Rate Review Requirements Checklist
For all Rate Filings for Forms Issued in the Individual and Small Group Markets, Hospital Confinement Indemnity, Disability Income Protection, Accident Only, Specified Disease and Other, whether paid on an expense incurred or indemnity basis, and Medicare Supplement

NOTE: This document is intended to assist carriers in preparing rate filings for individual and selected group accident and sickness insurance coverage for approval by the Bureau of Insurance. It provides guidance based on current Virginia laws and regulations. It should be noted, however, that this checklist should not be used exclusive of other important resources, including, but not limited to, any and all other applicable state insurance laws and associated rules and regulations. It is the responsibility of the carriers to verify that their products comply with all relevant statutory and regulatory requirements. Note that some regulatory references in the comments column are approximate. Please review the applicable Administrative Code for the full text of the regulation.

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
General Filing Requirements				
Transmittal Letter	14 VAC 5-100-40 1	A letter of transmittal must be submitted with each filing.		
Information about the filing	14 VAC 5-100-70	When submitting an Individual Accident and Sickness form, a company must file the applicable rates, rules and classification of risks with the Commission.		
Company Name and NAIC No.	Administrative Letter 1983-7	The transmittal letter must include the name and NAIC number of the company for which the filing is made.		
Additional SERFF Filing Requirements	***Administrative Letter 2012-03***	***Additional SERFF filing requirements must be met as specified below for health insurance rate filings. Failure to provide the applicable information will result in a "REJECTED" filing.***		
General Information Filing Description		All submissions must provide a brief summary of the filing, including a statement describing whether the rate or rate manual is new or a revision of an existing rate or rate manual.		
		Identification of SERFF or state tracking number for the previously approved rate or rate manual.		
HELP TIP:		If a form or rate filing is submitted as new in Virginia, but was previously disapproved or withdrawn in Virginia, please provide details such as the tracking information, form number, and the date that the form or rate filing was disapproved or withdrawn, if available.		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
Rate Changes		(i) Include a statement regarding an increase, decrease, revision of former rates. (ii) Specify the percentage amount(s) of the change(s). (iii) Specify the number of affected policyholders. (iv) Specify the reason for the proposed change(s).		
	14 VAC 5-130-50 B	Include an actuarial memorandum describing the basis on which rates were determined including a description of the calculation of the anticipated loss ratio.		
Individual and Small Group Markets – Uniform Age Rating Curve	14 VAC 5-130- 50 E 1	Premium rates with respect to a particular plan or coverage may only vary by: (a) Whether the plan or coverage covers an individual or family (b) The rating area (c) Age, consistent with the Uniform Age Rating Curve table in 14 VAC 5-130-50 E (d) Tobacco use, except the rate must not vary more than 1.5 to 1. If included in a small group form, employees must be given the option to avoid the tobacco surcharge by participating in certain wellness programs.		
	14 VAC 5-130-50 E 2	A premium rate must not vary by any other factor not described in 14 VAC 5-130-50 E 1.		
	14 VAC 5-130-50 E 3	For family coverage, permitted rating variations must be applied based on the portion of premium attributable to each family member covered under the plan. With respect to family members under age 21, the premiums for no more than the three oldest covered children must be taken into account in determining the total family premium.		
	14 VAC 5-130-50 E 4	The premium charged must not be adjusted more frequently than annually except that the premium rate may be changed to reflect changes to: (i) Family composition of the member or, (ii) Coverage requested by the member.		
Accident and Sickness Insurance Rate Filing Requirements – Filing a Rate for a New Policy Form	14 VAC 5-130-60 A	New rate submission must include: (i) Form number of applicable policy or certificate, application, and endorsements; (ii) Rate Sheet(s); (iii) Unified Rate Review Template *(only for rates applicable in the individual and small group health insurance markets)*.		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
	14 VAC 5-130-60 B	An Actuarial Memorandum that includes:		
	14 VAC 5-130-60 B 1	A description of the type of policy or coverage, including benefits, renewability, general marketing method, and issue age limits.		
	14 VAC 5-130-60 B 2	A description of how rates were determined, including the general description and source of each assumption used.		
	14 VAC 5-130-60 B 3	The estimated average annual premium per policy and per member.		
	14 VAC 5-130-60 B 4	The anticipated loss ratio and a description of how it was calculated.		
	14 VAC 5-130-60 B 5	The minimum anticipated loss ratio presumed reasonable in accordance with 14 VAC 5-130-65.		
	14 VAC 5-130-60 B 6	If the anticipated loss ratio is less than the minimum anticipated loss ratio, include supporting documentation for the use of such premiums.		
	14 VAC 5-130-60 B 7	*For coverage issued in the Individual or Small Group Health Insurance Market:* A certification by a qualified actuary of the actuarial value of each plan of benefits included and the AV calculation summary.		
	14 VAC 5-130-60 B 8	A certification by a qualified actuary that, to the vest of his or her knowledge and judgment, the rate filing is in compliance with the applicable laws and regulations of Virginia and the premiums are reasonable in relation to the benefits provided.		
Reasonableness of benefits in relation to initial premiums	14 VAC 5-130-65 A	Benefits are deemed reasonable in relation to premiums if the anticipated loss ratio of policy form, including riders and endorsements, is at least as great as specified in the table provided, taking into account the qualifications and adjustments in subdivisions 1 through 9 below. The below anticipated loss ratio standards do not apply to a class of business where such standards are in conflict with specific statutes or regulations.		

