

Small Group - Actuarial Memorandum Elements

1. Scope and Purpose

Please include the following:

- The applicable law in which the filing is intended to comply.
- Whether this filing is an initial rate filing or a rate revision filing.
- The forms and riders included in the filing.
- The average rate change requested (this should represent the average change made to the manual rates):
 - Example 1: For a filing with a 1% increase in base rates each month from 1/1/2013 through 12/1/2013, the average rate increase requested is 12.7%.
 - Example 2: For a filing with a 1% increase in base rates each month from 1/1/2013 through 12/1/2013, plus an average area factor change of 3.2% on 1/1/2013, the average rate increase requested is 16.3%.
- The minimum and maximum rate increase requested:
 - Example: For a filing with a 1% monthly base rate increase each month from 1/1/2013 through 12/1/2013 and area factor changes that range from a 5% decrease on one factor to a 10% increase on another factor, the minimum rate increase requested is approximately 7.0% and the maximum rate increase requested is approximately 24.0%.

2. Description of Benefits

- Please provide a general description of the policy form's major benefits including range of cost sharing available and other available riders.

3. Marketing Method

- Please provide a brief description of the market and the marketing method, including:
 - Types of agents (i.e., career, independent, direct market, etc.).
 - Types of customers / markets (i.e., employer group, association, etc.).

4. Underwriting

- Please provide a brief description of the extent to which this product has been or will be underwritten and the expected impact by duration on the claim costs, including:
 - Type of medical underwriting (short form, long form, none, etc.).
 - Other types of underwriting (i.e., financial).

5. Premium Classes

- Please list all the attributes upon which premium rates vary (i.e., age, gender, tobacco, etc.). These attributes should correspond to the rating factors listed in the rate pages accompanying this filing.

6. Area Factors

Please provide:

- A brief description of any area factors used.
- The area factors and the definitions of the areas by zip code or county. This may also be included in the rate pages accompanying this filing.

7. Average Annual Premium

- For an initial rate filing, report the expected average premium per member per month for Wisconsin.
- For a rate change filing, please provide the average premium per member per month for Wisconsin, without and with the requested rate revision in the filing:
 - This should be based on actual distribution or anticipated distribution of Wisconsin business (provide valuation date).
 - Premiums for mandatory riders, endorsements and amendments should be added to the base plan premiums.

8. Claim Liability and Reserve

- Please provide a general description of how incurred but not reported (IBNR) claims are estimated and included in the premium rate development.
- For initial rate filings, this item may not apply.

9. Trend Assumption and Other Adjustment Factors

- Describe the development of the trend assumptions used in pricing.
- Describe the development and use of all other factors affecting the projection of future claims (i.e., the adjustments in Section A2 of the Wisconsin Rating Data Template).
- The trend assumptions shall be consistent with the components of claim trend in Actual and Projected Experience. This should include:
 - Medical & Rx Trend: The combined effect of medical provider price increases, utilization changes, medical cost shifting, and new medical procedures and technology.
 - Other Trends: The combined effect of underwriting wear-off, deductible leveraging, anti-selection resulting from rate increases, discontinuance of new sales, and any other factor affecting claims.

10. Distribution of Business

- For an initial rate filing, please provide the expected distribution of business by rating category.
- For a rate change filing, please provide the subsets of in-force business for which the requested change to the rating manual is different than the overall composite rate change requested.

11. Contingency and Risk Margin

- Please provide the expected contingency and risk margins (Underwriting Gain/Loss in Section C of the Wisconsin Rating Data Template) for the policy form at the time of the filing.

12. Anticipated Loss Ratio

- Please provide the anticipated loss ratio for the time period that the requested rates will be in effect, usually 12 months.
- Report the anticipated loss ratio for the Wisconsin business included in this filing as well as the anticipated loss ratio for the block of business whose experience is provided in the Wisconsin Rating Data Template.

13. History of Rate Adjustments

- This item will not apply for an initial rate filing.
- For a rate change filing, complete the following table, including the effective dates and requested information for each of the last 24 months and the time period covered by this filing (up to 12 months):

Effective Date of Rate Change	Average Rate Change for This Effective Date	Cumulative 12-Month Rate Change ¹	Number of Wisconsin Members Renewing

¹Including the current month's rate change.

14. Number of Members

- List the number of Wisconsin members that will be affected by the proposed rate revision.
- This item will not apply for initial rate filings.

15. Proposed Effective Date

- For initial rate filings, please provide the proposed effective date of the new rates.
- For rate change filings, please provide the proposed effective date of the rate revision and the methodology of implementation (i.e., next premium due date, next policy anniversary, retrospective as of effective date).

16. Rate Pages

- Please provide a description of the rating methodology used, including all rating factors, a sample rate calculation, and a listing of each benefit plan's prior rate, requested rate, and the resulting percentage rate increase.
- For initial rate filings, some of these items are not required.

17. Actuarial Certification

Please include the following:

- A certification by a qualified actuary that to the best of the actuary's knowledge and judgment:
 - The entire rate filing is in compliance with the applicable laws of the state of Wisconsin and with the rules of the Office of the Commissioner of Insurance;
 - The filing complies with all applicable Actuarial Standards of Practice;
 - The benefits provided are reasonable in relation to the proposed premiums; and
 - The premium schedule is not excessive, inadequate, nor unfairly discriminatory.
- A statement that the actuary is a member of the Society of Actuaries or the American Academy of Actuaries and meets the qualification requirements to form this opinion.