

**State:** New York **Filing Company:** Nippon Life Insurance Company of America  
**TOI/Sub-TOI:** H16G Group Health - Major Medical/H16G.003A Small Group Only - PPO  
**Product Name:** NY Community Rated  
**Project Name/Number:** Rate Filing 2013.11.01/N-2013-11-1S

## Filing at a Glance

Company: Nippon Life Insurance Company of America  
Product Name: NY Community Rated  
State: New York  
TOI: H16G Group Health - Major Medical  
Sub-TOI: H16G.003A Small Group Only - PPO  
Filing Type: Rate Adjustment pursuant to Section 3231(e)(1)  
Date Submitted: 06/18/2013  
SERFF Tr Num: NLAM-129078695  
SERFF Status: Assigned  
State Tr Num: 2013060102  
State Status:  
Co Tr Num: N-2013-11-1S  
Implementation: 11/01/2013  
Date Requested:  
Author(s):   
Reviewer(s):   
Disposition Date:  
Disposition Status:  
Implementation Date:  
State Filing Description:

State: New York Filing Company: Nippon Life Insurance Company of America
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Project Name/Number: Rate Filing 2013.11.01/N-2013-11-1S

General Information

Project Name: Rate Filing 2013.11.01
Project Number: N-2013-11-1S
Requested Filing Mode: Review & Approval

Status of Filing in Domicile: Not Filed
Date Approved in Domicile:
Domicile Status Comments: Product not sold in state of domicile.
Market Type: Group
Group Market Size: Small
Overall Rate Impact:

Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Employer
Filing Status Changed: 06/19/2013
State Status Changed:

Deemer Date:
Submitted By:

Created By:
Corresponding Filing Tracking Number:

PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

Rate change request for 11/1/2013 through 12/31/2013. This is the rate filing associated with the prefiling NLAM-129059548.

Company and Contact

Filing Contact Information

[Redacted contact information]

Filing Company Information

[Redacted company information] CoCode: 81264 State of Domicile: Iowa
Group Code: 81264 Company Type: Life
Group Name: N/A State ID Number:
FEIN Number: 04-2509896

Filing Fees

Fee Required? No
Retaliatory? No

Fee Explanation:

State Specific

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1. Is a parallel product being submitted for another issuing entity of the same parent organization? Yes/No (If Yes, enter name of other entity, submission date, and SERFF Tracking Number of the parallel file.): No
2. Type of insurer? Article 43, HMO, Commercial, Municipal Coop, or Fraternal Benefit Society: Commercial
3. Is this filing for Group Remittance, Statutory Individual HMO, Statutory Individual POS, Blanket, or Healthy New York? Yes/No (If Yes, enter which one.): No
4. Type of filing? Enter Form and Rate, Form only, Rate only (Form only should be used ONLY when the filing only contains an application, advertisement, administrative form, or is an out-of-state filing. Form submissions with no proposed rate impact are considered form and rate filings and require an actuarial memorandum.): Rate only
5. Is this a Rate only filing? Yes/No [If Yes, enter one: Commission/Fee Schedule, Prior Approval Rate Adjustment, DBL Loss Ratio Monitoring, Loss Ratio Experience Monitoring/Reporting, Medicare Supplement Annual Filing (other than rate adjustment), Medicare Supplement Refund Calculation Filing, Timothy's Law Subsidy Filing, Sole Proprietor Rating, 4308(h) Loss Ratio Report, 3231(e) Loss Ratio Report, Experience Rating Formula, or Other with brief explanation.): Yes, Prior Approval Rate Adjustment
6. Does this submission contain a form subject to Regulation 123? Yes/No (If Yes, provide a full explanation in the Filing Description field.: No
7. Did this insurer prefile group coverage for this group under Section 52.32 prior to this filing? Yes/No (If Yes, enter the state tracking number assigned and the effective date of coverage.): No
8. Does this submission contain any form which is subject to review by the Life Bureau, the Property Bureau or both? Yes/No (If Yes, identify the forms, the Bureau, the date submitted, and the SERFF file number.): No
9. Does this filing contain forms that replace any other previously approved forms? Yes/No (If Yes, identify the form numbers, the file number, and the date of approval of the forms being replaced in the Filing Description field.): No
10. If this is a rate adjustment filing pursuant to Section 3231(e)(1) or 4308(c), did this insurer submit a "Prior Approval Prefiling" containing a draft narrative summary and initial notification letter associated with this filing? Yes/No (If Yes, enter the state tracking number and the SERFF tracking number of the prefile.): Yes, NLAM-129059548

SERFF Tracking #:

NLAM-129078695

State Tracking #:

2013060102

Company Tracking #:

N-2013-11-1S

State:

New York

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Rate Filing 2013.11.01/N-2013-11-1S

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Actuarial Memorandum/Actuarial Certification
<b>Comments:</b>	
<b>Attachment(s):</b>	Actuarial Memorandum 20130618 signed.pdf Actuarial Memorandum Exhibits A B C.pdf Actuarial Memorandum Exhibit D.pdf Actuarial Memorandum Exhibit E.pdf Actuarial Memorandum Exhibit F.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Final Notice of Proposed Rate Adjustment
<b>Comments:</b>	
<b>Attachment(s):</b>	Certificate Holder Final Notice.pdf Policyholder Final Notice.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Initial Notice of Proposed Rate Adjustment
<b>Comments:</b>	
<b>Attachment(s):</b>	Certificate Holder Letter _initial notice before approval_ - with NYDFS corrections.pdf Policyholder Letter _initial notice before approval_ - with NYDFS corrections.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Redacted Documents for Web Posting
<b>Comments:</b>	No redactable information exists.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 1 - General Information
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SERFF Tracking #:

NLAM-129078695

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<b>Comments:</b>	
<b>Attachment(s):</b>	PA_Standard_Exhibit_1.xls PA_Standard_Exhibit_1.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 2 - Summary of Average Claim Trend and Administrative Expenses
<b>Comments:</b>	
<b>Attachment(s):</b>	PA_Standard_Exhibit_2.xls PA_Standard_Exhibit_2.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 3 - Narrative Summary
<b>Comments:</b>	
<b>Attachment(s):</b>	Nippon Life Insurance Company of America Narrative Summary for November 1 2013 Rate Adjustment _website_ - with NYDFS corrections.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 4 - Part A - Summary of Proposed Percentage Rate Changes
<b>Comments:</b>	this product uses a rolling rate structure
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 4 - Part B - Summary of Proposed Percentage Rate Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	PA_Standard_Exhibit_4B.xls PA_Standard_Exhibit_4B.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

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Rate Filing 2013.11.01/N-2013-11-1S

<b>Satisfied - Item:</b>	Standard Exhibit 4 - Part C - Summary of Proposed Percentage Rate Changes
<b>Comments:</b>	no rate change on drug riders
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 4 - Part D - Summary of Proposed Percentage Rate Changes
<b>Comments:</b>	no rate change on drug riders
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 5 - Part A - Distribution of Contracts Affected by Proposed Rate Adjustments
<b>Comments:</b>	product has a rolling rate structure
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 5 - Part B - Distribution of Contracts Affected by Proposed Rate Adjustments
<b>Comments:</b>	
<b>Attachment(s):</b>	PA_Standard_Exhibit_5B.xls PA_Standard_Exhibit_5B.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 6 - Summary of Policy Form and Product Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	PA_Standard_Exhibit_6.xls PA_Standard_Exhibit_6.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Standard Exhibit 7 - Historical Data
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**SERFF Tracking #:**

NLAM-129078695

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N-2013-11-1S

**State:**

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<b>Comments:</b>	
<b>Attachment(s):</b>	PA_Standard_Exhibit_7.xls PA_Standard_Exhibit_7.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Rate Summary Worksheet
<b>Comments:</b>	
<b>Attachment(s):</b>	201311_RateSummaryTemplate - NY SG_export.xls 201311_RateSummaryTemplate - NY SG_export.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Cover Letter
<b>Comments:</b>	
<b>Attachment(s):</b>	Cover Letter 20130618 signed.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

**Nippon Life Insurance Company of America  
Actuarial Memorandum**

**PURPOSE**

The purpose of this filing is to disclose our intent to change the rate level charged to Nippon Life Insurance Company of America's (NLIA's) New York community rated groups for new business and renewals during November and December of 2013 only. This memorandum is not intended to be used for other purposes.

**BACKGROUND**

NLIA was most recently granted a 4.75% rate increase by the New York State Department of Financial Services effective November 1, 2012. Since then, our claims experience has deteriorated. We have determined that a rate increase is justifiable effective November 1, 2013.

In addition, the impact of a new federal assessment to fund activities related to the Patient Protection and Affordable Care Act (PPACA) was applied to earned premium starting in 2013. We need to incorporate the needed premium to pay the federal assessment into our rate level.

As a result of the deterioration in our experience and the new federal assessment, we are filing a 4.9% rate increase to be effective November 1, 2013.

The proposed rate increase is based on a November 1, 2013 rate adequacy test. The experience period used in the analysis is January 2010 through December 2012 based on claims paid through April 2013. NLIA will implement this rate change by increasing the Experience Adjustment Factor.

The remainder of this memorandum follows the sections for the actuarial memorandum laid out in the "New York Insurance Departments Instructions/Review Standards for Rate Adjustment Filings Submitted Pursuant to Section 3231(e)(1) or Section 4308(c) of the New York Insurance Law" dated April 8, 2013.

**JUSTIFICATION OF RATES**

- a) Pending approval from the New York Insurance Department, NLIA will increase rate levels 4.9% for New York community rated medical policies. There is only one policy form, NP 5500 et al, available to NLIA's New York community rated business.

Please see the table below, which summarizes the projected loss ratios in attached Exhibits A and B:

**New York Community Rated Business Experience by Japanese Business and Local Business (Experience period from January 2010 to December 2012)**

<b>Business</b>	<b>Member count*</b>	<b>Standardized Projected Earned Premium**</b>	<b>Projected Incurred Claim</b>	<b>Loss Ratio</b>
Japanese owned Employers	1,628	\$36,566,890	\$18,529,286	51%
U.S based Employers	8,697	\$87,700,374	\$84,944,603	97%

\* Members as of 12/31/2012.

\*\* Adjusted for 1.5% premium reduction effective 4/1/2009, 2.23% premium reduction effective 3/1/2010, 18.38% premium reduction effective 1/1/2011, 9% premium increase effective 7/1/2011, 3% premium decrease effective 1/1/2012, and 4.7% premium increase effective 11/1/2012.

As you can see, the projected loss ratio for the U.S. based employers is almost double the loss ratio for the Japanese owned employers. The experience for our block of business is extremely sensitive to the proportion of Japanese business in our block.

We have based our requested rate increase on the mix of business expected to renew during November and December 2013, 20% Japanese, 80% U.S., which is the portion of the block that will be subject to this rate action. However, the full block of business (all renewal months) is 17% Japanese, 83% U.S. Note that considering the full block of business would have caused us to arrive at a higher requested rate increase.

We have sold a large volume of U.S. based (Local) new business in previous years. The first two months experience for new business tends to be better than the ultimate level of experience. Therefore, we must make a duration adjustment to the unusually large volume of early duration experience.