<table>
<tr><th>REVIEW REQUIREMENTS</th><th>REFERENCE</th><th>COMMENTS</th><th>LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER</th><th>FILER'S NOTES</th></tr>
<tr><td></td><td>14 VAC 5-130-65 A 1</td><td colspan="6">If the expected average annual premium is at least $200 but less than $1,000.</td><td></td><td></td></tr>
<tr><td></td><td></td><td>Type of Coverage</td><td colspan="5">Renewal Clause</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>OR</td><td>CR</td><td>GR</td><td>NC</td><td>Other</td><td></td><td></td></tr>
<tr><td></td><td></td><td>Hospital Confinement Indemnity</td><td>60%</td><td>55%</td><td>55%</td><td>50%</td><td>60%</td><td></td><td></td></tr>
<tr><td></td><td></td><td>Disability Income Protection, Accident Only, Specified Disease and Other, whether paid on an expense incurred or indemnity basis</td><td>60%</td><td>55%</td><td>50%</td><td>45%</td><td>60%</td><td></td><td></td></tr>
<tr><td></td><td>14 VAC 5-130-65 A 2</td><td colspan="6">If the expected average annual premium is $100 or more but less than $200, subtract five percentage points from the numbers in the table.</td><td></td><td></td></tr>
<tr><td></td><td>14 VAC 5-130-65 A 3</td><td colspan="6">If the expected average annual premium is less than $100, subtract 10 percentage points from the numbers in the table.</td><td></td><td></td></tr>
<tr><td></td><td>14 VAC 5-130-65 A 4</td><td colspan="6">If the expected average annual premium is $1,000 or more, add five percentage points to the numbers in the table.</td><td></td><td></td></tr>
<tr><td></td><td>14 VAC 5-130-65 A 5</td><td colspan="6">Group Medicare supplement policies are expected to return to policyholders in the form of aggregate benefits under the policy at least 75% of the aggregate amount of premiums collected.</td><td></td><td></td></tr>
</table>

