

SERFF Tracking Number: CELT-127385290 State: Connecticut
 Filing Company: Celtic Insurance Company State Tracking Number: 201183758
 Company Tracking Number: I5-555-00229-CT
 TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005C Individual - Other
 Product Name: I5-555-00229-CT
 Project Name/Number: /

Filing at a Glance

Company: Celtic Insurance Company

Product Name: I5-555-00229-CT

TOI: H16I Individual Health - Major Medical

Sub-TOI: H16I.005C Individual - Other

Filing Type: Rate

SERFF Tr Num: CELT-127385290 State: Connecticut

SERFF Status: Assigned State Tr Num: 201183758

Co Tr Num: I5-555-00229-CT State Status:

Author: Juan Guerra Reviewer(s): Paul Lombardo

Date Submitted: 08/24/2011 Disposition Date:

Implementation Date Requested: 04/01/2012 Disposition Status:

Implementation Date:

General Information

Project Name:

Project Number:

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact: 9.3%

Status of Filing in Domicile: Not Filed

Date Approved in Domicile:

Domicile Status Comments: N/A

Market Type: Individual

Individual Market Type: Individual

Filing Status Changed: 08/25/2011

State Status Changed:

Created By: Juan Guerra

Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: Juan Guerra

PPACA: Non-Grandfathered Immed Mkt Reforms, Grandfathered Immed Mkt Reforms

PPACA Notes: null

Filing Description:

Enclosed for your review and approval are copies of the actuarial memorandum and revised rates for the above referenced form as required by Connecticut statute.

The rates will go into effect 04/01/2012.

Please note, the experience of HSA and CeltiCare Preferred have been combined because of credibility issues due to the size of each block. These blocks contain plans that are currently available in the market. Celtic will continue to group the experience of these products for future rate filing purposes.

If you have any questions or require additional information regarding this submission, please contact me at the number listed below.

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Company and Contact

Filing Contact Information

Juan Guerra, Senior Contract Analyst jguerra@celtic-net.com
 Sears Tower 312-332-8331 [Phone]
 233 South Wacker Drive, Suite 700 312-441-0822 [FAX]
 Chicago, IL 60606

Filing Company Information

Celtic Insurance Company CoCode: 80799 State of Domicile: Illinois
 Sears Tower Group Code: Company Type: LAH
 233 South Wacker Drive, Suite 700 Group Name: State ID Number:
 Chicago, IL 60606 FEIN Number: 06-0641618
 (312) 332-5401 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$15,000.00
 Retaliatory? No
 Fee Explanation: 50 x 3 = 150
 Per Company: Yes

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Celtic Insurance Company	\$150.00	08/24/2011	50924408

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Form Schedule

SERFF Tracking Number: CELT-127385290 State: Connecticut
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Rate Information

Rate data applies to filing.

Filing Method: 74684
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 2.000%
Effective Date of Last Rate Revision: 10/01/2011
Filing Method of Last Filing: Paper

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
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Celtic Insurance Company	Increase	9.300%	9.300%	\$53,966	288	\$581,989	9.300%	9.300%
Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:		203				168		5
Policy Holders:		202				84		2

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Product Name: I5-555-00229-CT
Project Name/Number: /

Rate Review Details

COMPANY:

Company Name: Celtic Insurance Company
HHS Issuer Id: 74684
Product Names: HSA 2.0/2.1/3.0, CeltiCare Preferred 5.0/5.1
Trend Factors: Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

FORMS:

New Policy Forms:
Affected Forms:
Other Affected Forms: I5-555-00229-CT, I5-555-00229-CT-PPO, I5-592-00193-CT, I5-598-00231, I5-598-00235-PPO

REQUESTED RATE CHANGE

INFORMATION:

Change Period: Quarterly
Member Months: 2,491
Benefit Change: None
Percent Change Requested: Min: 9.3 Max: 9.3 Avg: 9.3

PRIOR RATE:

Total Earned Premium: 709,064.00
Total Incurred Claims: 5,690,793.00
Annual \$: Min: 222.00 Max: 274.00 Avg: 258.00

REQUESTED RATE:

<i>SERFF Tracking Number:</i>	<i>CELT-127385290</i>	<i>State:</i>	<i>Connecticut</i>
<i>Filing Company:</i>	<i>Celtic Insurance Company</i>	<i>State Tracking Number:</i>	<i>201183758</i>
<i>Company Tracking Number:</i>	<i>I5-555-00229-CT</i>		
<i>TOI:</i>	<i>H16I Individual Health - Major Medical</i>	<i>Sub-TOI:</i>	<i>H16I.005C Individual - Other</i>
<i>Product Name:</i>	<i>I5-555-00229-CT</i>		
<i>Project Name/Number:</i>	<i>/</i>		
Projected Earned Premium:	774,814.00		
Projected Incurred Claims:	513,461.00		
Annual \$:	Min: 242.00 Max: 299.00 Avg: 282.00		

SERFF Tracking Number: CELT-127385290 State: Connecticut
 Filing Company: Celtic Insurance Company State Tracking Number: 201183758
 Company Tracking Number: I5-555-00229-CT
 TOI: H161 Individual Health - Major Medical Sub-TOI: H161.005C Individual - Other
 Product Name: I5-555-00229-CT
 Project Name/Number: /

Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	Nationwide Experience	I5-555-00229-CT	New		CTI-OpenBlks-FilingExhibitsCC50.pdf
	Nationwide Experience	I5-555-00229-CT-New PPO			CTP-OpenBlks-FilingExhibitsCC50.pdf
	Nationwide Experience	I5-592-00193-CT & I5-598-00231	New		CTI-OpenBlks-FilingExhibitsHD20.pdf
	Nationwide Experience	I5-592-00193-CT & I5-598-00235-PPO	New		CTP-OpenBlks-FilingExhibitsHD20.pdf

Exhibit One

**Celtic Insurance Company
Form I5-555-00229-CT
CeltiCare Preferred 5.0/5.1 Health Plan**

Nationwide Experience Analysis

Current Nationwide all Open Blocks Combined Inforce (3/2011): 22,321

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	775,211	986,597	986,597	127.3%	40.0%
2006	5,547,507	2,362,657	2,362,657	42.6%	48.0%
2007	10,714,825	5,669,288	5,669,259	52.9%	53.4%
2008	16,105,829	8,220,537	8,220,537	51.0%	54.4%
2009	29,378,479	15,323,647	15,341,993	52.2%	55.1%
2010	42,767,382	22,946,400	26,723,563	62.5%	56.4%
Total	105,289,235	55,509,125	59,304,605	56.3%	54.9%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	42,767,382	26,723,563	62.5%	56.4%
201001 - 201112	Projected	52,927,534	34,507,590	65.2%	56.5%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed Nationwide Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
July 1, 2012: 3.0%
October 1, 2012: 3.0%

Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.

Exhibit Two

**Celtic Insurance Company
Form I5-555-00229-CT
CeltiCare Preferred 5.0/5.1 Health Plan**

Connecticut Experience Analysis

Current Connecticut All Open Blocks Combined Inforce (3/2011): 288

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	-	-	-	-	-
2006	10,299	299	299	2.9%	46.6%
2007	28,998	1,646	1,646	5.7%	53.0%
2008	68,297	2,407	2,407	3.5%	56.3%
2009	251,426	43,332	43,398	17.3%	51.3%
2010	581,989	142,371	148,956	25.6%	51.9%
Total	941,009	190,055	196,706	20.9%	52.0%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	581,989	422,220	72.5%	51.9%
201001 - 201112	Projected	709,064	545,738	77.0%	51.9%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed Connecticut Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.0%
July 1, 2012: 3.0%
October 1, 2012: 3.0%
Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.
- c) For 12-Month Experience Incurred Claims, claims above \$50,000 are pooled Nationwide

Exhibit Three

**Celtic Insurance Company
Form I5-555-00229-CT
CeltiCare Preferred 5.0/5.1 Health Plan**

Connecticut Projected Experience Analysis

Table One: Statewide and Nationwide Inforce Policyholders and Credibility Factor

	(A)	(B)	(C)	min[1,(B)/(C)]
	All Open Blocks Inforce (3/2011)	All Open Blocks EP (201001-201012)	Credibility Threshold	Credibility Factor*
Connecticut	288	581,989	3,500,000	17%
Nationwide	22,321	42,767,382		

* adjustment calculation for credibility factor is explained below.

Table Two: Future Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	709,064	709,064	709,064	709,064
Projected Claims:	560,793	575,922	591,469	607,444	583,907
Actual LR:	79.1%	81.2%	83.4%	85.7%	82.3%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.523	1.564	1.607	1.650	1.586

Table Three: Future Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	730,336	752,246	774,814	741,615
Projected Claims:	560,793	575,922	591,469	607,444	583,907
Actual LR:	79.1%	78.9%	78.6%	78.4%	78.7%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.523	1.519	1.514	1.510	1.517

Table Four: Future Credible Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	709,064	709,064	709,064	709,064
Projected Claims:	474,028	486,816	499,957	513,461	493,565
Actual LR:	66.9%	68.7%	70.5%	72.4%	69.6%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.288	1.322	1.358	1.395	1.341

* adjustment calculation for credibility factor is explained below.

Table Five: Future Credible Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	730,336	752,246	774,814	741,615
Projected Claims:	474,028	486,816	499,957	513,461	493,565
Actual LR:	66.9%	66.7%	66.5%	66.3%	66.6%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.288	1.284	1.280	1.276	1.282

* adjustment calculation for credibility factor is explained below.

Assumptions:

See assumptions in Exhibit Two.

Credibility Adjusted Benefit Calculation

The projected benefits shown in Tables Four and Five above are calculated based on the following method:

Z = credibility factor calculated in Table One

Ca = Statewide Projected Claims from Table Two

Na = Nationwide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Ne = Nationwide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Sa = Statewide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

Se = Statewide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

RI = Nationwide Rate Increase Over Statewide Rate Increase at 10/1/2011.

Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

Exhibit One

**Celtic Insurance Company
Form I5-555-00229-CT-PPO
CeltiCare Preferred 5.0/5.1 Health Plan**

Nationwide Experience Analysis

Current Nationwide all Open Blocks Combined Inforce (3/2011): 22,321

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	775,211	986,597	986,597	127.3%	40.0%
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Total	105,289,235	55,509,125	59,304,605	56.3%	54.9%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	42,767,382	26,723,563	62.5%	56.4%
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Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed Nationwide Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
July 1, 2012: 3.0%
October 1, 2012: 3.0%

Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
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Exhibit Two

**Celtic Insurance Company
Form I5-555-00229-CT-PPO
CeltiCare Preferred 5.0/5.1 Health Plan**

Connecticut Experience Analysis

Current Connecticut All Open Blocks Combined Inforce (3/2011): 288

Premium and Claims Experience for All Open Blocks :

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Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

Exhibit One

Celtic Insurance Company Forms I5-592-00193-CT (HSA 2.0/2.1) and I5-598-00231 (HSA 3.0) High Deductible Health Plans 2.0/2.1/3.0

Nationwide Experience Analysis

Current Nationwide all Open Blocks Combined Inforce (3/2011): 22,321

Premium and Claims Experience for All Open Blocks :

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Assumptions:

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Valuation Date: 3/31/2011

Proposed Nationwide Rate Increase:

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October 1, 2012: 3.0%

Health Care Reform benefit adj.: 4.8%

NOTES:

- Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- 2010 Actual entries include 12 months of actual experience.

Exhibit Two

**Celtic Insurance Company
Forms I5-592-00193-CT (HSA 2.0/2.1) and I5-598-00231 (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

Connecticut Experience Analysis

Current Connecticut All Open Blocks Combined Inforce (3/2011): 288

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	-	-	-	-	-
2006	10,299	299	299	2.9%	46.6%
2007	28,998	1,646	1,646	5.7%	53.0%
2008	68,297	2,407	2,407	3.5%	56.3%
2009	251,426	43,332	43,398	17.3%	51.3%
2010	581,989	142,371	148,956	25.6%	51.9%
Total	941,009	190,055	196,706	20.9%	52.0%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	581,989	422,220	72.5%	51.9%
201001 - 201112	Projected	709,064	545,738	77.0%	51.9%

Assumptions:

Annual Claim Cost Trend: 11.5%
 Annual Discount Rate: 6.0%
 Valuation Date: 3/31/2011

Proposed Connecticut Rate Increase:

January 1, 2012: 0.0%
 April 1, 2012: 3.0%
 July 1, 2012: 3.0%
 October 1, 2012: 3.0%
 Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.
- c) For 12-Month Experience Incurred Claims, claims above \$50,000 are pooled Nationwide

Exhibit Three

**Celtic Insurance Company
Forms I5-592-00193-CT (HSA 2.0/2.1) and I5-598-00231 (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

Connecticut Projected Experience Analysis

Table One: Statewide and Nationwide Inforce Policyholders and Credibility Factor

	(A)	(B)	(C)	min[1,(B)/(C)]
	All Open Blocks Inforce (3/2011)	All Open Blocks EP (201001-201012)	Credibility Threshold	Credibility Factor*
Connecticut	288	581,989	3,500,000	17%
Nationwide	22,321	42,767,382		

* adjustment calculation for credibility factor is explained below.

Table Two: Future Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	709,064	709,064	709,064	709,064
Projected Claims:	560,793	575,922	591,469	607,444	583,907
Actual LR:	79.1%	81.2%	83.4%	85.7%	82.3%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.523	1.564	1.607	1.650	1.586

Table Three: Future Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	730,336	752,246	774,814	741,615
Projected Claims:	560,793	575,922	591,469	607,444	583,907
Actual LR:	79.1%	78.9%	78.6%	78.4%	78.7%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.523	1.519	1.514	1.510	1.517

Table Four: Future Credible Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	709,064	709,064	709,064	709,064
Projected Claims:	474,028	486,816	499,957	513,461	493,565
Actual LR:	66.9%	68.7%	70.5%	72.4%	69.6%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.288	1.322	1.358	1.395	1.341

* adjustment calculation for credibility factor is explained below.

Table Five: Future Credible Projections at Current Statewide Volumes and Proposed Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
Current Premiums:	709,064	730,336	752,246	774,814	741,615
Projected Claims:	474,028	486,816	499,957	513,461	493,565
Actual LR:	66.9%	66.7%	66.5%	66.3%	66.6%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.288	1.284	1.280	1.276	1.282

* adjustment calculation for credibility factor is explained below.

Assumptions:

See assumptions in Exhibit Two.

Credibility Adjusted Benefit Calculation

The projected benefits shown in Tables Four and Five above are calculated based on the following method:

Z = credibility factor calculated in Table One

Ca = Statewide Projected Claims from Table Two

Na = Nationwide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Ne = Nationwide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit One

Sa = Statewide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

Se = Statewide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

RI = Nationwide Rate Increase Over Statewide Rate Increase at 10/1/2011.

Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

Exhibit One

**Celtic Insurance Company
Forms I5-592-00193-CT (HSA 2.0/2.1) and I5-598-00235-PPO (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

Nationwide Experience Analysis

Current Nationwide all Open Blocks Combined Inforce (3/2011): 22,321

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	775,211	986,597	986,597	127.3%	40.0%
2006	5,547,507	2,362,657	2,362,657	42.6%	48.0%
2007	10,714,825	5,669,288	5,669,259	52.9%	53.4%
2008	16,105,829	8,220,537	8,220,537	51.0%	54.4%
2009	29,378,479	15,323,647	15,341,993	52.2%	55.1%
2010	42,767,382	22,946,400	26,723,563	62.5%	56.4%
Total	105,289,235	55,509,125	59,304,605	56.3%	54.9%

12-Month Experience (201001 - 201012) for All Open Blocks Combined:

<u>Year</u>	<u>Status</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
201001 - 201012	Actual	42,767,382	26,723,563	62.5%	56.4%
201001 - 201112	Projected	52,927,534	34,507,590	65.2%	56.5%

Assumptions:

Annual Claim Cost Trend: 11.5%
Annual Discount Rate: 6.0%
Valuation Date: 3/31/2011

Proposed Nationwide Rate Increase:

January 1, 2012: 0.0%
April 1, 2012: 3.5%
July 1, 2012: 3.0%
October 1, 2012: 3.0%

Health Care Reform benefit adj.: 4.8%

NOTES:

- a) Study based on premium and claim data through 12/31/2010 as of 3/31/2011.
- b) 2010 Actual entries include 12 months of actual experience.

Exhibit Two

**Celtic Insurance Company
Forms I5-592-00193-CT (HSA 2.0/2.1) and I5-598-00235-PPO (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

Connecticut Experience Analysis

Current Connecticut All Open Blocks Combined Inforce (3/2011): 288

Premium and Claims Experience for All Open Blocks :

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Claims</u>	<u>Incurred Claims</u>	<u>Actual Loss Ratio</u>	<u>Expected Loss Ratio</u>
2005	-	-	-	-	-
2006	10,299	299	299	2.9%	46.6%
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October 1, 2012: 3.0%
Health Care Reform benefit adj.: 4.8%

NOTES:

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- c) For 12-Month Experience Incurred Claims, claims above \$50,000 are pooled Nationwide

Exhibit Three

**Celtic Insurance Company
Forms 15-592-00193-CT (HSA 2.0/2.1) and 15-598-00235-PPO (HSA 3.0)
High Deductible Health Plans 2.0/2.1/3.0**

Connecticut Projected Experience Analysis

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Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.523	1.519	1.514	1.510	1.517

Table Four: Future Credible Projections at Current Statewide Volumes and Current Rates

YRMO	1/1/2012	4/1/2012	7/1/2012	10/1/2012	Average
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Projected Claims:	474,028	486,816	499,957	513,461	493,565
Actual LR:	66.9%	68.7%	70.5%	72.4%	69.6%
Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.288	1.322	1.358	1.395	1.341

* adjustment calculation for credibility factor is explained below.

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Expected LR:	51.9%	51.9%	51.9%	51.9%	51.9%
Actual / Expected:	1.288	1.284	1.280	1.276	1.282

* adjustment calculation for credibility factor is explained below.

Assumptions:

See assumptions in Exhibit Two.

Credibility Adjusted Benefit Calculation

The projected benefits shown in Tables Four and Five above are calculated based on the following method:

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Sa = Statewide Projected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

Se = Statewide Expected Loss Ratio for the 12-Month Period (201001 - 201012) from Exhibit Two

RI = Nationwide Rate Increase Over Statewide Rate Increase at 10/1/2011.

Credibility Adjusted Benefits = $Z \cdot Ca + (1-Z) \cdot ((Na/Ne)/(Sa/Se)) \cdot RI \cdot Ca$

SERFF Tracking Number: CELT-127385290

State: Connecticut

Filing Company: Celtic Insurance Company

State Tracking Number: 201183758

Company Tracking Number: I5-555-00229-CT

TOI: H16I Individual Health - Major Medical

Sub-TOI: H16I.005C Individual - Other

Product Name: I5-555-00229-CT

Project Name/Number: /

Supporting Document Schedules

Item Status:

Status

Date:

Satisfied - Item: Actuarial Memorandum

Comments:

Attached are copies of the Actuarial memorandums.

Attachments:

CTI-MemorandumCC5.pdf

CTP-MemorandumCC5.pdf

CTI-MemorandumHD2.pdf

CTP-MemorandumHD2.pdf

Celtic Insurance Company
Actuarial Rate Memorandum
Form IS-555-00229-CT
CeltiCare Preferred Health Plans

CONNECTICUT

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the Connecticut statutes and demonstrate that benefits are reasonable in relation to the premium charged. This filing includes the following trend factor increases:

<u>Effective Date</u>	<u>Rate Increase</u>
April 1, 2012	3.0%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

Changes from our Celtic Preferred 5.0 plan include lower copays for generic drugs and coinsurance for non-preferred brand/specialty drugs.

The major provision of this form are as follows:

Lifetime Maximum: \$7,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)

<u>Coinsurance</u>	<u>Deductible</u>
80/20	\$500; \$1,000; \$1,500; \$2,500; \$5,000; \$10,000
100/0	\$1,000; \$1,500; \$2,500; \$5,000; \$10,000

80/20 coinsurance applies on first \$10,000 after deductible

Coverage Options

This product offers a choice of 2 Coverage Options differing in their coinsurance levels: 80/20 and 100/0.

