

Responses to Objections

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Objection 1

Comment:

Please identify instances, if any, of deviations of more than 10% from the approved 2018 manual rate for large groups in this book of business. For each instance of +-10% deviation from the approved manual rate, what is the magnitude of the deviation that is attributable to factors other than group experience and credibility as detailed in the rate filing (i.e. to underwriting discretion and/or management decision)?

Response:

There were no deviations of more than 10% from the 2018 manual rate.

Objection 2

Comments:

Please provide the premium-weighted mean rate, the arithmetic mean rate, the median rate, the rate range, the type of distribution of the rates (e.g. normal, Gaussian, bimodal, etc.), and the number of groups for this book of business for each year of the three most recent calendar years for which there is data.

Response:

We are providing both the fully insured business values which is a very small number of accounts as well as overall VT SITUS book of business which is more representative sample of VT experience and what we use to calculate rate changes. We don't have a distribution of rates but we expect that if we had more cases the rates would be normally distributed.

Year	Rate averages			Rate Range		Number of groups
	Premium Weighted	Arithmetic mean	Median Rate	Rate High	Rate Low	
2016 All Groups	\$552.28	\$535.20	\$533.84	\$818.49	\$295.88	73
2016 Fully Insured	\$590.60	\$545.38	\$555.19	\$818.49	\$366.21	12
2017 All Groups	\$533.76	\$491.24	\$480.39	\$759.90	\$276.32	80
2017 Fully Insured	\$542.33	\$498.48	\$525.35	\$629.38	\$356.89	5
2018 All Groups	\$557.73	\$507.17	\$503.10	\$790.72	\$214.76	76
2018 Fully Insured	\$557.73	\$528.70	\$528.70	\$579.75	\$477.64	2

Objection 3

Comment:

Are there written guidelines for when and how underwriting or management discretion is Applied to a rate? If so, please provide any written guidelines related to the exercise of underwriting discretion that will be used by underwriters or management when developing rates for this book of business.

Response:

Underwriting discretion may be used to modify the rate to reflect case characteristics not otherwise reflected in the methodology. Examples of characteristics that could trigger an adjustment include but are not limited to:

- 1) Account-specific assumptions (e.g. claim utilization patterns that deviate from expected book of business averages)
- 2) Expected changes in the group's claim experience (e.g. a large claimant that exists in the experience period but is not expected to be present in the projection period)