**Justification for applying adjustments only to Local Business**

Since January 2012, the NYCR block has seen a high level of sales of new Local Groups, and virtually no sales of new Japanese Groups. Durational studies have shown groups typically incur fewer claims dollars in short duration (during their first two months of issue) compared to all durations. Additionally, groups in short duration have a smaller proportion of claims dollars over a large claims threshold than do groups in all durations. The volume of recent new sales is causing significant short duration Local Group experience to fall within the experience period. Therefore, to obtain an ultimate-level loss ratio projection, we must adjust the short duration claim amounts for Local Groups.

**Introduction of two necessary adjustments**

In our Experience Projection, we have applied two adjustments to short duration claims for Local Groups. The first is a positive adjustment to bring claims to an

ultimate level. The second is an offsetting adjustment to compensate for a large claims pooling charge that is higher than necessary in short duration.

### **Description and calculation of the first adjustment**

The first adjustment considers loss ratios observed for groups in all durations versus those in short duration. For experience during the 3 year period 1/09 to 12/11, the overall loss ratio was 93.36%. The comparable figure for short duration groups was 81.65%. In this case, the first adjustment to short duration claims is a factor of  $93.36\% / 81.65\% = 1.143$ .

### **Description of the second adjustment**

For the second adjustment, we compare large claims as a proportion of total claims in short duration with large claims as a proportion of total claims in all durations. A complication here is that a large claim is defined as being above a certain threshold per year; however we need a way to tabulate large claims incurred during the first 2 months of a group's experience.

### **Definition of large claims in a month and calculation example**

For each insured with claims during a calendar year in excess of the \$20,000 pooling limit, we calculate claims over \$20,000 as a percentage of the insured's claims for the year. Then we apply that percentage to the insured's monthly claim amounts to determine the monthly amounts deemed over the \$20,000 annual threshold. An example should clarify:

Say an insured has \$80,000 of incurred claims in a calendar year. Then \$60,000 of those claims is greater than the \$20,000 threshold. Since  $\$60,000 / \$80,000 = 75\%$  of claims for the year are over \$20,000, we deem 75% of this insured's claim dollars to be large claims. If the insured had \$4,000 of claims in a given month within the year, then  $\$4,000 * 75\% = \$3,000$  from that month are deemed to be large claims.

### **Calculation of the second adjustment**

Now we can determine the large claims proportion of total claims in short duration, and the large claims proportion of total claims in all durations. If we subtract the large claims proportion in all durations from the large claims proportion for short duration, we obtain a factor (as a percentage of claims) which compensates for the overstatement of pooling charges in short duration. Large claims represent 21.50% of claims in short duration and 23.71% of claims in all durations. Therefore the second adjustment to short duration claims is a factor of  $1 + (21.50\% - 23.71\%) = 0.9779$ .

### **Calculation of composite adjustment**

The composite of these two adjustments is  $1.143 * 0.9779 = 1.118$ . The incurred claims for the first two durations experience in each experience month were increased by a factor of 1.118.

As a result of the analysis shown in Exhibits A through D, we are requesting a 4.9% rate increase effective November 1, 2013.

There will be no change to NLIA's rates due to either tier structure, factors used to convert per member month results to per single employee results, variance in the prior incurred claim cost per member per month estimate or differentials between rating regions.

- b) No new benefit options are being added to an existing rate table.
- c) Sample rate calculations using the proposed new rates, including current and proposed rate and dollar and percentage change, are attached in the document entitled "Exhibit F – Current and Proposed Rate" The rate increase will be equal across area, rating tier and benefit option.
- d) This section discusses the standard premium development in Exhibit 7. Earned premium and incurred claims for all New York Community Rated business for the period 1/1/2010 through 12/31/2012 are detailed in the attached Exhibit C. Exhibits A and B show Local business and Japanese business respectively. Member counts were estimated based on the historical relationship between dependent unit and number of dependents. Premium numbers include no adjustment for assessments or taxes. Incurred claims are based on claims paid through April 30, 2013 plus an estimate for claims incurred but not paid using a traditional completion lag methodology.

Market Stabilization Pool receipts and payments are included in incurred claims. Payments received from the Pool in 2008 and 2009 have been passed on to policyholders through reduced new and renewal premium as approved by the Insurance Department. NLIA paid \$331,096 into the pool for 2010 experience and \$1,745,318 for 2011 experience. NLIA is a net payer into the Market Stabilization Pool through December 2012.

The columns labeled "Standardized Earned Premium" in Exhibits A, B and C are calculated by adjusting earned premium for the April 2009, March 2010, January 2011, July 2011, January 2012 and November 2012 rate actions. Premiums earned on groups prior to their renewal on April 1, 2009 were reduced to reflect the four subsequent rate reductions and two rate increases. Premiums earned on groups after their renewal on April 1, 2009 and prior to their renewal on March 1, 2010 were reduced to reflect the last three subsequent rate reductions and the two rate increases. Premiums earned on groups after their renewal on March 1, 2010 and prior to their renewal on January 1, 2011 were reduced to reflect the last two rate reductions and the two rate increases. Premiums earned on groups after their renewal on January 1, 2011 and prior to July 1, 2011 were adjusted to reflect the two subsequent rate increases and one rate reduction. Premiums earned on groups renewed after July 1, 2011 and prior to January 1, 2012 were adjusted to reflect the one subsequent rate reduction and one subsequent rate increase. Premiums earned on groups renewed after January 1, 2012 were adjusted to reflect the subsequent rate increase. Premium growth was projected using 1.10%

monthly trend using simple interest through 3/1/2009, 0.95% monthly trend through 1/1/2012, and 0.80% monthly trend thereafter. These represent the premium trend on file for NLIA's New York community rated block of business. The mid-point of the experience period is 7/1/2011, so the average effective date for groups included in the experience is 6 months prior to the mid-point or 1/1/2011. Therefore, we trend the premium forward, on average, 34.5 months from 1/1/2011 to 11/15/2013. We use simple interest to calculate monthly trend. The 0.95% per month trend factor was in effect starting 3/1/2010. The 0.80% trend factor was effective 1/1/2012.

- e) Incurred claims through December 2012 are based on NLIA's actual paid claims through April 2013 plus a provision for claims incurred but not paid. Receipts and payments to the Market Stabilization Pool are included in claim costs. There was no adjustment made to our claims data. \$80.7 million in claims were paid over the 36 month experience period.

The life years in the most recent 36 month experience period is about 16,000, which is considered partially credible under the federal MLR rebate calculation adopted under NAIC and HHS. However, we are treating our experience as fully credible for the purpose of setting overall rate level for a few reasons. NLIA's block of business is more homogeneous than an average block of NY small group business for several reasons.

- 1) All of the business is from the New York City tri-state area. We only market in the counties in and around New York. As a result, our block does not vary much by area.
  - 2) NLIA's small group products are homogeneous. We only sell PPO products. We do not sell POS or HMO products. In addition, the vast majority of the business is written on one PPO network (Aetna Signature Administrators).
  - 3) The Small Group Market Stabilization Pool, which is unique to New York small group business, also reduces volatility and makes experience more credible.
  - 4) Many of our members are Japanese rotational employees who are in the United States just for a few years for their jobs. These employees and their families tend to be very healthy, and they return to Japan if they become seriously ill. This population of rotational employees has a stabilizing effect on our experience because they have so few serious illnesses. As a result, the experience is less volatile than it would be for a typical block of small group business without rotational employees.
- f) Claims are projected using an annual effective trend of 10.0% through 1/1/2013 and 9.0% thereafter. Consistent with the projection of standardized premium, the claims for the experience period were trended, on average, 34.5 months from 7/1/2011 through 5/15/2014.

### **Trend Factors (cost/utilization)**

In order to trend experience forward from our experience period into 2014, we separately considered trend through the end of the experience period (2012) and trend beyond the experience period (2013 and 2014).

### **Trend through 2012**

To arrive at the appropriate medical trend factor through 2012, we considered two primary sources of data. We considered our own experience and a Medical Trend report prepared by Towers Watson.

We also examined trend for a stable block of our in-force business. The increase in allowed charges averaged 10% based on the experience for this block from October 2010 to October 2012.

Additionally, we considered a report prepared for us by Towers Watson, which aggregates several sources of recent Medical and Prescription Drug cost trends by type of service and suggests projected future trends. This report looks at current and historic trends from a variety of sources including Munich Re, AON Hewitt, the Health Care Cost Institute and Segal Company. The Towers Watson report suggests a projected trend of 8% to 10% for 2011 and 2012.

Our experience trend is in the range of expected trend according to the Towers Watson study. Therefore, we assumed an annual trend of 10% for our experience period through 2012.

### **Trend beyond 2012**

To arrive at the medical trend factor beyond 2012, we considered two primary sources of information. We again considered our own experience and the Towers Watson Medical Trend study. In addition to these primary information sources, we also considered the S&P Healthcare Economic Commercial Index and other competitor information as points of reference.

The report prepared for us by Towers Watson looks at current and historic trends from a variety of sources including Munich Re, AON Hewitt, the Health Care Cost Institute and Segal Company. The Towers Watson Report projected a deceleration of trend starting in 2013. The report recommends a trend of 7% to 9% for 2013 and 2014.

Finally, we considered the S&P Healthcare Economic Commercial Index. According to the S&P Healthcare Economic Commercial Index, the 12 month rolling trend in healthcare costs covered by commercial insurance has been trending down. The S&P healthcare cost index, however, captures only the increase in total health care expenditures (commercial insurer claims plus member cost sharing) nationwide for all plans. It does not capture the full impact of anti-selection or the effect of co-pay/deductible leveraging. Therefore, we will use it only as an indicator of the direction of trend rather than as an absolute measure of trend

We also again considered trend for a stable block of our in-force business. As noted before, the average increase in paid charges was 10% based on the experience for this block from October 2010 to October 2012 over the year-earlier period. However, experience trends have been decreasing over the past several months. This suggests a deceleration in trend heading into 2013.

NLB experience and S&P trends have been decreasing over the past several months. The Towers Watson report recommends a 1% reduction in annual trend in 2013 and 2014. Therefore, we are assuming an annual trend of 9% (.75% monthly) for 2013 and 2014.

We did not make any morbidity or demographic adjustments to our experience period results to reflect expected differences between the experience period and projection period. Our marketing activity and new business will be limited. Therefore, we believe the anticipated changes to our in-force mix of business modeled above are sufficient to project 2014 results.

Note that NLIA's experience trends for New York Community Rated business are much higher than indicated by the market-based studies we used to set our trend assumption.

We will reset the trend start date from November 1, 2012 to November 1, 2013. As a result, to adjust the medical and drug Experience Adjustment Factor from November 2012 to November 2013, we will add one year of trend plus the 4.9% requested rate increase. Since the monthly trend factor for the period was 0.0080, the Experience Adjustment Factor on November 1, 2013, will be  $4.05 * (1 + 12 * 0.0080) * 1.049 = 4.66$ .