The following options are also available with each Coverage Option:

- 1) Plus Option 1 (Rx)
- 2) Plus Option 2 (Supplemental Accident)

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The policy is renewable by paying the applicable renewal premiums unless the policy holder no longer meets the eligibility requirements of the policy or the company refuses to renew all the policies in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage they must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Two-Adult Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of three ways: Monthly Electronic Funds Transfer, Monthly Billing (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$6 per bill will be assessed for Monthly Billing or Quarterly billing.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future. However, no increase will be applied until it is first reviewed and approved by the Department of Insurance.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	4.5%
2	4.3%
3	4.1%
4	4.1%
5+	3.5%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

CeltiCare Preferred 5.0/5.1

Date	Nationwide	Connecticut
Prior to 1/1/12	3,298	3,286
1/1/12 - 3/31/12	3,321	3,286
4/1/12 - 6/30/12	3,472	3,385
7/1/12 - 9/30/12	3,545	3,487
10/1/12 - 12/31/12	3,615	3,591

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform is 60%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & Connecticut</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	4%
20 - 24	17%
25 - 29	17%
30 - 34	13%
35 - 39	12%
40 - 44	12%
45 - 49	10%
50 - 54	4%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of Connecticut and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President, Actuary

8/24/2011
Date

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form IS-555-00229-CT
Connecticut

Medical Base Rates		
Age	Male	Female
0	74.54	74.54
1	73.86	73.86
2	73.94	73.94
3	73.52	73.52
4	73.68	73.68
5	67.73	67.73
6	64.38	64.38
7	64.24	64.24
8	64.09	64.09
9	63.77	63.77
10	63.77	64.19
11	63.79	64.21
12	63.98	64.44
13	64.05	64.52
14	64.38	64.91
15	63.61	66.01
16	63.82	66.27
17	63.64	66.01
18	67.67	72.20
19	67.52	71.93
20	67.57	73.03
21	67.80	73.33
22	67.87	73.36
23	67.96	73.46
24	67.97	73.42
25	68.56	75.19
26	69.45	77.10
27	70.34	79.05
28	71.37	82.34
29	72.28	86.70
30	76.09	91.99
31	80.28	97.94
32	84.23	104.00
33	88.38	109.54
34	92.67	113.78
35	96.64	118.38
36	101.15	123.28
37	105.65	128.27
38	110.29	133.28
39	115.20	139.16
40	120.49	144.53
41	126.04	149.36
42	131.84	154.00
43	139.24	159.09
44	147.18	164.29
45	155.13	170.78
46	162.02	176.66
47	169.21	181.20
48	176.20	187.04
49	183.17	192.51
50	188.98	198.23
51	195.59	204.42
52	203.51	210.35
53	214.99	218.57
54	228.14	227.44
55	238.82	237.39
56	250.63	247.34
57	263.03	257.25
58	276.16	268.79
59	290.24	281.12
60	303.43	292.75
61	317.57	305.79
62	331.74	318.49
63	345.20	331.30
64	359.35	344.65
65 + (Prim.)	664.82	637.60
65 + (Sec.)	332.41	318.80
Dependent Child Rate		
Per Child; up to 3	51.07	51.07

Sub-Standard Rate Ups	
Non-Smoker / Smoker	-7% / +7%
Occupational	0% to 100%
Medical	-10% to 250%

Plan Factors			
Coinsurance	Deductible	Stop Loss	Factor
80/20	500	10,000	0.9820
80/20	1,000	10,000	0.8788
80/20	1,500	10,000	0.7630
80/20	2,500	10,000	0.6136
80/20	5,000	10,000	0.4908
80/20	10,000	10,000	0.4148
100/0	1,000	N/A	1.0968
100/0	1,500	N/A	0.9881
100/0	2,500	N/A	0.8128
100/0	5,000	N/A	0.5844
100/0	10,000	N/A	0.4625

Product Type Factors	
Type	Factor
Indemnity	1.4000
Any Doc PPO	1.1400
Fully Steered PPO	1.0000
Plus Option	1.3316

Individual Discount Factor		
Coverage Option	Adult Factor	Child Factor
Primary	1.00	1.00
Primary+Spouse	0.93	1.00
Primary+Child(ren)	1.00	1.00
Family	0.93	1.00

Modal Factors	
Billing Mode	Factor
Monthly	1.0
Quarterly	3.0

Other Fees	
Billing Fee	\$6.00 per bill
One-Time Application Fee	None

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form I5-555-00229-CT
Connecticut

Plus Option Base Rates

Age	Full Plus Option		Rx Card Only (5.0)		Rx Card Only (5.1)	
	Male	Female	Male	Female	Male	Female
0	2.35	2.35	0.65	0.65	1.30	1.30
1	3.03	3.03	0.65	0.65	1.30	1.30
2	2.90	2.90	0.65	0.65	1.30	1.30
3	3.30	3.30	0.65	0.65	1.30	1.30
4	3.07	3.07	0.65	0.65	1.30	1.30
5	3.45	3.45	0.65	0.65	1.30	1.30
6	3.67	3.67	0.65	0.65	1.30	1.30
7	3.77	3.77	0.65	0.65	1.30	1.30
8	3.87	3.87	0.65	0.65	1.30	1.30
9	4.14	4.14	0.65	0.65	1.30	1.30
10	4.54	5.29	0.65	0.65	1.30	1.30
11	4.44	5.19	0.65	0.65	1.30	1.30
12	4.17	4.87	0.65	0.65	1.30	1.30
13	4.00	4.70	0.98	0.98	1.47	1.47
14	3.58	4.20	0.98	0.98	1.47	1.47
15	2.72	3.63	0.98	1.00	1.47	1.50
16	2.47	3.23	0.98	1.06	1.47	1.59
17	2.63	3.35	0.98	1.13	1.47	1.70
18	2.78	3.53	0.98	1.23	1.47	1.85
19	2.88	3.51	0.98	1.24	1.47	1.86
20	2.56	4.12	0.98	1.26	1.47	1.89
21	2.27	3.55	0.98	1.28	1.47	1.92
22	2.15	3.25	0.98	1.33	1.47	2.00
23	1.96	2.92	0.98	1.35	1.47	2.03
24	1.86	2.74	0.98	1.37	1.47	2.06
25	1.65	2.50	0.98	1.39	1.47	2.09
26	1.69	2.54	0.98	1.47	1.47	2.21
27	1.68	2.50	1.05	1.56	1.56	2.31
28	1.70	2.31	1.16	1.57	1.70	2.30
29	1.67	2.18	1.23	1.61	1.79	2.34
30	1.91	2.22	1.38	1.61	1.98	2.31
31	2.06	2.31	1.54	1.74	2.19	2.47
32	2.25	2.43	1.72	1.86	2.41	2.61
33	2.17	2.29	1.92	1.97	2.66	2.73
34	2.12	2.17	2.14	2.05	2.93	2.81
35	2.11	2.05	2.28	2.21	3.09	2.99
36	2.02	1.98	2.44	2.39	3.27	3.20
37	2.03	1.99	2.59	2.54	3.43	3.36
38	1.92	1.88	2.77	2.70	3.62	3.53
39	1.90	1.88	2.95	2.92	3.81	3.77
40	1.84	1.76	3.19	3.06	4.06	3.90
41	2.03	1.87	3.46	3.19	4.35	4.01
42	2.03	1.76	3.75	3.28	4.66	4.07
43	1.96	1.68	4.11	3.35	5.04	4.11
44	1.80	1.46	4.39	3.56	5.31	4.31
45	1.90	1.54	4.69	3.81	5.60	4.55
46	1.97	1.60	4.97	4.03	5.85	4.75
47	2.02	1.63	5.26	4.27	6.11	4.96
48	1.77	1.42	5.52	4.48	6.32	5.13
49	1.82	1.47	5.82	4.72	6.57	5.33
50	1.97	1.72	5.81	5.08	6.47	5.65
51	1.94	1.80	5.80	5.41	6.36	5.93
52	1.90	1.76	5.96	5.56	6.44	6.01
53	1.67	1.54	6.21	5.71	6.61	6.08
54	1.81	1.63	6.51	5.89	6.83	6.18
55	1.79	1.61	6.89	6.20	7.11	6.40
56	1.75	1.58	7.30	6.57	7.42	6.68
57	1.69	1.51	7.72	6.95	7.72	6.95
58	1.54	1.38	8.18	7.36	8.18	7.36
59	1.80	1.62	8.66	7.79	8.66	7.79
60	1.77	1.59	9.16	8.25	9.16	8.25
61	1.99	1.80	9.70	8.73	9.70	8.73
62	1.78	1.60	10.27	9.25	10.27	9.25
63	1.75	1.57	10.88	9.79	10.88	9.79
64	1.63	1.46	11.52	10.37	11.52	10.37
65 +	2.98	2.69	21.31	19.18	21.31	19.18
Dependent Child Rate						
Per Child; up to 3	1.93	1.93	1.42	1.42	2.84	2.84

For Each Covered Person:

Medical Premium=

(Medical Base Rate) x (1 + Smoker Factor)
x (Plan Factor) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor)

Plus Option Premium=

(Plus Option Base Rate) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor)

Total Rate per Person =

[Medical Premium + Plus Option Premium]

Total Billed Rate = Σ (Total Rate per Covered Person) * Modal Factor
+ Billing Fee

* see attached Trend Factor page

** see attached Area Factor page

Sample Premium Calculation:

Sample Case

Effective Date: 4/1/2012
Primary: Male, 33 years old, Smoker
Spouse: Female, 33 years old, Non-Smoker
Number of Children: 2
Plan: Fully Steered PPO, \$2,500 Deductible
80/20 Coinsurance, with Plus Option
Zip Code: 06001

Premium Calculation

Trend Factor: 2.5491
Area Factor: 1.381
Product Type Factor: 1.000
Rx Card Type Factor: 1.3316
Plan Factor: 0.6136
Primary Smoker Rate-Up: 7%
Spouse Smoker Rate-Up: -7%
Med/Occupation Rate-Ups: 0 for the primary, spouse and children
Primary Discount Factor: 0.93
Spouse Discount Factor: 0.93
Children Discount Factor: 1.00
Medical Primary Insurance Factor: 1.00
Plus Primary Insurance Factor: 1.00

Primary Medical Premium = 88.38 x (1 + (0.07)) x 0.6136 x (1 + 0.0) x
1 x 2.5491 x 1.381 x 0.93 x 1.00 = \$189.97

Spouse Medical Premium = 109.54 x (1 + (-0.07)) x 0.6136 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.5491 x 1.381 x 0.93 = \$165.11

Children Medical Premium = (51.07 x 2) x 0.6136 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.5491 x 1.381 x 1 = \$220.63

Primary Plus Option Premium = 2.17 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.5491 x
1.381 x 0.93 x 1.00 = \$9.46

Spouse Plus Option Premium = 2.29 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.5491 x
1.381 x 0.93 = \$9.98

Children Plus Option Premium = (1.93 x 2) x (1 + 0.0) x (1 + 0.0) x 1.3316 x
2.5491 x 1.381 x 1 = \$18.09

