

## EXHIBIT 3: NARRATIVE SUMMARY

Company Name: Aetna Life Insurance Company  
NAIC Code: 60054  
SERFF Tracking #: AETN-128948624

Aetna Life Insurance Company is requesting a premium rate increase for its 1990 Individual Standardized Medicare Supplement plans for the state of New York.

The following is a summary of the proposed rate adjustment to be effective on each policyholder's next anniversary occurring on or after the effective date shown:

Effective Date	Proposed Rate Increase	Policyholders Affected
7/1/2013	9.9%	191

The requested rate change for Aetna's 1990 Individual Standardized Medicare Supplement plans is directly related to increased claim costs for this product. Medicare's deductibles and coinsurance typically increase each year. Since Medicare Supplement plans cover some, if not all, of these cost sharing features, the claim costs associated with these plans typically increase annually as well. In addition, medical trend increases caused by increased utilization, inflation, and new technology continue to increase the cost of medical care. To account for rising medical costs, it is common for Medicare Supplement carriers to increase premium rates on an annual basis.

New York state law requires a minimum loss ratio of 65% for individual Medicare Supplement plans. This means that at least 65 cents of every premium dollar must go towards medical claims. The remaining premium is used for administrative expenses such as customer service, billing, processing and payment of claims, and compliance with State and Federal regulations. Our profit is what is left after the medical and administrative expenses are paid.

For the last few years, Aetna's actual New York loss ratio for Medicare Supplement plans was much higher than the 65% minimum standard. In 2011, we used 76% of the premium we received for claims, with no premium dollars going to administrative expenses or profit. Through December of 2012, we used 85% of premium for claims. The proposed rate increase is intended to bring the loss ratios for these plans to a sustainable level.

Since we have a small number of Medicare Supplement members in New York, the credibility of the New York-specific claims data is limited. We used a nationwide loss ratio analysis to justify the proposed rate increase. As of December 2012, there were 15,896 inforce policyholders nationwide. The nationwide loss ratio for Aetna Medicare Supplement plans was 96% in 2011 and 81% through December of 2012.

Even with the proposed rate increase, we project the 2013 loss ratio to be 79.2%, which means these plans will continue to operate at a loss.

Aetna takes our commitment to our customers seriously. We work to keep our products as affordable as possible. Please note that although we project that a larger rate increase is needed to reduce the New York loss ratio to a more sustainable level, Aetna has decided to limit the proposed rate increase to 9.9%. We are doing this to reduce the impact this rate action will have on our policyholders.