- g) The projected loss ratio using premium and claims trend mentioned above is 88.3%. The requested rate increase equals  $88.3\% / 84.2\% - 1 = 4.9\%$ . Market Stabilization Pool payments and receipts are included in incurred claims.
- h) The proposed percentage rate change does not vary within policy form.
- i) The proposed percentage rate change does not vary within permitted aggregation of policy forms.
- j) The proposed percentage rate change does not vary by rating region.
- k) Expense assumptions included in the revised rates are as follows:

Regulatory Authority Licenses and Fee	0.25%
Administrative Expenses (Improve Health Care Quality)	0.30%
Other Administrative Expenses	8.10%
Commission	2.21%
Premium Taxes	1.50%
Federal ACA Assessment	2.85%
After-tax Underwriting Margin (profit / Contribution to Surplus)	1.00%
Federal Income Taxes (34% federal tax rate)	0.52%
State Income Taxes (0.5% maximum state tax rate)	0.00%
Reduction for Net Investment Income	-0.90%
Total	15.83%

Administration expenses that are not directly allocable to New York small group (actuarial, accounting, IT, legal, human resources, general services, claim adjudication, premium billing) were allocated as a percent of premium across all blocks of business. Expenses directly allocable to New York community rated business (sales, underwriting and PPO network expenses) were allocated directly to the NY community rated block.

Finally, there is a new retention item for a new federal assessment. All fully insured health plans will be subject to a federal tax assessment of \$8B based on 2013 earned premium and \$11.3B based on 2014 earned premium. The Center for Medicare and Medicaid Services (CMS) projects \$926B in total employer based private health insurance in 2013 and \$1,014B in 2014. The 2011 Kaiser/HRET Survey of Employer Sponsored Health Benefits indicates that 40% of all private employer plans are fully insured. Therefore, \$8B in assessments will be collected based on \$376B of fully insured employer based premium in 2014 and \$11.3B in assessments will be collected on \$405B of fully insured premium in 2015.

The total projected assessment is 2.16% of 2014 earned premium. We have projected the needed expense load of 2.85% in five steps.

- 1) Project total earned premium for November 2013 and December 2013 effective dates.

- 2) Separate earned premium calculated in 1) between calendar years 2013 and 2014.
- 3) Multiply premium earned in 2014 by 2.16%.
- 4) Divide the result from step 3) by the total earned premium calculated in step 1).
- 5) Finally, divide the result from step 4) by .66 (one minus the federal tax rate) because the federal assessment will not be deductible from federal taxes. This is the premium expense load that will be applied during the rating period.

Please see Exhibit E for a calculation of the new federal assessment retention item.

- 1) The expected loss ratio after the proposed rate action is 84.2%. This is calculated by setting the required rate change equal to the projected loss ratio divided by 84.2% minus one.

**CERTIFICATION**

To the best of my knowledge and judgment, these rates are in compliance with the applicable laws and regulations of the State of New York, including Regulation 62.

The rates for the products described in the Actuarial Memorandum have been developed under my supervision using reasonable and actuarially sound assumptions and methods in compliance with Actuarial Standards of Practice number 8.

The expected loss ratio meets the minimum requirement of New York State. NLIA uses an 84.2% expected loss ratio for all New York State rating regions.

I believe the rates to be reasonable in relation to the benefits.

The rates are not unfairly discriminatory.



June 18, 2013

NYCR Experience Projection -- with duration adjustment  
 Experience Period 01/10 through 12/12 with 4 months runout  
 Includes NY MSP Refund

Row Labels	Values						Duration Adjusted Claims	Duration Adjusted Loss Ratio	Premium						Standardized Earned Premium	Premium Trended to 11/16/13	Claims			
	Member Count	Earned Premium	PMPM Premium	Incurred Claims	PMPM Claims	Premium Post 11/1/12			Premium Post 11/1/11	Premium Post 7/1/11	Premium Post 1/1/11	Premium Post 3/1/10	Premium Post 4/1/09	Premium Pre 4/1/09			Premium Post 11/1/12	Premium Trended to 11/16/13	Trended to 5/17/14	Projected Loss Ratio
<b>Local Business</b>																				
Jan-10	503	327,709	652	380,647	757	382,136	116.6%	21,874	305,834	-	-	-	-	-	289,339	425,870	570,329	134%		
Feb-10	533	342,398	642	296,084	556	298,108	87.1%	10,608	331,790	-	-	-	-	-	302,471	441,810	441,334	100%		
Mar-10	572	366,890	641	432,473	756	436,555	119.0%	-	338,822	28,068	-	-	-	-	324,824	470,879	641,593	136%		
Apr-10	625	388,875	622	433,402	693	436,936	112.4%	-	236,084	152,791	-	-	-	-	346,768	498,868	636,979	128%		
May-10	671	418,638	624	330,802	493	334,877	80.0%	-	240,326	178,312	-	-	-	-	373,587	533,332	484,388	91%		
Jun-10	676	427,819	633	327,368	484	328,673	76.8%	-	214,950	212,868	-	-	-	-	382,398	541,695	471,583	87%		
Jul-10	678	437,813	646	268,658	396	268,658	61.4%	-	168,988	268,825	-	-	-	-	392,359	551,410	382,467	69%		
Aug-10	683	441,361	646	324,438	475	324,438	73.5%	-	144,542	296,819	-	-	-	-	396,059	552,387	458,156	83%		
Sep-10	659	426,612	647	385,800	585	385,800	90.4%	-	140,507	286,105	-	-	-	-	382,807	530,107	540,419	102%		
Oct-10	654	423,125	647	280,755	429	280,755	66.4%	-	121,451	301,674	-	-	-	-	380,040	522,657	390,208	75%		
Nov-10	662	432,185	653	386,344	584	387,581	89.7%	-	84,831	347,354	-	-	-	-	388,968	531,232	534,340	101%		
Dec-10	677	442,769	654	352,569	521	353,180	79.8%	-	51,429	391,341	-	-	-	-	399,209	541,419	483,116	89%		
Jan-11	1,212	717,589	592	635,590	524	664,881	92.7%	-	26,177	401,068	290,345	-	-	-	707,247	952,457	902,166	95%		
Feb-11	1,393	804,105	577	634,452	455	668,595	83.1%	-	-	393,617	410,487	-	-	-	810,438	1,083,584	899,897	83%		
Mar-11	2,136	1,124,309	526	1,242,314	582	1,280,799	113.9%	-	-	372,343	751,966	-	-	-	1,169,402	1,552,399	1,711,344	110%		
Apr-11	2,570	1,326,274	516	1,112,951	433	1,168,921	88.1%	-	-	246,842	1,079,433	-	-	-	1,418,630	1,869,749	1,549,274	83%		
May-11	3,167	1,596,121	504	1,661,476	525	1,727,034	108.2%	-	-	222,295	1,373,826	-	-	-	1,722,488	2,253,835	2,271,142	101%		
Jun-11	3,836	1,902,778	496	1,775,254	463	1,824,097	95.9%	-	-	195,928	1,706,850	-	-	-	2,067,484	2,685,573	2,379,460	89%		
Jul-11	4,034	1,959,578	486	1,942,402	482	1,968,899	100.5%	-	-	137,424	1,634,825	187,328	-	-	2,125,170	2,739,942	2,548,320	93%		
Aug-11	4,274	2,046,500	479	2,149,658	503	2,173,567	106.2%	-	-	113,393	1,650,162	282,944	-	-	2,217,586	2,838,674	2,790,553	98%		
Sep-11	4,489	2,214,148	493	2,369,253	528	2,390,514	108.0%	-	-	112,694	1,639,621	461,833	-	-	2,387,044	3,033,614	3,044,357	100%		
Oct-11	4,470	2,181,287	488	1,930,159	432	1,937,603	88.8%	-	-	92,056	1,613,157	476,075	-	-	2,353,549	2,968,642	2,448,326	82%		
Nov-11	4,612	2,279,274	494	2,259,305	490	2,273,841	99.8%	-	-	41,703	1,594,668	642,903	-	-	2,457,065	3,075,822	2,850,042	93%		
Dec-11	5,066	2,369,035	468	3,424,597	676	3,556,393	150.1%	-	-	-	1,596,418	772,617	-	-	2,553,104	3,171,742	4,422,840	139%		
Jan-12	6,128	2,993,484	488	3,198,091	522	3,202,569	107.0%	-	-	-	1,399,426	796,621	797,438	-	3,194,637	3,938,312	3,950,725	100%		
Feb-12	6,383	3,131,032	491	2,842,621	445	2,851,117	91.1%	-	-	-	1,284,399	776,709	1,069,925	-	3,332,440	4,075,951	3,488,834	86%		
Mar-12	6,466	3,144,547	486	3,118,519	482	3,090,652	98.3%	-	-	-	895,844	748,634	1,500,068	-	3,324,157	4,034,175	3,753,435	93%		
Apr-12	6,666	3,239,457	486	2,856,647	429	2,828,195	87.3%	-	-	-	593,269	742,261	1,903,928	-	3,405,615	4,100,612	3,407,022	83%		
May-12	7,024	3,393,520	483	3,208,300	457	3,185,467	93.9%	-	-	-	266,353	751,258	2,375,910	-	3,547,091	4,237,194	3,807,491	90%		
Jun-12	7,507	3,629,284	483	3,971,634	529	3,990,762	110.0%	-	-	-	-	752,685	2,876,600	-	3,778,022	4,477,088	4,731,605	106%		
Jul-12	7,695	3,800,176	494	3,672,964	477	3,641,295	95.8%	-	-	-	-	611,493	3,188,684	-	3,961,469	4,659,078	4,283,598	92%		
Aug-12	7,935	3,900,673	492	3,182,837	401	3,161,627	81.1%	-	-	-	-	483,049	3,345,046	-	3,994,749	4,666,720	3,689,354	79%		
Sep-12	8,118	3,989,011	491	3,559,612	438	3,590,493	90.0%	-	-	-	-	349,078	3,514,406	-	4,036,031	4,683,121	4,156,049	89%		
Oct-12	8,308	4,034,755	486	3,998,310	481	3,949,576	97.9%	-	-	-	-	296,506	3,536,303	-	4,005,549	4,615,643	4,536,044	98%		
Nov-12	8,470	4,195,762	495	5,976,233	706	5,908,669	140.8%	-	-	-	-	143,409	3,742,057	171,900	4,237,419	4,848,860	6,731,367	139%		
Dec-12	8,697	4,327,568	498	4,051,049	466	4,030,993	93.1%	-	-	-	-	-	3,879,932	332,510	4,396,738	4,995,923	4,556,443	91%		
<b>Local Business Total</b>	<b>138,249</b>	<b>69,176,467</b>	<b>500</b>	<b>68,973,568</b>	<b>499</b>	<b>69,284,253</b>	<b>100.2%</b>	<b>32,483</b>	<b>2,405,733</b>	<b>4,793,520</b>	<b>19,781,050</b>	<b>9,275,401</b>	<b>31,730,296</b>	<b>504,410</b>	<b>71,561,954</b>	<b>87,700,374</b>	<b>84,944,603</b>	<b>97%</b>		

NYCR Experience Projection -- with duration adjustment  
 Experience Period 01/10 through 12/12 with 4 months runout  
 Includes NY MSP Refund