Total Premium = (189.97 + 165.11 + 220.63) + (9.46 + 9.98 + 18.09) + 0.00
= \$613.24

**Celtic Insurance Company
CeltiCare Preferred Health Plans
Form I5-555-00229-CT**

Connecticut Area Factors

3-Digit ZIP Code	CeltiCare Preferred 5.0 Area Factors				CeltiCare Preferred 5.1 Area Factors			
	Indemnity	Any Doc PPO	Fully Steered PPO	Plus Option	Indemnity	Any Doc PPO	Fully Steered PPO	Plus Option
060	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
061	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
062	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
063	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
064	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
065	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
066	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
067	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
068	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
069	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form I5-555-00229-CT
Connecticut

CeltiCare Preferred 5.0 Trend Factors

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	-	1.0000	Initial	1.7056
7/1/08	-	1.0000	2.5%	1.7483
10/1/08	Initial	1.7920	2.5%	1.7920
1/1/09	2.0%	1.8278	2.0%	1.8278
4/1/09	3.0%	1.8826	3.0%	1.8826
7/1/09	3.0%	1.9391	4.0%	1.9580
10/1/09	3.0%	1.9973	-	1.9580
1/1/10	2.0%	2.0372	-	1.9580
4/1/10	3.0%	2.0984	2.0%	1.9971
7/1/10	3.0%	2.1613	4.0%	2.0770
10/1/10	3.0%	2.2262	3.0%	2.1393
1/1/11	-	2.2262	9.0%	2.3318
4/1/11	11.2%	2.4750	3.0%	2.4018
6/1/11	-	2.4750	6.0%	2.5459
7/1/11	2.0%	2.5245	-	2.5459
10/1/11	2.0%	2.5750	-	2.5459
1/1/12	-	2.5750	-	2.5459
4/1/12	3.0%	2.6523	3.5%	2.6350
7/1/12	3.0%	2.7318	3.0%	2.7141
10/1/12	3.0%	2.8138	3.0%	2.7955

CeltiCare Preferred 5.1 Trend Factors

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
6/1/10	Initial	2.0772	Initial	2.0772
7/1/10	-	2.0772	-	2.0772
10/1/10	3.0%	2.1395	3.0%	2.1395
1/1/11	-	2.1395	9.0%	2.3321
4/1/11	11.2%	2.3787	3.0%	2.4020
6/1/11	-	2.3787	6.0%	2.5462
7/1/11	2.0%	2.4263	-	2.5462
10/1/11	2.0%	2.4748	-	2.5462
1/1/12	-	2.4748	-	2.5462
4/1/12	3.0%	2.5491	3.5%	2.6353
7/1/12	3.0%	2.6255	3.0%	2.7143
10/1/12	3.0%	2.7043	3.0%	2.7958

**Celtic Insurance Company
Actuarial Rate Memorandum
Form I5-555-00229-CT-PPO
CeltiCare Preferred Health Plans**

**CONNECTICUT
(PPO)**

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the Connecticut statutes and demonstrate that benefits are reasonable in relation to the premium charged. This filing includes the following trend factor increases:

<u>Effective Date</u>	<u>Rate Increase</u>
April 1, 2012	3.0%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

Changes from our Celtic Preferred 5.0 plan include lower copays for generic drugs and coinsurance for non-preferred brand/specialty drugs.

The major provision of this form are as follows:

Lifetime Maximum: \$7,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)

<u>Coinsurance</u>	<u>Deductible</u>
80/20	\$500; \$1,000; \$1,500; \$2,500; \$5,000; \$10,000
100/0	\$1,000; \$1,500; \$2,500; \$5,000; \$10,000

80/20 coinsurance applies on first \$10,000 after deductible

Coverage Options

This product offers a choice of 2 Coverage Options differing in their coinsurance levels: 80/20 and 100/0.

The following options are also available with each Coverage Option:

- 1) PPO Option: Two PPO options available; the Any Doc and Fully Steered PPO
- 2) Plus Option 1 (Rx)
- 3) Plus Option 2 (Supplemental Accident)

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The policy is renewable by paying the applicable renewal premiums unless the policy holder no longer meets the eligibility requirements of the policy or the company refuses to renew all the policies in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage they must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Two-Adult Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of three ways: Monthly Electronic Funds Transfer, Monthly Billing (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$6 per bill will be assessed for Monthly Billing or Quarterly billing.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future. However, no increase will be applied until it is first reviewed and approved by the Department of Insurance.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	4.5%
2	4.3%
3	4.1%
4	4.1%
5+	3.5%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

CeltiCare Preferred 5.0/5.1

Date	Nationwide	Connecticut
Prior to 1/1/12	3,298	3,286
1/1/12 - 3/31/12	3,321	3,286
4/1/12 - 6/30/12	3,472	3,385
7/1/12 - 9/30/12	3,545	3,487
10/1/12 - 12/31/12	3,615	3,591

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform is 60%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & Connecticut</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	4%
20 - 24	17%
25 - 29	17%
30 - 34	13%
35 - 39	12%
40 - 44	12%
45 - 49	10%
50 - 54	4%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of Connecticut and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President, Actuary

8/24/2011
Date

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form IS-555-00229-CT-PPO
Connecticut
(PPO)

Medical Base Rates		
Age	Male	Female
0	74.54	74.54
1	73.86	73.86
2	73.94	73.94
3	73.52	73.52
4	73.68	73.68
5	67.73	67.73
6	64.38	64.38
7	64.24	64.24
8	64.09	64.09
9	63.77	63.77
10	63.77	64.19
11	63.79	64.21
12	63.98	64.44
13	64.05	64.52
14	64.38	64.91
15	63.61	66.01
16	63.82	66.27
17	63.64	66.01
18	67.67	72.20
19	67.52	71.93
20	67.57	73.03
21	67.80	73.33
22	67.87	73.36
23	67.96	73.46
24	67.97	73.42
25	68.56	75.19
26	69.45	77.10
27	70.34	79.05
28	71.37	82.34
29	72.28	86.70
30	76.09	91.99
31	80.28	97.94
32	84.23	104.00
33	88.38	109.54
34	92.67	113.78
35	96.64	118.38
36	101.15	123.28
37	105.65	128.27
38	110.29	133.28
39	115.20	139.16
40	120.49	144.53
41	126.04	149.36
42	131.84	154.00
43	139.24	159.09
44	147.18	164.29
45	155.13	170.78
46	162.02	176.66
47	169.21	181.20
48	176.20	187.04
49	183.17	192.51
50	188.98	198.23
51	195.59	204.42
52	203.51	210.35
53	214.99	218.57
54	228.14	227.44
55	238.82	237.39
56	250.63	247.34
57	263.03	257.25
58	276.16	268.79
59	290.24	281.12
60	303.43	292.75
61	317.57	305.79
62	331.74	318.49
63	345.20	331.30
64	359.35	344.65
65 + (Prim.)	664.82	637.60
65 + (Sec.)	332.41	318.80
Dependent Child Rate		
Per Child; up to 3	51.07	51.07

Sub-Standard Rate Ups	
Non-Smoker / Smoker	-7% / +7%
Occupational	0% to 100%
Medical	-10% to 250%

Plan Factors			
Coinsurance	Deductible	Stop Loss	Factor
80/20	500	10,000	0.9820
80/20	1,000	10,000	0.8788
80/20	1,500	10,000	0.7630
80/20	2,500	10,000	0.6136
80/20	5,000	10,000	0.4908
80/20	10,000	10,000	0.4148
100/0	1,000	N/A	1.0968
100/0	1,500	N/A	0.9881
100/0	2,500	N/A	0.8128
100/0	5,000	N/A	0.5844
100/0	10,000	N/A	0.4625

Product Type Factors	
Type	Factor
Indemnity	1.4000
Any Doc PPO	1.1400
Fully Steered PPO	1.0000
Plus Option	1.3316

Individual Discount Factor		
Coverage Option	Adult Factor	Child Factor
Primary	1.00	1.00
Primary+Spouse	0.93	1.00
Primary+Child(ren)	1.00	1.00
Family	0.93	1.00

Modal Factors	
Billing Mode	Factor
Monthly	1.0
Quarterly	3.0

Other Fees	
Billing Fee	\$6.00 per bill
One-Time Application Fee	None

Celtic Insurance Company
CeltiCare Preferred Health Plans
Form I5-555-00229-CT-PPO
Connecticut
(PPO)

