1.1329	MALAWI	0.8053	UKRAINE	1.1329
DENMARK	1.2778	MALAYSIA	0.9209	UNITED KINGDOM	1.1825
DJIBOUTI	0.8053	MALDIVES	0.9209	URUGUAY	1.0811
DOMINICA ISLE	1.0811	MALI REPUBLIC	0.8053	UZBEKISTAN	1.1329
DOMINICAN REPUBLIC	1.0811	MALTA	1.1329	VANUATU	0.9209
ECUADOR	1.0811	MARSHALL ISLANDS	0.9209	VENEZUELA	1.0811
EGYPT	0.8053	MARTINIQUE	1.0811	VIETNAM	0.9209
EL SALVADOR	1.0811	MAURITANIA	0.8053	VIRGIN ISLANDS (British)	1.0811
EQUATORIAL GUINEA	0.8053	MAURITIUS	0.8053	SAMOA	0.9209
ESTONIA	1.1329	MEXICO	1.2711	YEMEN	1.0117
ETHIOPIA	0.8053	MIDDLE EAST	1.0117	YEMEN, REP	1.0117
EUROPE	1.1329	MOLDOVA	1.1329		
EUROPEAN	1.1329	MONACO	1.1329	ZAIRE	0.8053
FALKLAND ISLANDS	1.0811	MONGOLIA	0.9209	ZAMBIA	0.8053
FAR EAST 1	0.9209	MOROCCO	0.8053	ZIMBABWE	0.8053
FAR EAST 2	0.9209	MOZAMBIQUE	0.8053	MACEDONIA	1.1329
FAROE ISLANDS	1.1329	MUSCAT	1.0117	MONTENEGRO	1.1329
		NAMERICAN	1.5501	SERBIA	1.1329
		NAMIBIA	0.8053	KOSOVO	1.1329

TABLE D - Medical Evacuation

Option	Benefit	Factor
1	\$0	-0.018
2	\$50,000	-0.010
3	\$100,000	0.000
4	\$150,000	0.003
5	\$200,000	0.004
6	\$250,000	0.006
7	\$300,000	0.007
8	\$350,000	0.010
9	\$400,000	0.010
10	\$450,000	0.011
11	\$500,000	0.011
12	\$550,000	0.012
13	\$600,000	0.013
14	\$650,000	0.013
15	\$700,000	0.014
16	\$750,000	0.014
17	\$800,000	0.015
18	\$850,000	0.016
19	\$900,000	0.016
20	\$950,000	0.017
21	\$1,000,000	0.018
22	\$1,000,001+	Not Avail

use next lowest Benefit Amount if value not listed

TABLE E - Credibility Factors

Number of Life Years		Range of Credibility		Formula
From	To	Low	High	
0	74	0%	30%	17%
75	99	0%	35%	24%
100	124	0%	40%	29%
125	149	0%	45%	33%
150	174	0%	50%	37%
175	199	5%	55%	40%
200	224	10%	60%	42%
225	249	15%	65%	45%
250	274	20%	70%	47%
275	299	25%	75%	49%
300	324	30%	80%	50%
325	349	35%	85%	52%
350	374	40%	90%	53%
375	399	45%	95%	55%
400	424	50%	100%	56%
425	or more	50%	100%	57%

4 Ever Life Insurance Company
Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.

Item 1. Scope & Purpose

This is a new rate filing. I have prepared this actuarial memorandum on behalf of 4 Ever Life Insurance Company. This memorandum is for the purpose of demonstrating that the anticipated loss ratio of this product meets minimum requirements and that the benefits are reasonable in relation to the proposed premium. This rate filing is not intended to be used for other purposes.

Item 2. Benefit Description

The program is an expatriate health plan that provides hospital/medical/surgical expense benefits to employers for the benefit of employees who are traveling outside the United States for extended periods of time for employer business purposes (generally 6 months or more).