Row Labels	Values										Premium Post 11/1/12	Standardized Earned Premium	Premium Trended to 11/16/13	Claims Trended to 5/17/14	Projected Loss Ratio					
	Member Count	Earned Premium	PMPM Premium	Incurred Claims	PMPM Claims	Duration Adjusted Claims	Duration Adjusted Loss Ratio	Premium Pre 4/1/09	Premium Post 4/1/09	Premium Post 3/1/10						Premium Post 1/1/11	Premium Post 7/1/11			
Global Business																				
Jan-10	1,035	589,499	570	175,038	169	175,038	29.7%	2,583	586,916	-	-	-	-	-	520,965	766,793	261,239	34%		
Feb-10	1,035	589,633	570	189,756	183	189,756	32.2%	2,583	587,050	-	-	-	-	-	521,084	761,129	280,924	37%		
Mar-10	1,052	603,285	573	161,155	153	161,155	26.7%	-	588,917	14,368	-	-	-	-	533,474	773,346	236,845	31%		
Apr-10	1,159	648,885	560	269,764	233	269,764	41.6%	-	518,533	130,351	-	-	-	-	576,113	828,807	393,270	47%		
May-10	1,170	659,208	563	217,772	186	217,772	33.0%	-	468,968	190,241	-	-	-	-	586,444	837,206	315,000	38%		
Jun-10	1,148	644,800	562	247,550	216	247,550	38.4%	-	362,102	282,698	-	-	-	-	575,573	815,343	355,187	44%		
Jul-10	1,136	651,795	574	263,597	232	263,597	40.4%	-	322,411	329,385	-	-	-	-	582,697	818,906	375,263	46%		
Aug-10	1,154	667,249	578	818,072	709	818,072	122.6%	-	300,157	367,091	-	-	-	-	597,115	832,803	1,155,243	139%		
Sep-10	1,250	717,631	574	315,337	252	315,337	43.9%	-	268,974	437,789	-	-	-	-	633,463	877,212	441,717	50%		
Oct-10	1,273	732,344	575	382,669	301	382,669	52.3%	-	269,493	451,984	-	-	-	-	646,753	889,459	531,853	60%		
Nov-10	1,307	746,466	571	251,643	193	251,643	33.7%	-	174,077	561,521	-	-	-	-	661,441	903,363	346,929	38%		
Dec-10	1,288	732,794	569	319,952	248	319,952	43.7%	-	136,721	585,205	-	-	-	-	649,836	881,327	437,664	50%		
Jan-11	1,563	869,924	557	500,458	320	500,458	57.5%	-	6,248	679,320	173,488	-	-	-	811,742	1,093,181	679,063	62%		
Feb-11	1,609	886,773	551	345,169	215	345,169	38.9%	-	-	671,705	204,200	-	-	-	833,350	1,114,218	464,581	42%		
Mar-11	1,646	897,495	545	382,703	233	382,703	42.6%	-	-	653,581	214,404	-	-	-	828,268	1,099,538	511,350	47%		
Apr-11	1,722	917,685	533	420,317	244	420,317	45.8%	-	-	525,647	362,115	-	-	-	876,214	1,154,846	557,083	48%		
May-11	1,741	918,652	528	417,837	240	417,837	45.5%	-	-	456,047	418,421	-	-	-	875,658	1,145,777	549,478	48%		
Jun-11	1,749	920,529	526	466,802	267	466,802	50.7%	-	-	360,232	517,346	-	-	-	898,607	1,167,252	608,924	52%		
Jul-11	1,612	845,851	525	430,268	267	430,268	50.9%	-	-	251,301	510,468	41,893	-	-	835,087	1,076,662	556,890	52%		
Aug-11	1,607	794,631	494	472,715	294	472,715	59.5%	-	-	207,715	463,839	85,287	-	-	788,137	1,008,874	606,900	60%		
Sep-11	1,654	874,116	528	434,454	263	434,454	49.7%	-	-	132,131	533,349	171,367	-	-	884,258	1,123,774	553,284	49%		
Oct-11	1,652	876,644	531	346,722	210	346,722	39.6%	-	-	113,862	522,458	191,516	-	-	876,155	1,105,135	438,113	40%		
Nov-11	1,536	889,142	579	443,514	289	443,514	49.9%	-	-	26,946	535,243	278,144	-	-	899,767	1,126,353	555,902	49%		
Dec-11	1,638	880,875	538	503,921	308	503,921	57.2%	-	-	-	528,978	303,089	-	-	893,816	1,110,394	626,692	56%		
Jan-12	1,545	865,247	560	367,103	238	361,899	41.8%	-	-	-	315,207	300,336	211,642	-	875,958	1,079,870	446,442	41%		
Feb-12	1,601	907,006	567	455,894	285	449,431	49.6%	-	-	-	313,715	297,407	257,823	-	919,703	1,124,901	549,956	49%		
Mar-12	1,595	902,712	566	738,019	463	727,556	80.6%	-	-	-	301,699	296,320	261,505	-	909,149	1,103,337	883,579	80%		
Apr-12	1,562	870,748	557	363,867	233	358,709	41.2%	-	-	-	168,952	290,341	368,278	-	867,897	1,045,012	432,124	41%		
May-12	1,546	876,004	567	515,689	334	508,378	58.0%	-	-	-	116,896	289,095	437,391	-	881,374	1,052,849	607,649	58%		
Jun-12	1,530	879,640	575	517,444	338	510,108	58.0%	-	-	-	-	288,532	558,486	-	878,184	1,040,679	604,804	58%		
Jul-12	1,550	965,334	623	479,390	309	472,594	49.0%	-	-	-	-	255,303	677,534	-	969,123	1,139,785	555,957	49%		
Aug-12	1,561	902,061	578	525,615	337	518,163	57.4%	-	-	-	-	212,656	654,977	-	902,163	1,053,919	604,653	57%		
Sep-12	1,554	913,765	588	501,739	323	494,626	54.1%	-	-	-	-	137,618	741,191	-	916,228	1,063,126	572,537	54%		
Oct-12	1,571	922,413	587	348,048	222	343,113	37.2%	-	-	-	-	127,866	759,423	-	925,418	1,066,370	394,062	37%		
Nov-12	1,574	942,863	599	514,594	327	507,298	53.8%	-	-	-	-	27,041	880,087	112,164	1,061,531	1,214,705	577,933	48%		
Dec-12	1,628	964,128	592	412,980	254	407,125	42.2%	-	-	-	-	-	927,070	147,139	1,118,245	1,270,639	460,195	36%		
Global Business Total	52,553	29,467,830	561	14,517,565	276	14,436,186	49.0%	5,166	4,590,567	7,429,118	6,200,780	3,593,811	6,735,407	259,304	28,610,988	36,566,890	18,529,286	51%		

NYCR Experience Projection -- with duration adjustment  
 Experience Period 01/10 through 12/12 with 4 months runout  
 Includes NY MSP Refund

Row Labels	Member		PMPM		PMPM		Duration	Duration	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Standardized	Premium	Claims	Claims
	Count	Earned Premium	Premium	Incurred Claims	Claims	Adjusted Claims	Adjusted Loss Ratio	Pre 4/1/09	Post 4/1/09	Post 3/1/10	Post 1/1/11	Post 7/1/11	Post 1/1/12	Post 11/1/12	Earned Premium	Trended to 11/16/13	Trended to 5/17/14	Projected Loss Ratio	
<b>Total Business</b>																			
Jan-10	1,538	917,208	596	555,684	361	557,174	60.7%	24,457	892,750	-	-	-	-	-	810,305	1,192,662	831,568	70%	
Feb-10	1,568	932,031	594	485,840	310	487,864	52.3%	13,191	918,840	-	-	-	-	-	823,555	1,202,939	722,258	60%	
Mar-10	1,624	970,176	597	593,628	366	597,710	61.6%	-	927,739	42,436	-	-	-	-	858,298	1,244,225	878,438	71%	
Apr-10	1,784	1,037,760	582	703,165	394	706,699	68.1%	-	754,617	283,143	-	-	-	-	922,881	1,327,675	1,030,249	78%	
May-10	1,841	1,077,846	585	548,574	298	552,650	51.3%	-	709,294	368,553	-	-	-	-	960,031	1,370,538	799,388	58%	
Jun-10	1,824	1,072,618	588	574,918	315	576,223	53.7%	-	577,052	495,566	-	-	-	-	957,971	1,357,037	826,771	61%	
Jul-10	1,814	1,089,609	601	532,255	293	532,255	48.8%	-	491,399	598,210	-	-	-	-	975,056	1,370,316	757,730	55%	
Aug-10	1,837	1,108,610	603	1,142,510	622	1,142,510	103.1%	-	444,700	663,910	-	-	-	-	993,174	1,385,190	1,613,400	116%	
Sep-10	1,909	1,144,243	599	701,137	367	701,137	61.3%	-	409,481	723,894	-	-	-	-	1,016,270	1,407,319	982,135	70%	
Oct-10	1,927	1,155,470	600	663,424	344	663,424	57.4%	-	390,944	753,658	-	-	-	-	1,026,793	1,412,116	922,061	65%	
Nov-10	1,969	1,178,651	599	637,987	324	639,224	54.2%	-	258,908	908,875	-	-	-	-	1,050,409	1,434,596	881,269	61%	
Dec-10	1,965	1,175,564	598	672,522	342	673,132	57.3%	-	188,150	976,546	-	-	-	-	1,049,045	1,422,746	920,780	65%	
Jan-11	2,775	1,587,514	572	1,136,048	409	1,165,339	73.4%	-	32,425	1,080,388	463,833	-	-	-	1,518,989	2,045,639	1,581,229	77%	
Feb-11	3,002	1,690,878	563	979,621	326	1,013,764	60.0%	-	-	1,065,323	614,688	-	-	-	1,643,788	2,197,802	1,364,477	62%	
Mar-11	3,782	2,021,805	535	1,625,017	430	1,663,502	82.3%	-	-	1,025,924	966,371	-	-	-	1,997,670	2,651,937	2,222,694	84%	
Apr-11	4,292	2,243,960	523	1,533,268	357	1,589,238	70.8%	-	-	772,489	1,441,548	-	-	-	2,294,844	3,024,595	2,106,358	70%	
May-11	4,908	2,514,773	512	2,079,313	424	2,144,871	85.3%	-	-	678,341	1,792,247	-	-	-	2,598,146	3,399,612	2,820,620	83%	
Jun-11	5,585	2,823,307	506	2,242,056	401	2,290,900	81.1%	-	-	556,160	2,224,196	-	-	-	2,966,091	3,852,824	2,988,384	78%	
Jul-11	5,646	2,805,429	497	2,372,670	420	2,399,167	85.5%	-	-	388,725	2,145,293	229,222	-	-	2,960,257	3,816,604	3,105,210	81%	
Aug-11	5,881	2,841,131	483	2,622,374	446	2,646,282	93.1%	-	-	321,109	2,114,001	368,232	-	-	3,005,723	3,847,548	3,397,453	88%	
Sep-11	6,143	3,088,264	503	2,803,707	456	2,824,968	91.5%	-	-	244,825	2,172,970	633,200	-	-	3,271,302	4,157,388	3,597,641	87%	
Oct-11	6,122	3,057,932	499	2,276,881	372	2,284,325	74.7%	-	-	205,917	2,135,615	667,591	-	-	3,229,703	4,073,777	2,886,439	71%	
Nov-11	6,148	3,168,416	515	2,702,819	440	2,717,354	85.8%	-	-	68,649	2,129,912	921,047	-	-	3,356,832	4,202,175	3,405,944	81%	
Dec-11	6,704	3,249,910	485	3,928,518	586	4,060,314	124.9%	-	-	-	2,125,396	1,075,706	-	-	3,446,920	4,282,136	5,049,532	118%	
Jan-12	7,673	3,858,731	503	3,565,194	465	3,564,467	92.4%	-	-	-	1,714,632	1,096,957	1,009,081	-	4,070,595	5,018,182	4,397,168	88%	
Feb-12	7,984	4,038,039	506	3,298,515	413	3,300,548	81.7%	-	-	-	1,598,114	1,074,115	1,327,747	-	4,252,144	5,200,852	4,038,790	78%	
Mar-12	8,061	4,047,259	502	3,856,538	478	3,818,208	94.3%	-	-	-	1,197,544	1,044,954	1,761,574	-	4,233,306	5,137,512	4,637,014	90%	
Apr-12	8,228	4,110,206	500	3,220,515	391	3,186,904	77.5%	-	-	-	762,221	1,032,602	2,272,205	-	4,273,512	5,145,625	3,839,146	75%	
May-12	8,570	4,269,525	498	3,723,988	435	3,693,845	86.5%	-	-	-	383,249	1,040,353	2,813,300	-	4,428,465	5,290,043	4,415,139	83%	
Jun-12	9,037	4,508,924	499	4,489,078	497	4,500,870	99.8%	-	-	-	-	1,041,217	3,435,086	-	4,656,206	5,517,767	5,336,410	97%	
Jul-12	9,245	4,765,510	515	4,152,354	449	4,113,890	86.3%	-	-	-	-	866,796	3,866,217	-	4,930,592	5,798,862	4,839,556	83%	
Aug-12	9,496	4,802,735	506	3,708,451	391	3,679,790	76.6%	-	-	-	-	695,705	4,000,022	-	4,896,912	5,720,639	4,294,008	75%	
Sep-12	9,672	4,902,777	507	4,061,350	420	4,085,119	83.3%	-	-	-	-	486,696	4,255,598	-	4,952,259	5,746,247	4,728,586	82%	
Oct-12	9,879	4,957,168	502	4,346,358	440	4,292,689	86.6%	-	-	-	-	424,372	4,295,726	-	4,930,967	5,682,012	4,930,106	87%	
Nov-12	10,044	5,138,625	512	6,490,826	646	6,415,967	124.9%	-	-	-	-	170,450	4,622,144	284,064	5,298,950	6,063,565	7,309,300	121%	
Dec-12	10,325	5,291,696	513	4,464,029	432	4,438,118	83.9%	-	-	-	-	-	4,807,002	479,649	5,514,984	6,266,562	5,016,637	80%	
<b>Grand Total</b>	<b>190,802</b>	<b>98,644,297</b>	<b>517</b>	<b>83,491,133</b>	<b>438</b>	<b>83,720,439</b>	<b>84.87%</b>	<b>37,648</b>	<b>6,996,300</b>	<b>12,222,638</b>	<b>25,981,830</b>	<b>12,869,213</b>	<b>38,465,702</b>	<b>763,714</b>	<b>100,172,942</b>	<b>124,267,264</b>	<b>103,473,889</b>	<b>83%</b>	
	15900.1667																		
4/1/09 reduced premium 1.50%	0.985	Monthly Premium Trend	1.10%	< dur 2 local															
3/1/2010 Reduced premium 2.23%	0.978		3/1/2010	claims factor															
1/1/2011 reduced premium 18.38%	0.816		1/1/2012																
7/1/2011 increase premium 9.00%	1.090																		
1/1/2012 reduced premium 3.00%	0.970	Annual Claims Trend	10.00%	Projection Period															
11/1/2012 increased premium 4.75%	1.0475		1/1/2013																