Plus Option Base Rates

Age	Full Plus Option		Rx Card Only (5.0)		Rx Card Only (5.1)	
	Male	Female	Male	Female	Male	Female
0	2.35	2.35	0.65	0.65	1.30	1.30
1	3.03	3.03	0.65	0.65	1.30	1.30
2	2.90	2.90	0.65	0.65	1.30	1.30
3	3.30	3.30	0.65	0.65	1.30	1.30
4	3.07	3.07	0.65	0.65	1.30	1.30
5	3.45	3.45	0.65	0.65	1.30	1.30
6	3.67	3.67	0.65	0.65	1.30	1.30
7	3.77	3.77	0.65	0.65	1.30	1.30
8	3.87	3.87	0.65	0.65	1.30	1.30
9	4.14	4.14	0.65	0.65	1.30	1.30
10	4.54	5.29	0.65	0.65	1.30	1.30
11	4.44	5.19	0.65	0.65	1.30	1.30
12	4.17	4.87	0.65	0.65	1.30	1.30
13	4.00	4.70	0.98	0.98	1.47	1.47
14	3.58	4.20	0.98	0.98	1.47	1.47
15	2.72	3.63	0.98	1.00	1.47	1.50
16	2.47	3.23	0.98	1.06	1.47	1.59
17	2.63	3.35	0.98	1.13	1.47	1.70
18	2.78	3.53	0.98	1.23	1.47	1.85
19	2.88	3.51	0.98	1.24	1.47	1.86
20	2.56	4.12	0.98	1.26	1.47	1.89
21	2.27	3.55	0.98	1.28	1.47	1.92
22	2.15	3.25	0.98	1.33	1.47	2.00
23	1.96	2.92	0.98	1.35	1.47	2.03
24	1.86	2.74	0.98	1.37	1.47	2.06
25	1.65	2.50	0.98	1.39	1.47	2.09
26	1.69	2.54	0.98	1.47	1.47	2.21
27	1.68	2.50	1.05	1.56	1.56	2.31
28	1.70	2.31	1.16	1.57	1.70	2.30
29	1.67	2.18	1.23	1.61	1.79	2.34
30	1.91	2.22	1.38	1.61	1.98	2.31
31	2.06	2.31	1.54	1.74	2.19	2.47
32	2.25	2.43	1.72	1.86	2.41	2.61
33	2.17	2.29	1.92	1.97	2.66	2.73
34	2.12	2.17	2.14	2.05	2.93	2.81
35	2.11	2.05	2.28	2.21	3.09	2.99
36	2.02	1.98	2.44	2.39	3.27	3.20
37	2.03	1.99	2.59	2.54	3.43	3.36
38	1.92	1.88	2.77	2.70	3.62	3.53
39	1.90	1.88	2.95	2.92	3.81	3.77
40	1.84	1.76	3.19	3.06	4.06	3.90
41	2.03	1.87	3.46	3.19	4.35	4.01
42	2.03	1.76	3.75	3.28	4.66	4.07
43	1.96	1.68	4.11	3.35	5.04	4.11
44	1.80	1.46	4.39	3.56	5.31	4.31
45	1.90	1.54	4.69	3.81	5.60	4.55
46	1.97	1.60	4.97	4.03	5.85	4.75
47	2.02	1.63	5.26	4.27	6.11	4.96
48	1.77	1.42	5.52	4.48	6.32	5.13
49	1.82	1.47	5.82	4.72	6.57	5.33
50	1.97	1.72	5.81	5.08	6.47	5.65
51	1.94	1.80	5.80	5.41	6.36	5.93
52	1.90	1.76	5.96	5.56	6.44	6.01
53	1.67	1.54	6.21	5.71	6.61	6.08
54	1.81	1.63	6.51	5.89	6.83	6.18
55	1.79	1.61	6.89	6.20	7.11	6.40
56	1.75	1.58	7.30	6.57	7.42	6.68
57	1.69	1.51	7.72	6.95	7.72	6.95
58	1.54	1.38	8.18	7.36	8.18	7.36
59	1.80	1.62	8.66	7.79	8.66	7.79
60	1.77	1.59	9.16	8.25	9.16	8.25
61	1.99	1.80	9.70	8.73	9.70	8.73
62	1.78	1.60	10.27	9.25	10.27	9.25
63	1.75	1.57	10.88	9.79	10.88	9.79
64	1.63	1.46	11.52	10.37	11.52	10.37
65 +	2.98	2.69	21.31	19.18	21.31	19.18
Dependent Child Rate						
Per Child; up to 3	1.93	1.93	1.42	1.42	2.84	2.84

For Each Covered Person:

Medical Premium=

(Medical Base Rate) x (1 + Smoker Factor)
x (Plan Factor) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor)

Plus Option Premium=

(Plus Option Base Rate) x (1 + Occupation Rate-Up)
x (1 + Medical Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Individual Discount Factor)

Total Rate per Person =

[Medical Premium + Plus Option Premium]

Total Billed Rate = Σ (Total Rate per Covered Person) * Modal Factor
+ Billing Fee

* see attached Trend Factor page

** see attached Area Factor page

Sample Premium Calculation:

Sample Case

Effective Date: 4/1/2012
Primary: Male, 33 years old, Smoker
Spouse: Female, 33 years old, Non-Smoker
Number of Children: 2
Plan: Fully Steered PPO, \$2,500 Deductible
80/20 Coinsurance, with Plus Option
Zip Code: 06001

Premium Calculation

Trend Factor: 2.5491
Area Factor: 1.381
Product Type Factor: 1.000
Rx Card Type Factor: 1.3316
Plan Factor: 0.6136
Primary Smoker Rate-Up: 7%
Spouse Smoker Rate-Up: -7%
Med/Occupation Rate-Ups: 0 for the primary, spouse and children
Primary Discount Factor: 0.93
Spouse Discount Factor: 0.93
Children Discount Factor: 1.00
Medical Primary Insurance Factor: 1.00
Plus Primary Insurance Factor: 1.00

Primary Medical Premium = 88.38 x (1 + (0.07)) x 0.6136 x (1 + 0.0) x
1 x 2.5491 x 1.381 x 0.93 x 1.00 = \$189.97

Spouse Medical Premium = 109.54 x (1 + (-0.07)) x 0.6136 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.5491 x 1.381 x 0.93 = \$165.11

Children Medical Premium = (51.07 x 2) x 0.6136 x (1 + 0.0) x
(1 + 0.0) x 1 x 2.5491 x 1.381 x 1 = \$220.63

Primary Plus Option Premium = 2.17 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.5491 x
1.381 x 0.93 x 1.00 = \$9.46

Spouse Plus Option Premium = 2.29 x (1 + 0.0) x (1 + 0.0) x 1.3316 x 2.5491 x
1.381 x 0.93 = \$9.98

Children Plus Option Premium = (1.93 x 2) x (1 + 0.0) x (1 + 0.0) x 1.3316 x
2.5491 x 1.381 x 1 = \$18.09

Total Premium = (189.97 + 165.11 + 220.63) + (9.46 + 9.98 + 18.09) + 0.00
= \$613.24

**Celtic Insurance Company
CeltiCare Preferred Health Plans
Form I5-555-00229-CT-PPO
(PPO)**

Connecticut Area Factors

3-Digit ZIP Code	CeltiCare Preferred 5.0 Area Factors				CeltiCare Preferred 5.1 Area Factors			
	Indemnity	Any Doc PPO	Fully Steered PPO	Plus Option	Indemnity	Any Doc PPO	Fully Steered PPO	Plus Option
060	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
061	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
062	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
063	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
064	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
065	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
066	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
067	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
068	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700
069	1.38100	1.41200	1.39800	1.38100	1.43700	1.46900	1.45400	1.43700

**Celtic Insurance Company
CeltiCare Preferred Health Plans
Form I5-555-00229-CT-PPO
Connecticut
(PPO)**

CeltiCare Preferred 5.0 Trend Factors

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	-	1.0000	Initial	1.7056
7/1/08	-	1.0000	2.5%	1.7483
10/1/08	Initial	1.7920	2.5%	1.7920
1/1/09	2.0%	1.8278	2.0%	1.8278
4/1/09	3.0%	1.8826	3.0%	1.8826
7/1/09	3.0%	1.9391	4.0%	1.9580
10/1/09	3.0%	1.9973	-	1.9580
1/1/10	2.0%	2.0372	-	1.9580
4/1/10	3.0%	2.0984	2.0%	1.9971
7/1/10	3.0%	2.1613	4.0%	2.0770
10/1/10	3.0%	2.2262	3.0%	2.1393
1/1/11	-	2.2262	9.0%	2.3318
4/1/11	11.2%	2.4750	3.0%	2.4018
6/1/11	-	2.4750	6.0%	2.5459
7/1/11	2.0%	2.5245	-	2.5459
10/1/11	2.0%	2.5750	-	2.5459
1/1/12	-	2.5750	-	2.5459
4/1/12	3.0%	2.6523	3.5%	2.6350
7/1/12	3.0%	2.7318	3.0%	2.7141
10/1/12	3.0%	2.8138	3.0%	2.7955

CeltiCare Preferred 5.1 Trend Factors

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
6/1/10	Initial	2.0772	Initial	2.0772
7/1/10	-	2.0772	-	2.0772
10/1/10	3.0%	2.1395	3.0%	2.1395
1/1/11	-	2.1395	9.0%	2.3321
4/1/11	11.2%	2.3787	3.0%	2.4020
6/1/11	-	2.3787	6.0%	2.5462
7/1/11	2.0%	2.4263	-	2.5462
10/1/11	2.0%	2.4748	-	2.5462
1/1/12	-	2.4748	-	2.5462
4/1/12	3.0%	2.5491	3.5%	2.6353
7/1/12	3.0%	2.6255	3.0%	2.7143
10/1/12	3.0%	2.7043	3.0%	2.7958

**Celtic Insurance Company
Actuarial Rate Memorandum
Form IS-592-00193-CT (HSA. 2.0/2.1) and Form IS-598-00231 (HSA 3.0)
High Deductible Health Plans**

CONNECTICUT

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the Connecticut statutes and demonstrate that benefits are reasonable in relation to the premium charged. In this filing we are requesting the following trend factors:

<u>Effective Date</u>	
April 1, 2012	3.0%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

The major provision of this form are as follows:

Lifetime Maximum: \$7,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)

	<u>Deductible</u>	<u>Co-Insurance</u>
Individual:	\$1,500	80/20 on first \$18,000 after deductible or 100/0
	\$2,600	80/20 on first \$12,500 after deductible or 100/0
	\$5,000	100/0 after deductible
Family:	\$3,000	80/20 on first \$36,000 after deductible or 100/0
	\$5,150	80/20 on first \$25,000 after deductible or 100/0
	\$10,000	100/0 after deductible

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The policy is renewable by paying the applicable renewal premiums unless the policy holder no longer meets the eligibility requirements of the policy or the company refuses to renew all the policies in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage they must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Family Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of three ways: Monthly Electronic Funds Transfer, Monthly Billing (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$6 (for HSA 2.0/2.1) and \$10 (for HSA 3.0) per bill will be assessed for Monthly Billing or Quarterly billing.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future. However, no increase will be applied until it is first reviewed and approved by the Department of Insurance.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	3.7%
2	3.2%
3	3.2%
4	3.2%
5+	2.5%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

HSA 2.0/2.1/3.0

Date	Nationwide	Connecticut
Prior to 1/1/12	2,895	2,663
1/1/12 - 3/31/12	2,915	2,663
4/1/12 - 6/30/12	3,048	2,743
7/1/12 - 9/30/12	3,112	2,825
10/1/12 - 12/31/12	3,174	2,910

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform is 60%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & Connecticut</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	4%
20 - 24	17%
25 - 29	17%
30 - 34	13%
35 - 39	12%
40 - 44	12%
45 - 49	10%
50 - 54	4%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of Connecticut and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President and Actuary

8/23/2011
Date

Celtic Insurance Company
High Deductible Health Plans
Form 15-592-00193-CT (HSA. 2.0/2.1) and Form 15-598-00231 (HSA 3.0)
Connecticut

