



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Golden Rule Insurance Company Individual 2011 Rate Filing

Finding of Facts

1. Connecticut specific experience:

| Calendar Year | Earned Premium | Incurred Claims | Loss Ratio |
|------------------|----------------|-----------------|------------|
| 2005 | 36,713 | 2,589 | 7.1% |
| 2006 | 6,329,581 | 2,941,514 | 46.5% |
| 2007 | 15,576,791 | 9,620,226 | 61.8% |
| 2008 | 22,068,317 | 15,349,401 | 69.6% |
| 2009 | 22,153,909 | 15,875,802 | 71.7% |
| 2010 | 18,176,556 | 12,948,685 | 71.2% |
| 2011 (thru July) | 9,240,289 | 6,948,903 | 75.2% |
| Total | 93,582,154 | 63,687,119 | 68.1% |

The actual-to-expected from 2005 through July 2011 is 1.22.

2. The requested extension of trend factors is based on Golden Rule experience for this form. Experience to date has claims 22.6% higher than expected based on pricing assumptions previously filed and approved.
3. Commission expenses are based on a percentage of premium and vary by issue age and marketing method: 0-30% first year; 0-10% renewal years. Marketing, administrative, overhead, premium taxes, and other expenses vary by marketing method and aggregate to: \$240 per policy + 15% of premium in the first year and \$25 per policy + 11% of premium in renewal years.
4. This policy form, and all optional benefit riders, is anticipated to meet the minimum loss ratio requirement of 55%. To the extent that the federal Patient Protection and Affordable Care Act and the uniform definitions that will be certified by the Secretary of the Department of Health and Human Services require higher loss ratios, Golden Rule will comply with such statutes and regulations.
5. Golden Rule has filed a loss ratio guarantee, in accordance with Connecticut General Statute 38a-481.
6. Healthcare reform rating impact for this policy form is 3.5%, effective 1/1/2011. This factor is due to the removal of annual and lifetime limits and an increase in preventive care benefits. This is a closed block of business, therefore most policies under this form will not be affected by this adjustment as they are

considered grandfathered, but to the extent benefits change for a policyholder the policy will lose its grandfathered status and must comply with PPACA benefits as a non-grandfathered policy.

7. This rate increase request of 14.3% is for policy form GRI-PA-21.1-06 as well as the PBM rider and will be effective 4/1/2012.

Department Summary

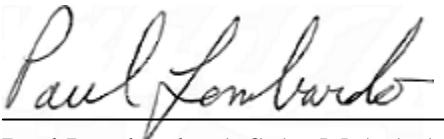
As stated in Connecticut General Statute 38a-481(e), "Premium rates shall be deemed approved upon filing with the Insurance Commissioner if the filing is accompanied by a loss ratio guarantee." As a loss ratio guarantee, that meets all of the requirements of C.G.S. 38a-481(e) (1-6), has been filed with this rate increase request, the Insurance Department must deem approved the rates, including the rate increase request, as not excessive pursuant to the aforementioned statute.

In addition, a legal analysis has been performed regarding the PPACA MLR rebate calculation and the impact that it has on the loss ratio guarantee defined in C.G.S. 38a-481. Based upon this analysis, any insurer issuing policies in Connecticut will be required to follow the MLR rebate requirements of PPACA as specified in Section 1001. With the preemption of the rebate calculation, the medical loss ratio definition of C.G.S. 38a-481 is preempted by the federal definition of "medical loss ratio".

Department Disposition

Based upon the finding of fact, and the summary information described above, the rate increase of 14.3% is deemed approved as submitted according to the loss ratio guarantee filed in accordance with C.G.S. 38a-481(e).

Dated September 8, 2011.



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Insurance Actuary