# NYCR Experience Projection for the year beginning 11/1/2013

Experience Period 01/10 through 12/12 with 4 months runout

Includes NY MSP Refund

	Earned Premium	Incurred Claims	Loss Ratio	Duration Adjusted Loss Ratio	Projected Annualized In-Force Premium at 12/1/13*	Projected Business Mix at 12/1/13*	Projected Loss Ratio with Duration Adjustment **	Justified Rate Increase with Duration Adjustment
Local	69,176,467	68,354,947	98.8%	100.2%	649,372	79.7%	97.7%	
Global	29,467,830	14,436,186	49.0%	49.0%	165,293	20.3%	51.5%	
Total	98,644,297	82,791,133	83.9%	84.9%	814,664	100.0%	88.3%	
						Pricing Assumption:	84.2%	<u>4.9%</u>

\* 11/1/2013 and 12/1/2013 Projected New Business and Renewals only

\*\* Includes adjustment for anticipated PPACA reinsurance fees in 2014, estimated at 0.8% of premium

## Determination of Federal Assessment

Applicable to premiums earned beginning 1/1/2014

To be applied to NYCR cases renewing 11/1/2013

### Federal Assessment

a.	8,500,944	Projected 2014 Earned Premium
b.	9,775,973	Projected 11/13 and later Post-Renewal Premium
( a. / b. * 2.16% ) / 0.66 =		<u><u>2.85%</u></u>

### Detail

<u>Earned Date</u>	(a.)  Projected 2014 Earned Premium	(b.)  Projected 11/13 and later Post-Renewal Premium
Nov-2013	0	460,365
Dec-2013	0	814,664
Jan-2014	814,664	814,664
Feb-2014	814,664	814,664
Mar-2014	814,664	814,664
Apr-2014	814,664	814,664
May-2014	814,664	814,664
Jun-2014	814,664	814,664
Jul-2014	814,664	814,664
Aug-2014	814,664	814,664
Sep-2014	814,664	814,664
Oct-2014	814,664	814,664
Nov-2014	354,299	354,299
<b>Totals</b>	<b>8,500,944</b>	<b>9,775,973</b>

# Exhibit F

## Current and Proposed Rate

		Rates from 11/1/12 to 10/1/13					Rates from 11/1/13 to 12/1/13	
		Renewal 11/1/2012	Renewal 1/1/2013	Renewal 4/1/2013	Renewal 7/1/2013	Renewal 10/1/2013	Renewal 11/1/2013	Renewal 12/1/2013
Plan Design	Deductible	\$200	\$200	\$200	\$200	\$200	\$200	\$200
	In Network Coinsurance	90/10%	90/10%	90/10%	90/10%	90/10%	90/10%	90/10%
	Out of Network Coinsurance	80/20%	80/20%	80/20%	80/20%	80/20%	80/20%	80/20%
	Out-of-Pocket	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	In Network Copay	\$10	\$10	\$10	\$10	\$10	\$10	\$10
	Rx	No PCS	No PCS	No PCS	No PCS	No PCS	No PCS	No PCS
1. Base Rate	Member	209.99	209.99	209.99	209.99	209.99	209.99	209.99
	Spouse	247.81	247.81	247.81	247.81	247.81	247.81	247.81
	Child	198.44	198.44	198.44	198.44	198.44	198.44	198.44
2. PCS Exclusion	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Spouse	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Child	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3. 90 <sup>th</sup> Percentile Reimbursement	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Spouse	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Child	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. Biologically Based Mental Illness	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Spouse	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Child	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5. Emotional Disturbance in Children	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Spouse	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Child	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6. Make Available Option		1.01	1.01	1.01	1.01	1.01	1.01	1.01
7. Extension of Dependent Coverage to Age 26		N/A	N/A	N/A	N/A	N/A	N/A	N/A
8. Remove Preventive Care Cost Sharing	(Non-grandfathered Plan)	1.005	1.005	1.005	1.005	1.005	1.005	1.005
9. Extension of Mini-COBRA Factor	(Effective 11/1/2010)	1.0025	1.0025	1.0025	1.0025	1.0025	1.0025	1.0025
10. Base Rate - PCS Exclusion	Member	213.68	213.68	213.68	213.68	213.68	213.68	213.68
	Spouse	252.17	252.17	252.17	252.17	252.17	252.17	252.17
	Child	201.93	201.93	201.93	201.93	201.93	201.93	201.93
11. Network Discount Factor	(ASA Network)	0.67	0.67	0.67	0.67	0.67	0.67	0.67
12. Area Factors	New York (10000-10292)	1.449	1.449	1.449	1.449	1.449	1.449	1.449
13. Monthly Trend		0.0080	0.0080	0.0080	0.0080	0.0080	0.0080	0.0080
14. Renewal Rate effective date		11/1/2012	1/1/2013	4/1/2013	7/1/2013	10/1/2013	11/1/2013	12/1/2013
15. Number of Months to trend		0	2	5	8	11	0	1
16. Trend Factor *		1.000	1.016	1.040	1.064	1.088	1.000	1.008
17. Experience Adjustment Factor		4.050	4.050	4.050	4.050	4.050	4.660	4.660
18. Final Rates	Member	840.17	853.62	873.78	893.94	914.11	966.72	974.45
	Spouse	991.49	1007.36	1031.15	1054.95	1078.74	1140.83	1149.95
	Child	793.96	806.66	825.72	844.77	863.83	913.55	920.85
19. Year Over Year Proposed Rate Change	Member	11.8%	14.9%	14.9%	14.8%	14.8%	15.1%	15.1%
	Spouse	11.8%	14.9%	14.9%	14.8%	14.8%	15.1%	15.1%
	Child	11.8%	14.9%	14.9%	14.8%	14.8%	15.1%	15.1%

Date

Attn: Name

Company Name

Address

Dear [Certificate Holder]:

On June 14, 2013, we sent you a letter notifying you that we had filed a rate increase to your small group medical plan with the New York State Department of Financial Services. Nippon Life Benefits is now providing notice that the New York State Department of Financial Services has made a decision regarding our filed rate increase.

The New York State Department of Financial Services has approved an xx.x% rate increase for employer groups renewing November 2013. As a result of the increase, the premium paid by your company to purchase the plan, which is shown below, will increase xx.x% at the next renewal, assuming there are no changes in plan design, Preferred Provider Organization (PPO), or location of employees.

	Current Premium
Employee	\$\$\$\$
Employee + Spouse	\$\$\$\$
Employee + Child	\$\$\$\$
Family	\$\$\$\$

We thank you for choosing Nippon Life Benefits for your employee medical insurance.

Sincerely,



Nippon Life Insurance Company of America

New York Regional Sales Office

655 Third Avenue, 18th Floor, New York, NY 10017



Date

Attn: Name

Company Name

Address

Dear [Policyholder]:

On June 14, 2013, we sent you a letter notifying you that we had filed a rate increase to your small group medical plan with the New York State Department of Financial Services. Nippon Life Benefits is now providing notice that the New York State Department of Financial Services has made a decision regarding our filed rate increase.

The New York State Department of Financial Services has approved an xx.x% rate increase for employer groups renewing November 2013. As a result of the increase, your current rate, which is shown below, will increase xx.x% at the next renewal, assuming there are no changes in plan design, Preferred Provider Organization (PPO), or location of employees.

	Current Premium
Employee	\$\$\$\$
Employee + Spouse	\$\$\$\$
Employee + Child	\$\$\$\$
Family	\$\$\$\$

We thank you for choosing Nippon Life Benefits for your employee medical insurance.