Age	HSA 2.0		HSA 2.1		HSA 3.0	
	Male	Female	Male	Female	Male	Female
0	70.63	66.55	60.85	60.85	60.85	60.85
1	70.63	66.55	60.88	60.88	60.88	60.88
2	70.63	66.55	60.94	60.94	60.94	60.94
3	70.63	66.55	60.98	60.98	60.98	60.98
4	70.63	66.55	61.04	61.04	61.04	61.04
5	62.92	60.96	56.05	56.05	56.05	56.05
6	62.92	60.96	56.11	56.11	56.11	56.11
7	62.92	60.96	56.17	56.17	56.17	56.17
8	62.92	60.96	56.24	56.24	56.24	56.24
9	62.92	60.96	56.30	56.30	56.30	56.30
10	62.92	60.96	56.38	56.38	56.38	56.38
11	62.92	60.96	56.46	56.46	56.46	56.46
12	62.92	60.96	56.55	56.55	56.55	56.55
13	62.92	60.96	56.63	56.63	56.63	56.63
14	62.92	60.96	56.72	56.72	56.72	56.72
15	79.14	78.21	56.45	57.92	56.45	57.92
16	79.14	78.21	56.49	58.06	56.49	58.06
17	79.14	78.21	56.53	58.21	56.53	58.21
18	79.14	78.82	60.18	63.90	60.18	63.90
19	79.14	80.40	60.23	64.05	60.23	64.05
20	82.56	81.00	60.20	64.20	60.20	64.20
21	82.56	81.61	60.26	64.39	60.26	64.39
22	82.56	82.22	60.30	64.58	60.30	64.58
23	82.56	82.83	60.40	64.72	60.40	64.72
24	82.56	83.45	60.51	64.86	60.51	64.86
25	82.56	85.54	61.04	66.36	61.04	66.36
26	82.56	87.68	61.85	68.11	61.85	68.11
27	82.56	89.88	62.68	69.93	62.68	69.93
28	82.56	96.17	63.58	73.04	63.58	73.04
29	85.52	102.91	64.43	77.14	64.43	77.14
30	87.44	113.10	67.87	82.10	67.87	82.10
31	89.67	115.08	71.65	87.54	71.65	87.54
32	91.96	117.72	75.23	93.11	75.23	93.11
33	93.85	120.08	78.98	98.09	78.98	98.09
34	96.25	122.17	82.88	101.92	82.88	101.92
35	99.87	124.79	86.58	106.42	86.58	106.42
36	103.49	127.29	90.76	110.94	90.76	110.94
37	107.56	131.81	94.95	115.58	94.95	115.58
38	111.16	136.30	99.27	120.25	99.27	120.25
39	115.54	139.49	103.86	125.70	103.86	125.70
40	120.72	142.28	108.79	130.73	108.79	130.73
41	126.12	145.12	113.97	135.28	113.97	135.28
42	131.77	149.18	119.40	139.68	119.40	139.68
43	137.68	154.17	126.31	144.26	126.31	144.26
44	144.19	158.66	133.73	149.38	133.73	149.38
45	150.57	163.37	141.19	155.47	141.19	155.47
46	157.24	168.97	147.69	161.01	147.69	161.01
47	164.21	173.20	154.50	165.35	154.50	165.35
48	172.64	180.48	161.13	170.88	161.13	170.88
49	180.29	186.59	167.77	176.11	167.77	176.11
50	192.81	195.45	173.29	181.58	173.29	181.58
51	207.10	207.27	179.54	187.49	179.54	187.49
52	222.47	219.95	187.02	193.14	187.02	193.14
53	239.02	236.04	197.77	200.88	197.77	200.88
54	256.62	252.51	210.07	209.22	210.07	209.22
55	268.61	265.09	220.16	218.59	220.16	218.59
56	281.91	276.21	231.30	228.00	231.30	228.00
57	295.86	287.26	243.00	237.40	243.00	237.40
58	310.63	300.20	255.40	248.31	255.40	248.31
59	326.49	314.03	268.69	259.96	268.69	259.96
60	341.25	326.98	281.20	270.99	281.20	270.99
61	357.09	341.58	294.61	283.35	294.61	283.35
62	372.91	355.73	308.09	295.43	308.09	295.43
63	387.71	369.96	320.86	307.64	320.86	307.64
64	403.53	384.76	334.47	320.37	334.47	320.37
65 + (Prim.)	746.53	711.79	618.78	592.67	618.78	592.67
65 + (Sec.)	373.26	355.90				

Dependent Child Rate

Per Child, up to 3	46.66	46.66	43.20	43.20	43.20	43.20

High Deductible Health Plan 2.0/2.1/3.0 Factors

Indiv./Family	Deductible	Coinsurance	Stop Loss	HSA 2.0	HSA 2.1	HSA 3.0
Individual	1,500	80/20	18,000	0.6721	0.6721	0.6721
		100/0	N/A	0.8938	0.9385	0.9385
	2,600	80/20	12,500	0.5441	0.5441	0.5441
100/0		N/A	0.7228	0.7589	0.7589	
Family	5,000	100/0	N/A	0.4994	0.5244	0.5244
		80/20	36,000	0.6721	0.6721	0.6721
	3,000	100/0	N/A	0.8938	0.9385	0.9385
		80/20	25,000	0.5441	0.5441	0.5441
	5,150	100/0	N/A	0.7228	0.7589	0.7589
10,000		100/0	N/A	0.4994	0.5244	0.5244

Sub-Standard Rate-Ups

Non-Smoker / Smoker	-7% / 7%
Occupational	0% to 100%
Medical	-10% to 250%

Product Type Factors

Type	HSA 2.0	HSA 2.1	HSA 3.0
Indemnity	1.3898	1.4000	1.4000

Modal Factors

Billing Mode	Factor
Monthly	1.0
Quarterly	3.0

Family Discount Factor

Ind./Family	Discount Factor
Individual Policy	1.0000
Family Policy	0.9300

Other Fees

Fee Type	Fee
Billing Fees (HSA 2.0/2.1; HSA 3.0)	\$6.00; \$10 per bill
HSA Maintenance Fee	None
One-time Application Fee	None

Medical Premium = (Medical Base Rate) x (Plan Factor)
x (1 + Smoker Factor) x (1 + Occup. Rate-Up)
x (1 + Med. Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Family Discount Factor)

Preventive

Opt Premium = (Preventive Option Base Rate)
x (1 + Occup. Rate-Up) x (1 + Med. Rate-Up)
x (Product Type Factor) x (Trend Factor*) x (Area Factor**)
x (Family Discount Factor)

*see attached Trend Factor sheet

**see attached Area Factor sheet

Total Premium = [Medical Premium + Preventive Opt Premium + HSA Maintenance Fee]
x Modal Factor + Billing Fee

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00231 (HSA 3.0)

Connecticut Area Factors

3-Digit ZIP Code	HSA 2.0		HSA 2.1		HSA 3.0	
	Indemnity	Fully Steered PPO	Indemnity	Fully Steered PPO	Indemnity	Fully Steered PPO
060	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
061	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
062	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
063	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
064	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
065	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
066	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
067	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
068	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
069	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00231 (HSA 3.0)
Connecticut

High Deductible 2.0

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
10/1/05	-	1.0000	Initial	1.2041
11/1/05	-	1.0000	-	1.2041
1/1/06	Initial	1.2041	-	1.2041
2/1/06	-	1.2041	-	1.2041
3/1/06	-	1.2041	-	1.2041
4/1/06	3.5%	1.2463	3.5%	1.2463
7/1/06	3.5%	1.2899	3.5%	1.2899
10/1/06	3.5%	1.3350	3.5%	1.3350
1/1/07	-	1.3350	-	1.3350
4/1/07	3.5%	1.3818	3.0%	1.3751
7/1/07	-	1.3818	-	1.3751
10/1/07	3.5%	1.4301	-	1.3751
1/1/08	-	1.4301	-	1.3751
4/1/08	-	1.4301	-	1.3751
7/1/08	-	1.4301	-	1.3751
10/1/08	-	1.4301	-	1.3751
1/1/09	-	1.4301	-	1.3751
4/1/09	-	1.4301	-	1.3751
7/1/09	-	1.4301	3.0%	1.4163
10/1/09	-	1.4301	3.0%	1.4588
1/1/10	-	1.4301	3.0%	1.5026
4/1/10	-	1.4301	4.0%	1.5627
7/1/10	-	1.4301	6.0%	1.6565
10/1/10	-	1.4301	5.0%	1.7393
1/1/11	-	1.4301	9.0%	1.8958
4/1/11	11.2%	1.5900	3.0%	1.9527
6/1/11	-	1.5900	6.0%	2.0699
7/1/11	2.0%	1.6218	-	2.0699
10/1/11	2.0%	1.6543	-	2.0699
1/1/12	-	1.6543	-	2.0699
4/1/12	3.0%	1.7039	3.5%	2.1423
7/1/12	3.0%	1.7550	3.0%	2.2066
10/1/12	3.0%	1.8076	3.0%	2.2728

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00231 (HSA 3.0)
Connecticut

High Deductible 2.1

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	Initial	1.4163	Initial	1.4163
7/1/08	2.5%	1.4518	2.5%	1.4518
10/1/08	2.5%	1.4880	2.5%	1.4880
1/1/09	2.0%	1.5178	2.0%	1.5178
4/1/09	3.0%	1.5633	3.0%	1.5633
7/1/09	3.0%	1.6102	3.0%	1.6102
10/1/09	3.0%	1.6585	3.0%	1.6585
1/1/10	-	1.6585	3.0%	1.7083
4/1/10	-	1.6585	4.0%	1.7766
7/1/10	-	1.6585	6.0%	1.8832
10/1/10	-	1.6585	5.0%	1.9774
1/1/11	-	1.6585	9.0%	2.1554
4/1/11	11.2%	1.8440	3.0%	2.2200
6/1/11	-	1.8440	6.0%	2.3532
7/1/11	2.0%	1.8809	-	2.3532
10/1/11	2.0%	1.9185	-	2.3532
1/1/12	-	1.9185	-	2.3532
4/1/12	3.0%	1.9760	3.5%	2.4356
7/1/12	3.0%	2.0353	3.0%	2.5087
10/1/12	3.0%	2.0964	3.0%	2.5839

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00231 (HSA 3.0)
Connecticut

High Deductible 3.0

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	-	1.0000	Initial	1.4163
7/1/08	-	1.0000	2.5%	1.4518
10/1/08	Initial	1.4880	2.5%	1.4880
1/1/09	2.0%	1.5178	2.0%	1.5178
4/1/09	3.0%	1.5633	3.0%	1.5633
7/1/09	3.0%	1.6102	4.0%	1.6259
10/1/09	3.0%	1.6585	-	1.6259
1/1/10	-	1.6585	-	1.6259
4/1/10	-	1.6585	2.0%	1.6584
7/1/10	-	1.6585	3.0%	1.7081
10/1/10	-	1.6585	3.0%	1.7594
1/1/11	-	1.6585	9.0%	1.9177
4/1/11	11.2%	1.8440	3.0%	1.9753
6/1/11	-	1.8440	6.0%	2.0938
7/1/11	2.0%	1.8809	-	2.0938
10/1/11	2.0%	1.9185	-	2.0938
1/1/12	-	1.9185	-	2.0938
4/1/12	3.0%	1.9760	3.5%	2.1671
7/1/12	3.0%	2.0353	3.0%	2.2321
10/1/12	3.0%	2.0964	3.0%	2.2990

**Celtic Insurance Company
Actuarial Rate Memorandum
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00235-PPO (HSA 3.0)
High Deductible Health Plans**

**CONNECTICUT
(PPO)**

Scope and Purpose

This is a rate revision filing. The purpose of this filing is to meet requirements outlined in the Connecticut statutes and demonstrate that benefits are reasonable in relation to the premium charged. In this filing we are requesting the following trend factors:

<u>Effective Date</u>	
April 1, 2012	3.0%
July 1, 2012	3.0%
October 1, 2012	3.0%

Description of Benefits

This product is a Major Medical health policy issued by Celtic Insurance Company. Benefits are only paid for eligible expenses that are Incurred as a result of a Sickness, Bodily Injury, or Complication of Pregnancy.