All plans are subject to deductibles and coinsurance and have maximum benefits and other limits consistent with PPACA.

The policy has in-network and out-of-network benefits for coverage in the US and uses a PPO network for these benefits.

Item 3. Renewability

The Policy will continue in force while the required premiums are paid until the Policy is terminated by either the policyholder or the insurer as allowed in the Policy.

Item 4. Applicability

This filing applies to all new issues and subsequent renewals. There are no existing insureds under this form.

Item 5. Morbidity

The morbidity basis shown in the attached Rate Manual is based on the nationwide experience for a similar block of business that was written nationwide for large employers. Current nationwide membership is around 18,000 members and the experienced loss ratio has averaged 66.8%.

**4 Ever Life Insurance Company
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4Ever Life Large Employer Group Global HealthGuard ExPat (\$000)

Year	Earned Premium	Paid Claims	Reserve	Incurred Claims	Loss Ratio	Avg Covered Lives (0)	Claims pmpm (\$0)
2011	139	83	0	83	59.7%	77	215
2012	17,011	12,066	0	12,066	70.9%	4,439	227
2013	58,918	41,783	0	41,783	70.9%	13,470	259
2014	60,216	40,345	0	40,345	67.0%	12,924	260
2015	77,646	49,851	85	49,936	64.3%	16,313	255
201611	77,307	44,677	5,522	50,199	64.9%	17,922	255
Total	291,237	188,804	5,607	194,411	66.8%	11,926	255

Item 6. Mortality

Mortality is based on US population mortality.

Item 7. Persistency

Given the short term nature of the product, there is no specific persistency assumption used in developing the claim costs.

Item 8. Expenses and Commissions

Premium	100.0%
Administration	19.0%
Average Commissions	13.0%
Premium Taxes	2.0%
Contingency and Risk Margin	6.0%
Total	40.0%

The actual commissions will vary between 0% and 20%.

The retention net of commissions varies by group size as shown in the following table.

**4 Ever Life Insurance Company
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Group Size	Retention
1	34.5%
2	31.0%
10	31.0%
20	28.0%
40	27.5%
100	26.0%
499	21.025%
1,000+	15.0%

Item 9. Marketing Method

Marketing will be to employer groups either through direct response or using agents and brokers.

Item 10. Underwriting

The policies are guarantee issue with no health questions. A group can be declined if the travel is to a country of civil unrest or hazardous.

Item 11. Premium Classes

For each employer, rates vary only by tier. The rate is determined by taking the average rate based on the age and gender of the employees, benefit plan provisions (deductible, coinsurance, and lifetime maximum, etc.), area, etc.

Item 12. Issue Age Limits

None.

Item 13. Area Factors

Rates vary by nationality as shown in the rate manual.

Item 14. Average Annual Premium

The average annual premium is shown in the Rate Manual worksheet.

Item 15. Number of Insureds

The Company has no insureds at the present time as this is the initial filing.

4 Ever Life Insurance Company
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Item 16. Premium Modalization Rules

Premiums are stated as monthly.

Item 17. Trend Assumption

Medical trend is 7.0% annual. Dental trend is 6.0 % annual. Vision trend is 4.0% annual.

Item 18. Claim Liability and Reserves

Claim Reserves and Liabilities will be established by a combination of Lag Studies, case level reserves, and analysis of claim inventories.

Item 19. Active Life Reserves

No Active Life Reserves will be held for this coverage.

Item 20. Minimum Required Loss Ratio

The EXPATRIATE HEALTH COVERAGE CLARIFICATION ACT OF 2014 generally exempts expatriate health plans from the MLR requirements of PPACA for plans written on or after 7/1/15. Prior to that, expatriate plans were allowed a 2x factor to the numerator when calculating the MLR, essentially permitting a minimum standard loss ratio of 42.5% for large-group expatriate plans in order to meet MLR requirements. . Please keep in mind that there are expenses involved in administering expatriate plans that do not exist in typical major medical plans.