Sincerely,



Nippon Life Insurance Company of America

New York Regional Sales Office

655 Third Avenue, 18th Floor, New York, NY 10017 | 

Date

ATTN: Name  
Company Name  
Address

Dear Certificate Holder:

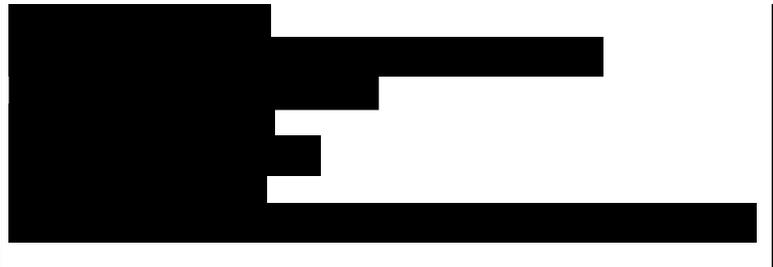
Nippon Life Benefits will be filing an application for a rate increase to your small group medical plan with the New York State Department of Financial Services (DFS) on June 18, 2013. The proposed rate increase is 15% for groups renewing between November 1, 2013 and December 31, 2013, assuming there are no changes in plan design or location of employees.

The 15% proposed rate increase includes medical care cost trend of 11%, a 3% rate increase due to a new federal tax assessment to help fund activities related to the Patient Protection and Affordable Care Act (PPACA), and an additional 1% increase to support a new federal reinsurance program. We have posted a narrative summary on our website [www.nipponlifebenefits.com](http://www.nipponlifebenefits.com), providing more detailed explanation of the reason for the rate increase. This same summary is also available on the DFS website <https://myportal.dfs.ny.gov/web/prior-approval/welcome>.

The Superintendent of Financial Services may approve the proposed rate increase as requested, modify the proposed rate increase, or disapprove the proposed rate increase in its entirety. If the Superintendent of Financial Services approves all or part of our requested increase, we will notify you of the approved increase at least 60 days prior to your group's renewal date.

You have 30 days from the date of our filing to contact Nippon Life Benefits or the DFS to ask for more information about the rate change or to submit written comments. Inquiries and comments to the DFS should indicate that your insurance company is Nippon Life Benefits. Written comments submitted to the DFS will be posted on the website of the DFS with all personal identifying information removed. Comments may be submitted to the DFS online at <https://myportal.dfs.ny.gov/web/prior-approval/welcome> or by contacting:

Health Bureau - Premium Rate Adjustment  
New York State Department of Financial  
Services  
25 Beaver Street  
New York, NY 10004  
Email: [PremiumRateIncreases@dfs.ny.gov](mailto:PremiumRateIncreases@dfs.ny.gov)



Sincerely,



Date

ATTN: Name  
Company Name  
Address

Dear Policyholder:

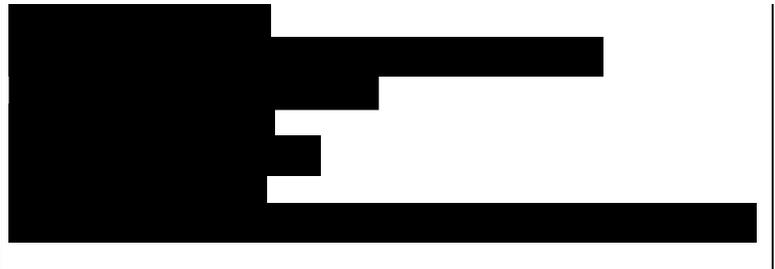
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Health Bureau - Premium Rate Adjustment  
New York State Department of Financial  
Services  
25 Beaver Street  
New York, NY 10004  
Email: [PremiumRateIncreases@dfs.ny.gov](mailto:PremiumRateIncreases@dfs.ny.gov)



Sincerely,



## EXHIBIT 1: GENERAL INFORMATION ABOUT THE RATE ADJUSTMENT SUBMISSION

A. Insurer Information:	<u>Nippon Life Insurance Company of America</u> <small>Company submitting the rate adjustment request</small>  655 Third Ave, 16th Floor New York, NY 10017 <small>Company mailing address</small>	<u>Life - 42</u> <small>Company Type</small>	<u>For Profit</u> <small>Org. Type</small>	<u>81264</u> <small>Company NAIC Code</small>
B. Contact Person:	<span style="background-color: black; color: black;">[REDACTED]</span> <small>Rate filing contact person name, title</small>	<span style="background-color: black; color: black;">[REDACTED]</span> <small>Contact phone number</small>	<span style="background-color: black; color: black;">[REDACTED]</span> <small>Contact Email address</small>	
C. Actuarial Contact (If different from above):	<span style="background-color: black; color: black;">[REDACTED]</span> <small>Actuary name, title</small>	<span style="background-color: black; color: black;">[REDACTED]</span> <small>Actuary phone number</small>	<span style="background-color: black; color: black;">[REDACTED]</span> <small>Actuary Email address</small>	
D. New Rate Information (See Note #1):	<u>11/1/2013 - 12/31/2013</u> <small>New rate applicability period</small>	<u>11/1/2013</u> <small>New rate effective date</small>	<u>NLAM-129078695</u> <small>SERFF Tracking Number</small>	
E. Market segments included in filing (e.g., Large Group, Small Group, Sole Proprietors, Individual, Healthy NY, Medicare Supplement):	<u>Small Group</u>			
F. Provide responses for the following questions:	<b>Response</b>			
1. Does this filing include any revision to contract language that is not yet approved? See note (2).	No			
2. Are there any rate filings submitted and not yet approved that if approved would affect the rate tables included in this rate filing?	No			
3. Have the initial notices already been sent to all policyholders and contract holders affected by this rate submission? Indicate what cohort of policyholders received the initial notice and the mailing date when the initial notice was sent. See note (3).	Yes they have. The initial notices were mailed on June 14, 2013, to about 49 employer group policyholders and approximately 570 certificate holders that were to renew in November and December 2013 (the two month effective period of this filing).			
4. Have all the required exhibits been submitted with this rate application? If any exhibit is not applicable, has an explanation been provided why such exhibit is not applicable?	Yes			
5. Did the company submit a "Prior Approval Prefiling" containing a draft of the initial notice and a draft of the narrative summary associated with this rate filing? Indicate Yes or No, and if Yes, please provide the SERFF number of the prefiling.	Yes. The prefiling SERFF Tracking Number is NLAM-129059548.			

**Notes:**

- (1) It is recommended that a rate filing application subject to §3231(e)(1) or §4308(c) of the New York Insurance Law be submitted at least 150 days before the proposed effective date. It is recommended that a rate adjustment application not be submitted more than 180 days prior to the proposed effective date. It is recommended that a rate adjustment application not be submitted less than 125 days prior to the proposed effective date since there is a high probability that a decision on such a filing will not occur in time for the company to send the required final notice to the first renewal cohort affected by the rate adjustment filing.
- (2) A rate adjustment filing submitted pursuant to §3231(e)(1) or §4308(c) of the New York Insurance Law should **not** include any revision to existing contract language or include new contract language. Any rate filing in connection with a form filing, a new form or a revision to an existing form, must be a separate filing from the rate adjustment filing.  
 Use the following SERFF filing types for rate adjustment filings:
  - \* For a rate adjustment filing pursuant to §3231(e)(1): Rate Adjustment pursuant to §3231(e)(1)
  - \* For a rate adjustment filing pursuant to §4308(c): Rate Adjustment pursuant to §4308(c)
  - \* For all other prior approval filings: Normal Pre-Approval
- (3) §3231(e)(1) and §4308(c) of the New York Insurance Law require that the initial notice to policyholders/subscribers/contract holders be sent on or before the date the rate adjustment application is submitted to the Insurance Department.

**EXHIBIT 2: SUMMARY OF AVERAGE CLAIM TREND AND ADMINISTRATIVE EXPENSES INCLUDED IN CURRENT AND PRIOR RATE ADJUSTMENT FILINGS**

Company Name: Nippon Life Insurance Company of America  
 NAIC Code: 81264  
 SERFF Number: NLAM-129078695

- A. Complete a separate ROW for each market segment/rating pool combination included in the current rate adjustment filing:
- Information should be for medical base plans and associated riders combined.
  - Indicate the market segment the rating pool belongs to by using the drop down list. Market segment refers to Individual (IND), Small Group (SG), Sole Proprietor (SP), Large Group (LG), Individual Healthy NY (HNY-IND), Small Group Healthy NY (HNY-SG), Individual Medicare Supplement (MS-IND), Small Group Medicare Supplement (MS-SG), and Large Group Medicare Supplement (MS-LG). If the proposed percentage rate change for Sole Proprietor is different from Small Group, then a separate market segment of Sole Proprietor (SP) is to be reported; otherwise, use small group.
  - Enter a description of the rating pool within the indicated market segment. If the rating pools vary by rating region, the rating pool description should include a region identifier (eg., SG HMO Downstate, SG HMO Upstate).
  - Use a separate row for each market segment/rating pool combination included in the current rate adjustment filing.
  - Append additional rows to the end of the existing rows as needed. Only use the first tab for data entry.
- B. The average claim trend is the average annualized claim trend for that market segment/rating pool used in the applicable rate adjustment filing to project the source data forward to the applicable rating period (eg 10.0%).
- C. Enter the required information for the new rate period included in this rate adjustment filing. This refers to the various expense components included in the proposed rates and the average annual claim trend assumed.
- D. Enter the corresponding information requested for the immediately prior rate adjustment filing. This refers to the various expense components included in the proposed rates submitted with the immediately prior rate adjustment filing and the average claim trend assumed. If there is no immediately prior rate adjustment filing, enter the data from the initial form and rate filing.
- E. This form must be submitted as an Excel file and as a PDF file.