The major provision of this form are as follows:

Lifetime Maximum: \$7,000,000 (except unlimited for essential health benefits as defined by the Patient Protection and Affordable Care Act)

	<u>Deductible</u>	<u>Co-Insurance</u>
Individual:	\$1,500	80/20 on first \$18,000 after deductible or 100/0
	\$2,600	80/20 on first \$12,500 after deductible or 100/0
	\$5,000	100/0 after deductible
Family:	\$3,000	80/20 on first \$36,000 after deductible or 100/0
	\$5,150	80/20 on first \$25,000 after deductible or 100/0
	\$10,000	100/0 after deductible

Coverage Options

The following option is also available with each Coverage Option:

- 1) Fully steered PPO Option

Limitations and Exclusions

Limitations and Exclusions are detailed in the policy form.

Rate Guarantees

Rates are guaranteed not to change for the first twelve months of the policy.

Renewability

The policy is renewable by paying the applicable renewal premiums unless the policy holder no longer meets the eligibility requirements of the policy or the company refuses to renew all the policies in the state.

General Marketing Method

This product will be sold through agents, direct mailings, and the internet. Agents are recruited to work with Celtic through a marketing program that uses trade journal advertising, direct mail, trade show participation, direct sales, and endorsed contracts.

Issue Age Limits

In order for an applicant to be considered for coverage they must be under the age of 64 years and 6 months.

Applicability

The rates will apply to new business and subsequent renewal business.

Morbidity

Morbidity was based upon an analysis of completed experience from our other major medical products, which have been sold since 1993, and the Milliman Health Cost Guidelines.

Substandard Rate-Ups

This product utilizes the following types of substandard rate-ups:

Smoker:	7% rate-up
Non-Smoker:	7% rate-down
Medical:	rate-ups vary by condition and range from -10% to 250%
Occupation/Avocation:	rate-ups vary by occupation/avocation and range from 0% to 100%
Family Discount:	7% rate-down

Premium Modalization

Premiums may be paid in one of three ways: Monthly Electronic Funds Transfer, Monthly Billing (monthly modal factor = 1.000) or Quarterly Billing (quarterly modal factor = 3.000). A billing fee of \$6 (for HSA 2.0/2.1) and \$10 (for HSA 3.0) per bill will be assessed for Monthly Billing or Quarterly billing.

Claim Reserves

The Claim Reserve will be calculated using a standard Completion Factor method where a Completion Factor is applied to an Incurred and Paid amount to determine the Anticipated Incurred Claim amount. The amount that has already been Incurred and Paid will then be subtracted from the Anticipated Incurred Claim amount to determine the Claim Reserve.

Claim Liability Reserve

The IBNR reserve is derived by taking the Claim Reserve and subtracting the Pending Claim Reserve. The pending claim reserve is based upon inventory and historical payment patterns.

Trend Assumption

Trend assumptions to be used in future adjustment of rates will be based on claims costs of this and similar Celtic policies as well as various indices and published journals concerning health care costs, including the Medical Cost component of the Consumer Price Index, Buck Consultants' Trend Survey, Oliver Wyman's Carrier Trend Report and Milliman's Health Cost Index.

Experience History and Projections

The actual and projected experience tables are included in the attached Exhibits One through Three. The information provided in Exhibit One is the nationwide actual experience for all business and the experience for the statewide all business is presented in Exhibit Two. Experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business is used.

Table One of Exhibit Three provides the actual past statewide experience. Tables Two and Three of Exhibit Three project the statewide experience with and without the proposed rate increases. Tables Four and Five apply credibility theory to determine credible projections by blending the statewide experience with the nationwide experience based on the credibility factor developed in Table One. An explanation of the credibility adjustment is shown at the bottom of Exhibit Three. The assumptions used in the projections are shown on the bottom of Exhibit One and Two. The premium amount for each date shown in Tables Two to Five is the 12-month earned premium shown on Exhibit Two brought up to the current rate manual level with or without the proposed rate increases. The projected claims are obtained by trending the actual incurred claims during the 12-month period forward to the mid-point of the rate guarantee period for the proposed rate increase with additional adjustment being made for the policy renewal lag.

Proposed Rate Increase

Future proposed rate increases will be applied to new business effective on or after the respective effective dates. For in-force business, the rate revisions will be applied to the renewal premium at the next renewal date of each policyholder on or after the respective effective dates. Notification of each rate change will be given at least thirty days prior to the first due date of the revised premium.

Based on the projected experience of our Celtic Basic, CeltiCare Preferred, and HSA blocks of business shown in Exhibits One, Two, and Three, an increase of 3% will be taken on April 1, 2012, 3% will be taken on July 1, 2012, and 3% will be taken on October 1, 2012.

Various provisions of Health Care Reform are expected to have an impact on claims levels, not fully recognized yet in the experience data. These include restrictions on rescissions, guaranteed issue and pre-existing conditions limitations on insureds under age 19, new claims appeal and review guidelines, coverage of preventive services with no cost sharing, extended coverage of dependents to age 26, no lifetime or annual maximums on essential health benefits. We expect the overall impact of these provisions will raise claims by at least 4.8% over the levels in the experience data and have added this amount to the projected claims in deriving these requested rate increases.

Subsequent rate increases beginning with effective dates of January 1, 2013 will be filed in the future. However, no increase will be applied until it is first reviewed and approved by the Department of Insurance.

Record of Rate Changes

A record of all nationwide and statewide Trend Factors for this Policy Form can be found on the attached Trend Factor page.

Asset Share Assumptions

Monthly Lapse Rate:

<u>Policy Year</u>	<u>Factor</u>
1	3.7%
2	3.2%
3	3.2%
4	3.2%
5+	2.5%

Discount Rate: 1/1.045

Gender Distribution: 50% Male, 50% Female

Estimated Average Annual Premium Per Policy

The following is a comparison of estimated average annual premium per policy:

HSA 2.0/2.1/3.0

Date	Nationwide	Connecticut
Prior to 1/1/12	2,895	2,663
1/1/12 - 3/31/12	2,915	2,663
4/1/12 - 6/30/12	3,048	2,743
7/1/12 - 9/30/12	3,112	2,825
10/1/12 - 12/31/12	3,174	2,910

Future Anticipated Loss Ratio

All relevant factors were projected over a 10-year period using a theoretical initial block size of 1,000. The anticipated lifetime loss ratio for this product prior to Health Care Reform is 60%.

Distribution of Business

The expected age distribution for this product is as follows:

<u>Age</u>	<u>Nation & Connecticut</u>
0 - 4	3%
5 - 9	3%
10 - 14	3%
15 - 19	4%
20 - 24	17%
25 - 29	17%
30 - 34	13%
35 - 39	12%
40 - 44	12%
45 - 49	10%
50 - 54	4%
55 - 59	1%
60 - 64	1%

Contingency and Profit Margin

Celtic anticipates a pretax profit margin of 5.5%. In order to properly serve the best interests of our customers, Celtic has always maintained a reasonable Contingency Reserve, which is audited annually by consulting Actuaries.

Actuarial Certification

I certify that to the best of my knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of Connecticut and the rules of the Department of Insurance and the proposed premiums are reasonable in relationship to the benefits provided. I further certify that the premium rates for this policy form are reasonably similar to rates for similar benefits found in other similar policy forms statewide for Celtic Insurance Company.



Randall S. Jones, F.S.A., M.A.A.A.
Vice President and Actuary

8/23/2011
Date

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00235-PPO (HSA 3.0)
Connecticut
(PPO)