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
	14 VAC 5-130-65 A 6	Medicare supplement policies issued prior to July 30, 1992, as a result of solicitation of individuals through the mail or by mass media advertising, which shall include both print and broadcast advertising, are expected to return to policyholders in the form of aggregate benefits under the policy at least 60% of the aggregate amount of premiums collected.		
	14 VAC 5-130-65 A 7	Medicare supplement policies issued prior to July 30, 1992, sold on an individual rather than a group basis are expected to return to policyholders in the form of aggregate benefits under the policy at least 60% of the aggregate amount of premiums collected.		
	14 VAC 5-130-65 A 8	All health insurance coverage issued in the individual health insurance market shall be originally priced to meet a minimum 75% loss ratio and must be guaranteed renewable or noncancellable.		
	14 VAC 5-130-65 A 9	All health insurance coverage issued in the small group health insurance market must be originally priced to meet a minimum 75% loss ratio and must be guaranteed renewable or noncancellable.		
	14 VAC 5-130-65 B	The average annual premium per policy per member shall be computed by the health insurance issuer based on an anticipated distribution of business by all applicable criteria having a price difference, such as age, sex, amount, dependent status, rider frequency, etc., except assuming an annual mode for all policies *(i.e., the fractional premium loading shall not affect the average annual premium or anticipated loss ratio calculation).*		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
All Accident and Sickness Forms; Subscriber Contracts of Hospital, Medical or Surgical Plans; Dental Plans; Optometric Plans; Health Insurance Coverage in the Individual and Small Group Markets; Group Medicare supplement forms and subscriber contracts of hospital, medical or surgical plans – Filing a Rate Revision	14 VAC 5-130-70 A	(i) New Rate Sheet; (ii) All information required by SERFF; and (iii) Unified Rate Review Template (individual and small group health insurance markets).		
	14 VAC 5-130-70 B	Actuarial Memorandum		
	14 VAC 5-130-70 B 1	A description of the type of policy, including benefits, renewability, issue age limits, and if applicable, whether the policy includes grandfathered, non-grandfathered plans, or both.		
	14 VAC 5-130-70 B 2	The scope and reason for the premium or rate revision.		
	14 VAC 5-130-70 B 3	A comparison of the revised premiums with the current premium scale, including all percentage rate changes and any rating factor changes.		
	14 VAC 5-130-70 B 4	A statement of whether the revision applies only to new business, only to in-force business, or to both.		
	14 VAC 5-130-70 B 5	The estimated average annual premium per policy and per member, before and after the proposed rate revision. If different changes by rating classification are requested, the filing also must include: (i) Range of changes; and (ii) average overall change, including a detailed explanation of how the change was determined.		
	14 VAC 5-130-70 B 6	*The following is applicable to all coverage with the exception of coverage issued in the small group market:* Submit Form 130-A showing historical and projected experience, including: (i) Projections for future experience, and Virginia and national historical experience of earned premiums, paid claims, incurred claims and loss from inception through		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
		most recent quarter. Virginia and national experience should be shown separately. Missing experience should be estimated with all estimation assumptions and methodologies provided in detail; (ii) A statement of the basis for determining the rate revision (Virginia, national, or blended); and (iii) If blended, provide the credibility factor assigned to the national experience.		
	14 VAC 5-130-70 B 7	Details and dates of all past rate revisions, including annual rate revisions members will experience resulting from this filing. If a company only revises rates annually, the rate revision must be identical to the current submission. If a company has had more frequent rate revisions, the annual revision must reflect the compounding impact of all revisions for the past 12 months.		
	14 VAC 5-130-70 B 8	A description of how revised rates were determined, including the general description and source of each assumption of Form 130-A. For claims, provide historical and projected claims by major service category for both cost and utilization on Form 130-B.		
	14 VAC 5-130-70 B 9	If the rate revision applies to new business, provide the anticipated loss ratio and a description of how it was calculated.		
	14 VAC 5-130-70 B 10	If the rate revision applies to in-force business provide: (a) The anticipated loss ratio and a description of how it was calculated; and (b) The estimated cumulative loss ratio, historical and anticipated, and a description of how it was calculated.		
	14 VAC 5-130-70 B 11	The loss ratio that was originally anticipated for the policy.		
	14 VAC 5-130-70 B 12	If 9, 10a, or 10b is less than 11, supporting documentation for the use of such premiums or rates.		
	14 VAC 5-130-70 B 13	The current number of Virginia and national members to which the revision applies for the most recent month for which such data is available, and either premiums in force, premiums earned, or premiums collected for such members in the year immediately prior to the filing of the rate revision.		
	14 VAC 5-130-70 B 14	Certification by a qualified actuary that, to the best of the actuary's knowledge and judgment, the rate filing is in compliance with applicable laws and regulations of this Commonwealth and the premiums are reasonable in relation to the benefits provided.		
	14 VAC 5-130-70 B 15	For coverage issued in the individual or small group health insurance markets, a certification by a qualified actuary of the		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
		actuarial value of each plan of benefits included and the AV calculation summary.		
Health Insurance Issuer – Filing a Rate Revision	14 VAC 5-130-75 A 1	For individual accident and sickness insurance, individual, and group Medicare supplement insurance, and coverage issued in the individual market, with respect to filings of rate revisions for a previously approved form, benefits shall be deemed reasonable in relation to premiums provided the present values of the future and lifetime loss ratios are at least as great as the standards in 14 VAC 5-130-70 B 11.		
Health Insurance Issuer – Filing a Rate Revision	14 VAC 5-130-75 B	For coverage issued in the small group health insurance market, the anticipated loss ratio over the entire period for which the revised rates are computed to provide coverage must be at least as great as the standards in 14 VAC 5-130-70 B 11.		
Health Insurance Issuer – Filing a Rate Revision	14 VAC 5-130-75 C	Revised premiums for policies issued on or after the effective date of the revision must meet the standards in 14 VAC 5-130-65 A, except the average annual premium shall be determined on actual rather than anticipated distribution of business.		
Medicare Supplement Requirements		*Applicable requirements for Medicare Supplement insurance rate filings in addition to the above:*		
Standardized Medicare Supplement Forms	14 VAC 5-170-120 A 2	All filings of rates and rating schedules shall demonstrate that expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards.		
Pre-Standardized Medicare Supplement Forms	14 VAC 5-170-120 A 3	For policies issued prior to July 30, 1992, expected claims in relation to premiums shall meet: (a) The originally filed anticipated loss ratio when combined with the actual experience since inception; (b) The appropriate loss ratio requirement from subdivisions 1 a and 1 b of this subsection when combined with actual experience beginning with July 1, 1991, to date; and (c) The appropriate loss ratio requirement from subdivisions 1 a and 1 b of this subsection over the entire future period for which the rates are computed to provide coverage.		
Annual Rate and Experience Filing	14 VAC 5-170-120 C	An issuer of Medicare supplement policies and certificates issued before or after July 30, 1992, in this Commonwealth shall file annually its rates, rating schedule, and supporting		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
		documentation including ratios of incurred losses to earned premiums by policy duration for approval by the State Corporation Commission in accordance with the filing requirements and procedures prescribed by the State Corporation Commission. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. An expected third-year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policies or certificates in force less than three years.		
Actuarial Certification for Medicare Supplement Rate Revision Filings	14 VAC 5-170-120 C	For annual rate and experience filings, an actuarial certificate by a qualified actuary that the best of the actuary's knowledge and judgment, the following items are true with respect to the filing as follows: 1. The assumptions present the actuary's best judgment as to the reasonable value for each assumption and are consistent with the issuer's business plan at the time of the filing; 2. The anticipated lifetime loss ratio, future loss ratios, and except for policies issued prior to July 30, 1992, third-year loss ratios all exceed the applicable ratio; 3. Except for policies issued prior to July 30, 1992, the filed rates maintain the proper relationship between policies which had different rating methodologies; 4. The filing was prepared based on the current standards of practices as promulgated by the Actuarial Standards Board, including the data quality standard of practice, as described at: www.actuary.org; 5. The filing is in compliance with the applicable laws and regulations in this Commonwealth; and 6. The premiums are reasonable in relation to the benefits provided.		
Actuarial Certification for Medicare Supplement Rate Revision Filings	14 VAC 5-170-130 B	For proposed rate changes, an actuarial certificate by a qualified actuary that to the best of the actuary's knowledge and judgment, the following items are true with respect to the filing as follows: 1. The assumptions present the actuary's best judgment as to the reasonable value for each assumption and are		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
		consistent with the issuer's business plan at the time of the filing; 2. The anticipated lifetime loss ratio, future loss ratios, and except for policies issued prior to July 30, 1992, third-year loss ratio all exceed the applicable ratio; 3. The filing was prepared based on the current standards or practices as promulgated by the Actuary Standards Board including the data qualify standard of practice as described at: www.actuary.org; 4. The filing is in compliance with applicable laws and regulations in this Commonwealth; and 5. The premiums are reasonable in relation to the benefits provided.		
Chance in the Rating Structure or Methodology of a Medicare Supplement Form	14 VAC 5-170-130 D 3	A change in the rating structure or methodology shall be considered a discontinuance under subdivision 1 of this subsection unless the issuer complies with the following requirements: (a) The issuer provides an actuarial memorandum, in a form and manner prescribed by the State Corporation Commission, describing the manner in which the revised rating methodology and resultant rates differ from the existing rating methodology and existing rates. (b) The issuer does not subsequently put into effect a change of rates or rating factors that would cause the percentage differential between the discontinued and subsequent rates as described in the actuarial memorandum to change.		
For Coverage in the Individual and Small Group Health Insurance Markets Risk Pools and Index Rates	14 VAC 5-130-81 A & B	The claims experience of all enrollees in all health benefit plans are members of a single risk pool. *(Not applicable to grandfathered coverage).*		
	14 VAC 5-130-81 C	Each plan year or policy year, as applicable, a health insurance issuer shall: 1. Establish an index rate based on the total combined claim costs for providing essential health benefits within the single risk pool of the individual or small group market; 2. The index rate may be adjusted on a market-wide basis based on the total expected market-wide payments and charges under the risk adjustment and reinsurance		

