DEPARTMENT OF LABOR AND REGULATION

DIVISION OF INSURANCE

MEDICARE SUPPLEMENT REFUND CALCULATION FORMS

Chapter 20:06:13

APPENDIX A

SEE: § 20:06:13:21.01

**Source:** 18 SDR 225, effective July 17, 1992; 31 SDR 214, effective July 6, 2005; 39 SDR 10, effective August 1, 2012.

**APPENDIX A**

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

TYPE (u) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SMSBP (w) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ Company Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAIC Group Code \_\_\_\_\_\_\_\_\_\_\_ NAIC Company Code \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Person Completing This Exhibit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Telephone Number\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |
| --- | --- | --- | --- |
| Line |  | (a)  Earned  Premium (x) | (b)  Incurred  Claims (y) |
| 1. | Current Year's Experience |  |  |
|  | | a. Total (all policy years) |  |  |
|  | | b. Current year's issues (z)  c. Net (for reporting purposes = 1a - 1b) | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_ |
| 2. | | Past Years' Experience (all policy years) | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_ |
| 3. | | Total Experience  (Net Current Year + Past Year's Experience) | \_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_ |
| 4. | | Refunds Last Year (Excluding Interest) | |  |
| 5. | | Previous Since Inception (Excluding Interest) | |  |
| 6. | | Refunds Since Inception (Excluding Interest) | |  |
| 7. | | Benchmark Ratio Since Inception  (SEE WORKSHEET FOR RATIO 1) | |  |
| 8. | | Experienced Ratio Since Inception  Total Actual Incurred Claims (line 3, col. b) = Ratio 2  ----------------------------------------------------  Total Earned Prem. (line 3, col. a) - Refunds Since Inception (line 6) | |  |
| 9. | | Life Years Exposed Since Inception \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  If the Experienced Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund. | |  |
| 10. | | Tolerance Permitted (obtained from credibility table) \_\_\_\_\_\_\_\_\_\_ | |  |

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

TYPE (u) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SMSBP (w) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ Company Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAIC Group Code \_\_\_\_\_\_\_\_\_\_\_ NAIC Company Code \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Person Completing This Exhibit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Telephone Number\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| 11. | Adjustment to Incurred Claims for Credibility |  |
|  | Ratio 3 = Ratio 2 + Tolerance |  |

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.

If Ratio 3 is less than the Benchmark Ratio, then proceed.

|  |  |  |
| --- | --- | --- |
| 12. | Adjusted Incurred Claims = |  |
|  | [Total Earned Premiums (line 3, col. a) - Refunds Since Inception  (line 6)] x Ratio 3 (line 11) |  |
| 13. | Refund = Total Earned Premiums (line 3, col. a) - |  |
|  | Refunds Since Inception (line 6) -  Adjusted Incurred Claims (line 12)  ----------------------------------------- |  |
|  | Benchmark Ratio (Ratio 1) |  |

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

Medicare Supplement Credibility Table

Life Years Exposed

|  |  |
| --- | --- |
| Since Inception | Tolerance |
| 10,000 + | 0.0% |
| 5,000 - 9,999 | 5.0% |
| 2,500 - 4,999 | 7.5% |
| 1,000 - 2,499 | 10.0% |
| 500 - 999 | 15.0% |

If less than 500, no credibility.

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

TYPE (u) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SMSBP (w) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ Company Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAIC Group Code \_\_\_\_\_\_\_\_\_\_\_ NAIC Company Code \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Person Completing This Exhibit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Telephone Number\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(u) Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

(w) "SMSBP" = Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans.

(x) Includes Modal Loadings and Fees Charged

(y) Excludes Active Life Reserves

(z) This is to be used as "Issue Year Earned Premium" for Year 1 of next year's "Worksheet for Calculation of Benchmark Ratios."

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name - Please Type

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title - Please Type

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

REPORTING FORM FOR THE CALCULATION OF BENCHMARK

RATIO SINCE INCEPTION FOR GROUP POLICIES

FOR CALENDAR YEAR\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

TYPE (q) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SMSBP (p) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FOR THE STATE OF \_\_\_\_\_\_\_\_\_\_ Company Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAIC Group Code \_\_\_\_\_\_\_\_\_\_\_\_\_\_ NAIC Company Code \_\_\_\_\_\_\_\_\_\_\_

Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Person Completing This Exhibit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Telephone Number \_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (o) |
|  | Earned |  |  | Cumulative |  |  |  | Cumulative |  | Policy Year |
| Year | Premium | Factor | (b) x (c) | Loss Ratio | (d) x (e) | Factor | (b) x (g) | Loss Ratio | (h) x (i) | Loss Ratio |
| 1 |  | 2.770 |  | 0.507 |  | 0.000 |  | 0.000 |  | 0.46 |
| 2 |  | 4.175 |  | 0.567 |  | 0.000 |  | 0.000 |  | 0.63 |
| 3 |  | 4.175 |  | 0.567 |  | 1.194 |  | 0.759 |  | 0.75 |
| 4 |  | 4.175 |  | 0.567 |  | 2.245 |  | 0.771 |  | 0.77 |
| 5 |  | 4.175 |  | 0.567 |  | 3.170 |  | 0.782 |  | 0.80 |
| 6 |  | 4.175 |  | 0.567 |  | 3.998 |  | 0.792 |  | 0.82 |
| 7 |  | 4.175 |  | 0.567 |  | 4.754 |  | 0.802 |  | 0.84 |
| 8 |  | 4.175 |  | 0.567 |  | 5.445 |  | 0.811 |  | 0.87 |
| 9 |  | 4.175 |  | 0.567 |  | 6.075 |  | 0.818 |  | 0.88 |
| 10 |  | 4.175 |  | 0.567 |  | 6.650 |  | 0.824 |  | 0.88 |
| 11 |  | 4.175 |  | 0.567 |  | 7.176 |  | 0.828 |  | 0.88 |
| 12 |  | 4.175 |  | 0.567 |  | 7.655 |  | 0.831 |  | 0.88 |
| 13 |  | 4.175 |  | 0.567 |  | 8.093 |  | 0.834 |  | 0.89 |
| 14 |  | 4.175 |  | 0.567 |  | 8.493 |  | 0.837 |  | 0.89 |
| 15+ |  | 4.175 |  | 0.567 |  | 8.684 |  | 0.838 |  | 0.89 |
| Total: |  |  | (k): |  | (l): |  | (m): |  | (n): |  |

Benchmark Ratio Since Inception: (1 + n) / (k + m):

(a): Year 1 is the current calendar year - 1 (b): For the calendar year on the appropriate line in column (a),

Year 2 is the current calendar year - 2 (etc.) the premium earned during that year for policies issued in

(Example: If the current year is 1991, then: that year.

Year 1 is 1990; Year 2 is 1989, etc.).

Year 15+ is the earned premium for all years prior

to as well as the 15th year prior to the current year.

(o): These loss ratios are not explicitly used in computing the (p): "SMSBP" = Standardized Medicare Supplement Benefit Plan.

benchmark loss ratios. They are the loss ratios, on

a policy year basis, which result in the cumulative (q): Individual Group, Individual Medicare Select, or Group Medicare

loss ratios displayed on this worksheet. They are shown Select Only.

here for informational purposes only.

REPORTING FORM FOR THE CALCULATION OF BENCHMARK

RATIO SINCE INCEPTION FOR INDIVIDUAL POLICIES

FOR CALENDAR YEAR\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

TYPE (q) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SMSBP (p) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FOR THE STATE OF \_\_\_\_\_\_\_\_\_\_ Company Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NAIC Group Code \_\_\_\_\_\_\_\_\_\_\_\_\_\_ NAIC Company Code \_\_\_\_\_\_\_\_\_\_\_

Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Person Completing This Exhibit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Telephone Number \_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (o) |
|  | Earned |  |  | Cumulative |  |  |  | Cumulative |  | Policy Year |
| Year | Premium | Factor | (b) x (c) | Loss Ratio | (d) x (e) | Factor | (b) x (g) | Loss Ratio | (h) x (i) | Loss Ratio |
| 1 |  | 2.770 |  | 0.442 |  | 0.000 |  | 0.000 |  | 0.40 |
| 2 |  | 4.175 |  | 0.493 |  | 0.000 |  | 0.000 |  | 0.55 |
| 3 |  | 4.175 |  | 0.493 |  | 1.194 |  | 0.659 |  | 0.65 |
| 4 |  | 4.175 |  | 0.493 |  | 2.245 |  | 0.669 |  | 0.67 |
| 5 |  | 4.175 |  | 0.493 |  | 3.170 |  | 0.678 |  | 0.69 |
| 6 |  | 4.175 |  | 0.493 |  | 3.998 |  | 0.686 |  | 0.71 |
| 7 |  | 4.175 |  | 0.493 |  | 4.754 |  | 0.695 |  | 0.73 |
| 8 |  | 4.175 |  | 0.493 |  | 5.445 |  | 0.702 |  | 0.75 |
| 9 |  | 4.175 |  | 0.493 |  | 6.075 |  | 0.708 |  | 0.76 |
| 10 |  | 4.175 |  | 0.493 |  | 6.650 |  | 0.713 |  | 0.76 |
| 11 |  | 4.175 |  | 0.493 |  | 7.176 |  | 0.717 |  | 0.76 |
| 12 |  | 4.175 |  | 0.493 |  | 7.655 |  | 0.720 |  | 0.77 |
| 13 |  | 4.175 |  | 0.493 |  | 8.093 |  | 0.723 |  | 0.77 |
| 14 |  | 4.175 |  | 0.493 |  | 8.493 |  | 0.725 |  | 0.77 |
| 15+ |  | 4.175 |  | 0.493 |  | 8.684 |  | 0.725 |  | 0.77 |
| Total: |  |  | (k): |  | (l): |  | (m): |  | (n): |  |

Benchmark Ratio Since Inception: (l + n) / (k + m):

(a): Year 1 is the current calendar year - 1 (b): For the calendar year on the appropriate line in column (a),

Year 2 is the current calendar year - 2 (etc.) the premium earned during that year for policies issued in that

(Example: If the current year is 1991, then: year.

Year 1 is 1990; Year 2 is 1989, etc.).

Year 15+ is the earned premium for all years prior

to as well as the 15th year prior to the current year.

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a policy year basis, which result in the cumulative (q): Individual Group, Individual Medicare Select, or Group Medicare

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