Age	HSA 2.0		HSA 2.1		HSA 3.0	
	Male	Female	Male	Female	Male	Female
0	70.63	66.55	60.85	60.85	60.85	60.85
1	70.63	66.55	60.88	60.88	60.88	60.88
2	70.63	66.55	60.94	60.94	60.94	60.94
3	70.63	66.55	60.98	60.98	60.98	60.98
4	70.63	66.55	61.04	61.04	61.04	61.04
5	62.92	60.96	56.05	56.05	56.05	56.05
6	62.92	60.96	56.11	56.11	56.11	56.11
7	62.92	60.96	56.17	56.17	56.17	56.17
8	62.92	60.96	56.24	56.24	56.24	56.24
9	62.92	60.96	56.30	56.30	56.30	56.30
10	62.92	60.96	56.38	56.38	56.38	56.38
11	62.92	60.96	56.46	56.46	56.46	56.46
12	62.92	60.96	56.55	56.55	56.55	56.55
13	62.92	60.96	56.63	56.63	56.63	56.63
14	62.92	60.96	56.72	56.72	56.72	56.72
15	79.14	78.21	56.45	57.92	56.45	57.92
16	79.14	78.21	56.49	58.06	56.49	58.06
17	79.14	78.21	56.53	58.21	56.53	58.21
18	79.14	78.82	60.18	63.90	60.18	63.90
19	79.14	80.40	60.23	64.05	60.23	64.05
20	82.56	81.00	60.20	64.20	60.20	64.20
21	82.56	81.61	60.26	64.39	60.26	64.39
22	82.56	82.22	60.30	64.58	60.30	64.58
23	82.56	82.83	60.40	64.72	60.40	64.72
24	82.56	83.45	60.51	64.86	60.51	64.86
25	82.56	85.54	61.04	66.36	61.04	66.36
26	82.56	87.68	61.85	68.11	61.85	68.11
27	82.56	89.88	62.68	69.93	62.68	69.93
28	82.56	96.17	63.58	73.04	63.58	73.04
29	85.52	102.91	64.43	77.14	64.43	77.14
30	87.44	113.10	67.87	82.10	67.87	82.10
31	89.67	115.08	71.65	87.54	71.65	87.54
32	91.96	117.72	75.23	93.11	75.23	93.11
33	93.85	120.08	78.98	98.09	78.98	98.09
34	96.25	122.17	82.88	101.92	82.88	101.92
35	99.87	124.79	86.58	106.42	86.58	106.42
36	103.49	127.29	90.76	110.94	90.76	110.94
37	107.56	131.81	94.95	115.58	94.95	115.58
38	111.16	136.30	99.27	120.25	99.27	120.25
39	115.54	139.49	103.86	125.70	103.86	125.70
40	120.72	142.28	108.79	130.73	108.79	130.73
41	126.12	145.12	113.97	135.28	113.97	135.28
42	131.77	149.18	119.40	139.68	119.40	139.68
43	137.68	154.17	126.31	144.26	126.31	144.26
44	144.19	158.66	133.73	149.38	133.73	149.38
45	150.57	163.37	141.19	155.47	141.19	155.47
46	157.24	168.97	147.69	161.01	147.69	161.01
47	164.21	173.20	154.50	165.35	154.50	165.35
48	172.64	180.48	161.13	170.88	161.13	170.88
49	180.29	186.59	167.77	176.11	167.77	176.11
50	192.81	195.45	173.29	181.58	173.29	181.58
51	207.10	207.27	179.54	187.49	179.54	187.49
52	222.47	219.95	187.02	193.14	187.02	193.14
53	239.02	236.04	197.77	200.88	197.77	200.88
54	256.62	252.51	210.07	209.22	210.07	209.22
55	268.61	265.09	220.16	218.59	220.16	218.59
56	281.91	276.21	231.30	228.00	231.30	228.00
57	295.86	287.26	243.00	237.40	243.00	237.40
58	310.63	300.20	255.40	248.31	255.40	248.31
59	326.49	314.03	268.69	259.96	268.69	259.96
60	341.25	326.98	281.20	270.99	281.20	270.99
61	357.09	341.58	294.61	283.35	294.61	283.35
62	372.91	355.73	308.09	295.43	308.09	295.43
63	387.71	369.96	320.86	307.64	320.86	307.64
64	403.53	384.76	334.47	320.37	334.47	320.37
65 + (Prim.)	746.53	711.79	618.78	592.67	618.78	592.67
65 + (Sec.)	373.26	355.90				

Dependent Child Rate

Per Child, up to 3	46.66	46.66	43.20	43.20	43.20	43.20

High Deductible Health Plan 2.0/2.1/3.0 Factors

Indiv./Family	Deductible	Coinsurance	Stop Loss	HSA 2.0	HSA 2.1	HSA 3.0
Individual	1,500	80/20	18,000	0.6721	0.6721	0.6721
		100/0	N/A	0.8938	0.9385	0.9385
	2,600	80/20	12,500	0.5441	0.5441	0.5441
100/0		N/A	0.7228	0.7589	0.7589	
Family	5,000	100/0	N/A	0.4994	0.5244	0.5244
		80/20	36,000	0.6721	0.6721	0.6721
	3,000	100/0	N/A	0.8938	0.9385	0.9385
		80/20	25,000	0.5441	0.5441	0.5441
	5,150	100/0	N/A	0.7228	0.7589	0.7589
10,000		100/0	N/A	0.4994	0.5244	0.5244

Sub-Standard Rate-Ups

Non-Smoker / Smoker	-7% / 7%
Occupational	0% to 100%
Medical	-10% to 250%

Product Type Factors

Type	HSA 2.0	HSA 2.1	HSA 3.0
Fully Steered PPO	1.0000	1.0000	1.0000

Modal Factors

Billing Mode	Factor
Monthly	1.0
Quarterly	3.0

Family Discount Factor

Ind./Family	Discount Factor
Individual Policy	1.0000
Family Policy	0.9300

Other Fees

Fee Type	Fee
Billing Fees (HSA 2.0/2.1; HSA 3.0)	\$6.00; \$10 per bill
HSA Maintenance Fee	None
One-time Application Fee	None

Medical Premium = (Medical Base Rate) x (Plan Factor)
x (1 + Smoker Factor) x (1 + Occup. Rate-Up)
x (1 + Med. Rate-Up) x (Product Type Factor)
x (Trend Factor*) x (Area Factor**)
x (Family Discount Factor)

Preventive

Opt Premium = (Preventive Option Base Rate)
x (1 + Occup. Rate-Up) x (1 + Med. Rate-Up)
x (Product Type Factor) x (Trend Factor*) x (Area Factor**)
x (Family Discount Factor)

*see attached Trend Factor sheet

**see attached Area Factor sheet

Total Premium = [Medical Premium + Preventive Opt Premium + HSA Maintenance Fee]
x Modal Factor + Billing Fee

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00235-PPO (HSA 3.0)
(PPO)

Connecticut Area Factors

3-Digit ZIP Code	HSA 2.0		HSA 2.1		HSA 3.0	
	Indemnity	Fully Steered PPO	Indemnity	Fully Steered PPO	Indemnity	Fully Steered PPO
060	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
061	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
062	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
063	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
064	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
065	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
066	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
067	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
068	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700
069	1.50700	1.50700	1.56700	1.56700	1.56700	1.56700

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00235-PPO (HSA 3.0)

Connecticut
(PPO)

High Deductible 2.0

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
10/1/05	-	1.0000	Initial	1.2041
11/1/05	-	1.0000	-	1.2041
1/1/06	Initial	1.2041	-	1.2041
2/1/06	-	1.2041	-	1.2041
3/1/06	-	1.2041	-	1.2041
4/1/06	3.5%	1.2463	3.5%	1.2463
7/1/06	3.5%	1.2899	3.5%	1.2899
10/1/06	3.5%	1.3350	3.5%	1.3350
1/1/07	-	1.3350	-	1.3350
4/1/07	3.5%	1.3818	3.0%	1.3751
7/1/07	-	1.3818	-	1.3751
10/1/07	3.5%	1.4301	-	1.3751
1/1/08	-	1.4301	-	1.3751
4/1/08	-	1.4301	-	1.3751
7/1/08	-	1.4301	-	1.3751
10/1/08	-	1.4301	-	1.3751
1/1/09	-	1.4301	-	1.3751
4/1/09	-	1.4301	-	1.3751
7/1/09	-	1.4301	3.0%	1.4163
10/1/09	-	1.4301	3.0%	1.4588
1/1/10	-	1.4301	3.0%	1.5026
4/1/10	-	1.4301	4.0%	1.5627
7/1/10	-	1.4301	6.0%	1.6565
10/1/10	-	1.4301	5.0%	1.7393
1/1/11	-	1.4301	9.0%	1.8958
4/1/11	11.2%	1.5900	3.0%	1.9527
6/1/11	-	1.5900	6.0%	2.0699
7/1/11	2.0%	1.6218	-	2.0699
10/1/11	2.0%	1.6543	-	2.0699
1/1/12	-	1.6543	-	2.0699
4/1/12	3.0%	1.7039	3.5%	2.1423
7/1/12	3.0%	1.7550	3.0%	2.2066
10/1/12	3.0%	1.8076	3.0%	2.2728

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00235-PPO (HSA 3.0)

Connecticut
(PPO)

High Deductible 2.1

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	Initial	1.4163	Initial	1.4163
7/1/08	2.5%	1.4518	2.5%	1.4518
10/1/08	2.5%	1.4880	2.5%	1.4880
1/1/09	2.0%	1.5178	2.0%	1.5178
4/1/09	3.0%	1.5633	3.0%	1.5633
7/1/09	3.0%	1.6102	3.0%	1.6102
10/1/09	3.0%	1.6585	3.0%	1.6585
1/1/10	-	1.6585	3.0%	1.7083
4/1/10	-	1.6585	4.0%	1.7766
7/1/10	-	1.6585	6.0%	1.8832
10/1/10	-	1.6585	5.0%	1.9774
1/1/11	-	1.6585	9.0%	2.1554
4/1/11	11.2%	1.8440	3.0%	2.2200
6/1/11	-	1.8440	6.0%	2.3532
7/1/11	2.0%	1.8809	-	2.3532
10/1/11	2.0%	1.9185	-	2.3532
1/1/12	-	1.9185	-	2.3532
4/1/12	3.0%	1.9760	3.5%	2.4356
7/1/12	3.0%	2.0353	3.0%	2.5087
10/1/12	3.0%	2.0964	3.0%	2.5839

Celtic Insurance Company
High Deductible Health Plans
Form I5-592-00193-CT (HSA. 2.0/2.1) and Form I5-598-00235-PPO (HSA 3.0)

Connecticut
(PPO)

High Deductible 3.0

<u>Date of Increase</u>	<u>Statewide Rate Increase</u>	<u>Statewide Cum. Factor</u>	<u>Nationwide Rate Increase</u>	<u>Nationwide Cum. Factor</u>
4/1/08	-	1.0000	Initial	1.4163
7/1/08	-	1.0000	2.5%	1.4518
10/1/08	Initial	1.4880	2.5%	1.4880
1/1/09	2.0%	1.5178	2.0%	1.5178
4/1/09	3.0%	1.5633	3.0%	1.5633
7/1/09	3.0%	1.6102	4.0%	1.6259
10/1/09	3.0%	1.6585	-	1.6259
1/1/10	-	1.6585	-	1.6259
4/1/10	-	1.6585	2.0%	1.6584
7/1/10	-	1.6585	3.0%	1.7081
10/1/10	-	1.6585	3.0%	1.7594
1/1/11	-	1.6585	9.0%	1.9177
4/1/11	11.2%	1.8440	3.0%	1.9753
6/1/11	-	1.8440	6.0%	2.0938
7/1/11	2.0%	1.8809	-	2.0938
10/1/11	2.0%	1.9185	-	2.0938
1/1/12	-	1.9185	-	2.0938
4/1/12	3.0%	1.9760	3.5%	2.1671
7/1/12	3.0%	2.0353	3.0%	2.2321
10/1/12	3.0%	2.0964	3.0%	2.2990