		Data Item for Specified Rating Pool																													
		For the period included in this rate adjustment filing																													
1. Market Segment	2. Description of rating pool within the market segment	3. Period assumed beginning date (MM/DD/Y)	4. Period assumed ending date (MM/DD/Y)	5. Average annual claim trend assumed	6.1 Regulatory authority licenses and fees, including New York State 332 assessment expenses as a % of gross premium	6.2 Administrative expenses for activities that improve health care quality as defined in the NAIC Annual Statement Health Care Exhibit - as a % of gross premium	6.3 Commissions and broker fees - as a % of gross premium	6.4 Premium Taxes - as a % of gross premium	6.5 Other state and federal taxes and assessments (other than income taxes and covered lives assessments) - as a % of gross premium	6.6 Other administrative expenses - as a % of gross premium	6.7 Subtotal columns 6.1 through 6.6	7. After tax underwriting margin (profit/contribution to surplus) - as a % of gross premium	8. State income tax component - as a % of gross premium	8.1 State income tax rate assumed (eg 3%)	9. Federal income tax component - as a % of gross premium	9.1 Federal income tax rate assumed (eg 30%)	10. Reduction for assumed net investment income - as a % of gross premium (enter as a negative value)	11. Subtotal columns 6.7 + 7 + 8 + 9 + 10	12.1 Regulatory authority licenses and fees, including New York State 332 assessment expenses - as \$mpm	12.2 Administrative expenses for activities that improve health care quality as defined in the NAIC Annual Statement Health Care Exhibit - as \$mpm	12.3 Commissions and broker fees - as \$mpm	12.4 Premium Taxes - as \$mpm	12.5 Other state and federal taxes and assessments (other than income taxes and covered lives assessment) - as \$mpm	12.6 Other administrative expenses - as \$mpm	12.7 Subtotal columns 12.1 through 12.6	13. After tax underwriting margin (profit/contribution to surplus) - as \$mpm	14. State income tax component - as \$mpm	15. Federal income tax component - as \$mpm	16. Reduction for assumed net investment income - as \$mpm (enter as a negative value)	17. Subtotal columns 12.7 through 16	
SG	New York City	XX	11/01/13	10/31/14	9.00%	0.25%	0.30%	2.21%	1.50%	2.85%	8.10%	15.21%	1.00%	0.00%	0.00%	0.52%	34.00%	-0.90%	15.83%	1.52	1.83	13.46	9.13	17.35	49.32	92.60	6.09	0.00	3.17	(5.48)	96.38
		XX										0.00%							0.00%							0.00					0.00
		XX										0.00%							0.00%							0.00					0.00
		XX										0.00%							0.00%							0.00					0.00
		XX										0.00%							0.00%							0.00					0.00
		XX										0.00%							0.00%							0.00					0.00
		XX										0.00%							0.00%							0.00					0.00
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**EXHIBIT 2: SUMMARY OF AVERAGE CLAIM TREND AND ADMINISTRATIVE EXPENSES INCLUDED IN CURRENT AND PRIOR RATE ADJUSTMENT FILINGS**

Company Name  
NAIC Code  
SERFF Number

- A. Complete a separate form for each filing (including information for the current filing and all prior filings for which information is available).
- Information should be provided for each filing.
- Indicate the market (HNY-IND), Small percentage rate of change (S), or Large percentage rate of change (L).
- Enter a descriptive title for the filing (e.g., "Rate Adjustment Filing").
- Use a separate form for each filing.
- Append additional information to the filing.
- B. The average claim trend filing to project.
- C. Enter the required information in the filing.
- D. Enter the corresponding information in the filing.
- E. This form must be completed for each filing.

		Data Item for Specified Rating Pool																													
		For the rate period included in the immediately prior rate adjustment filing (or initial form & rate filing)																													
1. Market Segment	2. Description of rating pool within the market segment	18. Period assumed beginning date (MM/DD/YYYY)	19. Period assumed ending date (MM/DD/YYYY)	20. Average annual claim trend assumed	21.1 Regulatory authority licenses and fees, including New York State 332 assessment expenses as a % of gross premium	21.2 Administrative expenses for activities that improve health care quality as defined in the NAIC Annual Statement Supplement Health Care Exhibit - as a % of gross premium	21.3 Commissions and broker fees - as a % of gross premium	21.4 Premium Taxes - as a % of gross premium	21.5 Other state and federal taxes and assessments (other than income taxes and covered lives assessment) - as a % of gross premium	21.6 Other administrative expenses - as a % of gross premium	21.7 Subtotal columns 21.1 through 21.6	22. After tax underwriting margin (profit/contribution to surplus) - as a % of gross premium	23. State income tax component - as a % of gross premium	23.1 State income tax rate assumed (eg 3%)	24. Federal income tax component - as a % of gross premium	24.1 Federal income tax rate assumed (eg 30%)	25. Reduction for assumed net investment income - as a % of gross premium (enter as a negative value)	26. Subtotal lines 21.7 + 22 + 23 + 24 + 25	27.1 Regulatory authority licenses and fees, including New York State 332 assessment expenses - as \$mpm	27.2 Administrative expenses for activities that improve health care quality as defined in the NAIC Annual Statement Supplement Health Care Exhibit - as \$mpm	27.3 Commissions and broker fees - as \$mpm	27.4 Premium Taxes - as \$mpm	27.5 Other state and federal taxes and assessments (other than income taxes and covered lives assessment) - as \$mpm	27.6 Other administrative expenses - as \$mpm	27.7 Subtotal lines 27.1 through 27.6	28. After tax underwriting margin (profit/contribution to surplus) - as \$mpm	29. State income tax component - as \$mpm	30. Federal income tax component - as \$mpm	31. Reduction for assumed net investment income - as \$mpm (enter as a negative value)	32. Subtotal columns 27.7 through 31	
SG	New York City	XX	11/01/12	10/31/13	9.60%	0.25%	0.30%	2.39%	1.50%	0.56%	8.62%	13.62%	2.38%	0.00%	0.00%	1.23%	34.00%	-1.20%	16.03%	1.48	1.78	14.15	8.88	3.32	51.05	80.66	14.09	0.00	7.28	(7.11)	94.93
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**Nippon Life Insurance Company of America (Nippon Life Benefits) NAIC #81264**  
**Explanation of November 1, 2013 to December 31, 2013 Small Group Rate Adjustment**

Nippon Life Benefits (NLB) will soon file their New York Small Group PPO and New York Small Group High Deductible Health Plan (HDHP) proposed rates for November 1, 2013 through December 31, 2013. If the proposed rates are approved, then this will result in the following renewal rate increases for all PPO and HDHP plans, assuming no changes in network, area or plan design.

Nippon Life Benefits (NLB) will soon file their New York Small Group PPO and New York Small Group High Deductible Health Plan (HDHP) proposed rates. If the proposed rates are approved, then this will result in 15% premium rate increase for all PPO and HDHP plans renewing November 1, 2013 through December 31, 2013, assuming no changes in network, area or plan design. This increase is composed of 9% medical trend, 2% shifting to higher cost groups, 3% for a new federal tax assessment to help fund activities related to the Patient Protection and Affordable Care Act (PPACA), and an additional 1% assessment to fund a new federal reinsurance program

All policyholders with contract renewals occurring November 1, 2013 through December 31, 2013 will be affected by the proposed rate adjustments. As of March 31, 2013, NLB provides 51 small employer groups and 1,170 members in New York with contract renewals between November 1, 2013 and December 31, 2013. The following are the three main reasons why we need to request the above rate changes:

- 1) The cost of medical care has increased. The total increase in cost includes both the increase in the cost for each medical service, such as a visit to the doctor's office or a stay in the hospital, and the increase in the number of services provided. Both the cost per service provided and the number of services provided are projected to increase between the fourth quarter of 2012 and the fourth quarter of 2013. The increase in the cost of medical care is projected to be about 9% from the fourth quarter of 2012 to the fourth quarter of 2013.
- 2) Shifting in NLB's small group business has resulted in higher cost groups. There are certain small employer groups that cost more than the average for all of our groups. We have sold coverage to a large number of these higher cost groups in 2011 and 2012. As a result, the average expected claims for each group are increasing. The shift to higher costing groups adds about 2% to the expected cost during the rating period.
- 3) A new federal tax assessment will be assessed based on 2013 and later premium. This new assessment will help fund activities related to the Patient Protection and Affordable Care Act (PPACA). The new tax is projected at 3% of premium for groups renewing during this period.
- 4) A new federal assessment applied to 2014 membership to support a new federal reinsurance program. The new reinsurance assessment is projected at 1% of premium for groups renewing during this period.

We thank you for choosing Nippon Life Benefits for your employee medical insurance. We are dedicated to providing you with the highest quality benefits and service at a cost you can afford. We have many lower cost benefit options that will help mitigate the impact of our proposed rate adjustment. We are committed to helping you find a benefit option that meets all of your needs.

June 18, 2013

## EXHIBIT 4 - PART B: SUMMARY OF PROPOSED PERCENTAGE RATE CHANGE TO EXISTING RATE

### -- for Base Medical Plan with ROLLING Rate Structure

Nippon Life Insurance Company of America  
Company submitting the rate adjustment request

81264  
Company NAIC Code

NLAM-129078695  
SERFF tracking number

- => Use this Exhibit for the base medical plan type policy forms/products with ROLLING rate structure that are included in the rate adjustment submission.
- => This form must be submitted as an Excel file and as a PDF file.
- => The format of this exhibit is discussed below. Insert more rows as needed. Only use the first tab for data entry.
- => Market segment refers to Individual (IND), Small Group (SG), Sole Proprietor (SP), Large Group (LG), Individual Healthy NY (HNY-IND), Small Group Healthy NY (HNY-SG), Individual Medicare Supplement (MS-INS), Small Group Medicare Supplement (MS-SG), and Large Group Medicare Supplement (MS-LG). If the proposed percentage rate change for Sole Proprietor is different from Small Group, then a separate market segment of Sole Proprietor (SP) is to be reported; otherwise, use small group. Use the drop down list to enter the market segment.
- => The proposed percentage rate change reflects the expected change in premium rate that would apply to the contract holder on that contract holder's next rate change date for each contract holder with the indicated base medical plan.
- => The effective date is the earliest date that the proposed new rate would become effective if approved. The effective period of a new rolling rate may vary depending on the rolling rate structure (e.g., Q1 2013 for a quarterly rolling rate structure.)
- => The product street name is the product name as advertised to consumers (i.e., as consumers are likely to refer to this product/policy form when communicating with the Department).
- => Provide a list of proposed rate changes for each base medical plan type, by product name/street name. If one policy form is used for more than one product, then a separate row should be entered for each policy form/product name/product street name combination.
- => The "proposed rate change" is just for the base medical product, excluding the impact of any riders.
  - Lowest should be the smallest percentage change that could affect any contract holder due to the proposed rate filing with that base medical product; the impact of riders is not included.
  - Highest should be the largest percentage change that could affect any contract holder due to the proposed rate filing with that base medical product; the impact of riders is not included.
  - The weighted average should reflect the average using the distribution of contracts within each base medical product; the impact of riders is not included.