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	LOCATION IN THE FILING TO INCLUDE EXHIBIT NAME OR NUMBER	FILER'S NOTES
		programs in this Commonwealth, and 3. The premium rate for all of the health insurance issuer's plans shall use the applicable index rate, as adjusted in accordance with subsection D of this section.		
	14 VAC 5-130-81 D	A health insurance issuer may vary premium rates for a particular plan from its index rate for a relevant state market based only on the following actuarially justified plan-specific factors: 1. The actuarial value and cost-sharing design on the plan. 2. The plan's provider network, delivery system characteristics, and utilization management practices. 3. The benefits provided under the plan that are in addition to the essential health benefits. These additional benefits shall be pooled with similar benefits within a single risk pool and the claims experience from those benefits shall be utilized to determine rate variations for plans that offer those benefits in addition to essential health benefits. 4. Administrative costs, excluding health benefit exchange user fees. 5. With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.		

Access to Administrative Letters, Administrative Orders, Regulations and Laws is available at:

http://www.scc.virginia.gov/boi/laws.aspx

The Life and Health Division, Rates Section reviews rate revisions. Please contact this section at (804) 371-9110 if you have questions or need additional information about this line of insurance.

I hereby certify that I have reviewed the attached rate revision filing and determined that it is in compliance with the rate revision checklist.

Signed: _____

Name (please print): _____

Company Name: _____

Date: _____ Phone No: ( ) _____ FAX No: ( )_____

E-Mail Address: _____