The unique cost characteristics of plans covering expatriate employees and their dependents were identified in 2011 by the United State Department of Health and Human Services (HHS) and Centers of Medicare and Medicaid Services (CMS) noting “that these policies have higher administrative costs as a result of (1) Providing international access to providers; (2) maintaining emergency evacuation services; and (3) navigating health care and legal systems in different countries. These policies may also have unpredictable experience depending on the location of the enrollees. One issuer stated that a large portion of international policies are sold through brokers, and high broker fees contribute to the increased administrative cost. We received no comments opposing a special circumstances adjustment for expatriate policies.” (FEDERAL REGISTER VOLUME 76, NUMBER 235 DECEMBER 7, 2011). These concerns prompted HHS to determine that for MLR reporting requirements for Expatriate plans that a factor of 2 times the effective claims costs could be used as the numerator in MLR determinations (Interim Final Rule on 12/1/2010 concerning MLR and Final Rule 12/7/2011). The Expatriate Health Coverage Clarification Act of 2014 exempting expatriate plans from key provisions of the Affordable Care Act such as MLR reporting further confirmed the unique status of expatriate plans. In addition to the factors noted above by HHS, costs of administering expatriate plans are impacted by low volumes of claims submitted electronically and high volumes of claims that are submitted in languages other than English and that do not conform to US coding standards thereby adding substantial additional cost to insurers. Other costs include providing translation and other services to enrollees, helping subscribers locate qualified providers in different countries, 24-hour call centers, and identifying and credentialing providers worldwide in countries with different licensing and other requirements from those found in the United States. Coverage is

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often for short durations and exposed to high risk of claim fluctuation because of lower loss frequency and uncertain costs by location.

Item 21. Distribution of Business

The anticipated distribution of business is shown on the attached Rate Manual worksheet and is used in the calculation of the average premium.

Item 22. Contingency and Risk Margin

The expected margin for profit and contingencies is 6.0% of premium.

Item 23. Experience – Past and Future

As this is a new product, no historical experience is available in this state.

Item 24. Anticipated Loss Ratio

The anticipated loss ratio is 60.0%. The anticipated loss ratio for each year is 60.0%

Item 25. History of Rate Adjustments

This is a new rate filing. There have been no rate adjustments.

Item 26. Proposed Effective Date

These rates are to be effective coincident with approval.

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Item 27. Actuarial Certification

I, Randall Jones, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify to the best of my knowledge and judgment, this Actuarial Memorandum and the entire rate filing is in compliance with the applicable laws of the State and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8 “Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits” as adopted by the Actuarial Standards Board, and that the benefits provided are reasonable in relation to the proposed premiums based on the standards described above. The premium schedule is not excessive, inadequate or unfairly discriminatory. This rate filing is in full compliance with the Expatriate Health Coverage Clarification Act of 2014.



Randall S. Jones, FSA, MAAA
President
Sierra Actuarial Services, Inc.
May 23, 2017

4 Ever Life Insurance Company
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Actuarial Memorandum
Global HealthGuard Program
Forms 54.1215 et al.**

4Ever Life Large Employer Group Global HealthGuard ExPat (\$000)

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2015	77,646	49,851	85	49,936	64.3%	16,313	255
201611	77,307	44,677	5,522	50,199	64.9%	17,922	255
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Total	40.0%

The actual commissions will vary between 0% and 20%.

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**4 Ever Life Insurance Company
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Group Size	Retention
1	34.5%
2	31.0%
10	31.0%
20	28.0%
40	27.5%
100	26.0%
499	21.025%
1,000+	15.0%

Item 9. Marketing Method

Marketing will be to employer groups either through direct response or using agents and brokers.

Item 10. Underwriting

The policies are guarantee issue with no health questions. A group can be declined if the travel is to a country of civil unrest or hazardous.