**Base Medical Plan Rolling Rate Products**

SERFF# NLAM-129078695

Policy Form #	Market Segment	Rating Region	Product Name	Product Street Name	Effective Date of New Rate	Effective Period of New Rate	Proposed Percentage Rate Change		
							Lowest	Highest	Weighted Avg
NP 5500	SG	New York City	PPO plans and HSA plans	PPO plans and High Deductible Health plans	11/1/2013	11/1/2013 to 12/31/2013	15.0%	15.0%	15.0%













EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

C:

:

- A. Complete a separate form for each policy form
  - Information re
  - Include riders
  - Insert addition
  - Add a row with
- B. In Column 2 enter
- C. Market segment or Supplement (MS- otherwise, use sm
- D. Product type is H/ Benefit, Medicare
- E. The product street
- F. Note that many ce
- G. If members, cover
- H. This form must be

First Prior Experience Period (NY statewide experience, base medical policy form + associated riders)																								
1a. Base medical policy form number	1b. Product Name as in Rate Manual	15.5 Standardized earned premiums for experience period (\$)	15.6 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	15.7 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	15.8 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$)	15.9 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$)	15.10 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$)	15.11 Earned premiums for experience period (\$mpm)	15.12 Standardized premiums for experience period (\$mpm)	15.13 Paid claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	15.14 Incurred claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	15.15 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$mpm)	15.16 Adjustment to the incurred claims for the period due to receipts from the Regulation 146 pool (enter receipts as a negative value and payments to the pool as a positive value) (\$mpm)	15.17 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)	15.18 Ratio: Col 15.7/ Col 15.4 (Incurred Claims / Earned Premiums)	15.19 Ratio: Col 15.7/ Col 15.5 (Incurred Claims / Standardized Earned Premiums)	15.20 Ratio: Col 15.10/ Col 15.4 (Administrative Expenses / Earned Premiums)	15.21 Ratio: (Col 15.7 + Col 15.8 + Col 15.9) / Col 15.4	16.1 Beginning date of the experience period (MM/DD/YY)	16.2 Ending Date of the experience period (MM/DD/YY)	16.3 Member months for experience period	16.4 Earned premiums for experience period (\$)	16.5 Standardized earned premiums for experience period (\$)	
NP 5500	PPO plans and HSA plans	32,290,265	24,477,962	24,569,928	0	1,732,364	5,544,608	509.83	529.45	401.36	402.86	0.00	28.40	90.91	0.790	0.761	0.178	1.024	XX	01/01/10	12/31/10	21,600	12,859,785	11,443,787
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EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

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- A. Complete a separate
- Information re
- Include riders
- Insert addition
- Add a row with
- B. In Column 2 enter
- C. Market segment or Supplement (MS-otherwise, use SM)
- D. Product type is H, Medicare, or Medicaid
- E. The product street
- F. Note that many cells
- G. If members, cover
- H. This form must be

Second Prior Experience Period (NY statewide experience, base medical policy form + associated riders)																	Annualized Medical Trend Factors Assumed in Rate Development (%)						
1a. Base medical policy form number	1b. Product Name as in Rate Manual	16.6 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	16.7 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$)	16.8 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$)	16.9 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a positive value) (\$)	16.10 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$)	16.11 Earned premiums for experience period (\$mpm)	16.12 Standardized premiums for experience period (\$mpm)	16.13 Paid claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	16.14 Incurred claims for experience period - before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$mpm)	16.15 Adjustment to the incurred claims for the period due to receipts from the standard direct pay or Healthy NY stop loss pools (enter receipts from the pool as a negative value) (\$mpm)	16.16 Adjustment to the incurred claims for the period due to receipts from or payments to the Regulation 146 pool (enter receipts as a positive value) (\$mpm)	16.17 Administrative expenses for experience period (including commissions and premium taxes, but excluding federal and state income taxes) (\$mpm)	16.18 Ratio: Col 16.7/Col 16.4 (Incurred Claims / Earned Premiums)	16.19 Ratio: Col 16.7/Col 16.5 (Incurred Claims / Standardized Premiums)	16.20 Ratio: Col 16.10/Col 16.4 (Administration Expenses / Earned Premiums)	16.21 Ratio: (Col 16.7 + Col 16.8 + Col 16.10) / Col 16.4	17.1 All benefits combined, composite	17.2 Due to utilization	17.3 Due to unit cost	17.4 Due to case mix/intensity/other		
NP 5500	PPO plans and HSA plans	7,480,548	7,480,548	0	331,096	3,004,298	595.36	529.80	346.32	346.32	0.00	15.33	139.09	0.582	0.654	0.234	0.841	XX	9.00%	1.80%	7.20%	0.00%	XX
							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	XX					XX
							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	XX					XX
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							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	XX					XX
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							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	XX					XX
							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	XX					XX
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							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	XX					XX
							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000						

EXHIBIT 7: HISTORICAL DATA BY EACH POLICY FORM INCLUDED IN RATE ADJUSTMENT FILING

- C.
- A. Complete a separate form for each policy form
    - Information re
    - Include riders
    - Insert addition
    - Add a row with
  - B. In Column 2 enter
  - C. Market segment or Supplement (MS-otherwise, use srr)
  - D. Product type is HF, Benefit, Medicare
  - E. The product street
  - F. Note that many ce
  - G. If members, cover
  - H. This form must be

1a. Base medical policy form number	1b. Product Name as in Rate Manual	Ratios: Most Recent Experience Period to First Prior Period						Ratios: First Prior Period to Second Prior Period						Ratio: Standard Premium to Earned Premium				
		18.1 Member months	18.2 Earned premiums (\$pmpm)	18.3 Standardized premiums (\$pmpm)	18.4 Paid claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$pmpm)	18.5 Incurred claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$pmpm)	18.6 Administrative expenses (including commissions and premium taxes, but excluding federal and state income taxes) (\$pmpm)	19.1 Member months	19.2 Earned premiums (\$pmpm)	19.3 Standardized premiums (\$pmpm)	19.4 Paid claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$pmpm)	19.5 Incurred claims for experience period before any adjustment for amounts received from the standard direct pay and Healthy NY stop loss pools and before any adjustment for receipts from or payments to the Regulation 146 pool (\$pmpm)	19.6 Administrative expenses (including commissions and premium taxes, but excluding federal and state income taxes) (\$pmpm)	20.1 Most Recent Experience Period	20.2 First Prior Experience Period	20.3 Second Prior Experience Period		
NP 5500	PPO plans and HSA plans	1,774	0.991	0.985	1.081	1.098	0.775	XX	2,824	0.856	0.999	1.159	1.163	0.654	XX	1,032	1,038	0.890
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000
		0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000	0.000	0.000	0.000	XX	0.000	0.000	0.000

Per the instructions, health insurance issuers proposing rate increases above the threshold fill in only those cells that are highlighted in GREY. The other cells are auto-populated.

**A. Base Period Data**

Start Period: 10/01/2009 End Period: 09/30/2012

Service Categories	Member Months	Total Allowed	Net Claims	Cost Sharing	Cost Sharing PMPM	Net PMPM	Allowed PMPM
Inpatient	165,220	\$ 15,979,130.88	\$ 15,463,990.72	\$ 515,140.16	\$ 3.12	\$ 93.60	\$ 96.71
Outpatient	165,220	\$ 14,016,496.38	\$ 12,519,774.21	\$ 1,496,722.17	\$ 9.06	\$ 75.78	\$ 84.84
Professional	165,220	\$ 36,903,148.28	\$ 29,698,087.03	\$ 7,205,061.25	\$ 43.61	\$ 179.75	\$ 223.36
Prescription Drugs	165,220	\$ 14,576,527.14	\$ 12,318,155.91	\$ 2,258,371.23	\$ 13.67	\$ 74.56	\$ 88.22
Other	165,220	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Capitation	1	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Total</b>	<b>165,220</b>	<b>\$ 81,475,302.68</b>	<b>\$ 70,000,007.87</b>	<b>\$ 11,475,294.81</b>	<b>\$ 69.45</b>	<b>\$ 423.68</b>	<b>\$ 493.13</b>

**B. Claim Projections**

**B1. Adjustment to the Current Rate**

Start Period: 11/01/2012 End Period: 10/31/2013

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.2104	\$ 117.06	\$ 115.40	0.0142
Outpatient	1.2104	\$ 102.68	\$ 93.43	0.0901
Professional	1.2104	\$ 270.35	\$ 221.63	0.1802
Prescription Drugs	1.2104	\$ 106.79	\$ 91.93	0.1391
Other	1.0000	\$ 0.00	\$ 0.00	0.0000
Capitation	1.0000	\$ 0.00	\$ 0.00	0.0000
<b>Total</b>		<b>\$ 596.89</b>	<b>\$ 522.40</b>	<b>0.12</b>

**B2. Claims Projection for Future Rate**

Start Period: 11/01/2013 End Period: 10/31/2014

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1042	\$ 129.26	\$ 128.56	0.0054
Outpatient	1.1042	\$ 113.38	\$ 104.09	0.0820
Professional	1.1042	\$ 298.52	\$ 246.91	0.1729
Prescription Drugs	1.1042	\$ 117.91	\$ 102.41	0.1315
Other	1.0000	\$ 0.00	\$ 0.00	0.0000
Capitation	1.0000	\$ 0.00	\$ 0.00	0.0000
<b>Total</b>		<b>\$ 659.08</b>	<b>\$ 581.97</b>	<b>0.12</b>

**B3. Medical Trend Breakout**

Factor	Impact
Utilization	20.0000%
Unit Cost	80.0000%
Other Factors	0.0000%

**C. Components of Current and Future Rates**

	Future Rate		Prior Estimate of Current Rate		Difference	
	PMPM	%	PMPM	%	PMPM	%
1. Projected Net Claims	\$ 581.97	84.17%	\$ 543.02	83.97%	\$ 38.95	87.06%
2. Administrative Costs	\$ 102.54	14.83%	\$ 88.27	13.65%	\$ 14.27	31.90%
3. Underwriting Gain/Loss	\$ 6.91	1.00%	\$ 15.39	2.38%	\$ (8.48)	-18.96%
4. Total Rate	\$ 691.42	100.00%	\$ 646.68	100.00%	\$ 44.74	100.00%
5. Overall Rate Increase		6.92%				

**D. Components of Rate Increase**

Claims Components	Impact on Rate	Percent
1. Inpatient	\$ 12.02	30.87%
2. Outpatient	\$ 9.74	25.00%
3. Professional	\$ 23.09	59.30%
4. Prescription Drugs	\$ 9.58	24.60%
5. Other	\$ 0.00	0.00%
6. Capitation	\$ 0.00	0.00%
7. Cost Share	\$ 5.13	13.18%
8. Correction of Prior Net Claims Estimate	\$ (20.62)	-52.94%
9. Total	\$ 38.95	100.00%
<b>Claims Restatement for Current Rate Period</b>		
8.a. Prior Net Claims Estimate for Current Rate Period	\$ 543.02	
8.b. Re-Estimate of Net Claims PMPM for Current Rate Period	\$ 522.40	

**E. List of Annual Average Rate Changes Requested and Implemented in the Past Three Calendar Years**

Calendar Year	New Form	Requested	Implemented
2012	N	20.9008%	11.9871%
2011	N	-1.8213%	-3.1536%
2010	N	8.5680%	8.5680%

**F. Range and Scope of Proposed Increase**

Number of Covered Individuals	10,095	Threshold Rate Increase	15.0005%
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	Range of Rate Increase
Minimum % Increase	15.0005%
Maximum % Increase	15.0005%

June 18, 2013

  
Assistant Chief Actuary  
New York State Department of Financial Services  
25 Beaver St.  
New York, NY 10004-2319

**Re: Nippon Life Insurance Company of America (NLIA)  
New York Community Rate Filing**

Dear Mr. Teitel,

NLIA was granted a 4.75% rate increase by the New York State Department of Financial Services effective November 1, 2012. Since then, our claims experience has deteriorated. We have determined that a rate increase is justifiable effective November 1, 2013.

In addition, a new federal assessment to fund activities related to the Patient Protection and Affordable Care Act (PPACA) will be applied to earned premium starting in 2013. NLIA needs to incorporate the needed premium to pay the federal assessment into our rate level.

As a result of the deterioration in our experience and the new federal assessment, we are filing a 4.9% rate increase to be effective November 1, 2013.

An Actuarial Memorandum, the prescribed summary Excel template and a copy of the new rate manual reflecting this change are attached. The Comparative Rate Information for Small Group Health Insurance required by Addendum 3 of Circular Letter 1993-1 is attached in the rate manual Appendix 1.

Please contact me at  with any questions. I thank you for your assistance.

Sincerely,