Item 11. Premium Classes

For each employer, rates vary only by tier. The rate is determined by taking the average rate based on the age and gender of the employees, benefit plan provisions (deductible, coinsurance, and lifetime maximum, etc.), area, etc.

Item 12. Issue Age Limits

None.

Item 13. Area Factors

Rates vary by nationality as shown in the rate manual.

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Item 15. Number of Insureds

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Premiums are stated as monthly.

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Item 20. Minimum Required Loss Ratio

The EXPATRIATE HEALTH COVERAGE CLARIFICATION ACT OF 2014 generally exempts expatriate health plans from the MLR requirements of PPACA for plans written on or after 7/1/15. Prior to that, expatriate plans were allowed a 2x factor to the numerator when calculating the MLR, essentially permitting a minimum standard loss ratio of 42.5% for large-group expatriate plans in order to meet MLR requirements. . Please keep in mind that there are expenses involved in administering expatriate plans that do not exist in typical major medical plans.

The unique cost characteristics of plans covering expatriate employees and their dependents were identified in 2011 by the United State Department of Health and Human Services (HHS) and Centers of Medicare and Medicaid Services (CMS) noting “that these policies have higher administrative costs as a result of (1) Providing international access to providers; (2) maintaining emergency evacuation services; and (3) navigating health care and legal systems in different countries. These policies may also have unpredictable experience depending on the location of the enrollees. One issuer stated that a large portion of international policies are sold through brokers, and high broker fees contribute to the increased administrative cost. We received no comments opposing a special circumstances adjustment for expatriate policies.” (FEDERAL REGISTER VOLUME 76, NUMBER 235 DECEMBER 7, 2011). These concerns prompted HHS to determine that for MLR reporting requirements for Expatriate plans that a factor of 2 times the effective claims costs could be used as the numerator in MLR determinations (Interim Final Rule on 12/1/2010 concerning MLR and Final Rule 12/7/2011). The Expatriate Health Coverage Clarification Act of 2014 exempting expatriate plans from key provisions of the Affordable Care Act such as MLR reporting further confirmed the unique status of expatriate plans. In addition to the factors noted above by HHS, costs of administering expatriate plans are impacted by low volumes of claims submitted electronically and high volumes of claims that are submitted in languages other than English and that do not conform to US coding standards thereby adding substantial additional cost to insurers. Other costs include providing translation and other services to enrollees, helping subscribers locate qualified providers in different countries, 24-hour call centers, and identifying and credentialing providers worldwide in countries with different licensing and other requirements from those found in the United States. Coverage is

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often for short durations and exposed to high risk of claim fluctuation because of lower loss frequency and uncertain costs by location.

Item 21. Distribution of Business

The anticipated distribution of business is shown on the attached Rate Manual worksheet and is used in the calculation of the average premium.

Item 22. Contingency and Risk Margin

The expected margin for profit and contingencies is 6.0% of premium.

Item 23. Experience – Past and Future

As this is a new product, no historical experience is available in this state.

Item 24. Anticipated Loss Ratio

The anticipated loss ratio is 60.0%. The anticipated loss ratio for each year is 60.0%

Item 25. History of Rate Adjustments

This is a new rate filing. There have been no rate adjustments.

Item 26. Proposed Effective Date

These rates are to be effective coincident with approval.

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Item 27. Actuarial Certification

I, Randall Jones, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify to the best of my knowledge and judgment, this Actuarial Memorandum and the entire rate filing is in compliance with the applicable laws of the State and with the rules of the Department of Insurance, and complies with Actuarial Standard of Practice No. 8 “Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits” as adopted by the Actuarial Standards Board, and that the benefits provided are reasonable in relation to the proposed premiums based on the standards described above. The premium schedule is not excessive, inadequate or unfairly discriminatory. This rate filing is in full compliance with the Expatriate Health Coverage Clarification Act of 2014.



Randall S. Jones, FSA, MAAA
President
Sierra Actuarial Services, Inc.
May 23, 2017