



Illinois Department of Insurance

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Governor

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Director

Checklist for Renewal of Transitional (Grandmothered) Policy Plans

The following are additional guidelines for submitting rate filings for Transitional plans meeting the requirements specified in Company Bulletins 2014-04 and 2017-01:

- I. Where a company chooses to continue using the last set of rates that were given a SERFF disposition of "Filed" by DOI, no further actuarial review by DOI will be required. These filings should be submitted to DOI no later than fifteen (15) days prior to the date the company intends to implement the rates.
- II. Where a company chooses to use rates that are different than the last set of rates that were given a SERFF disposition of "Filed" by DOI, then the following apply:
 - a) A rate filing changing trend only will result in an expedited DOI actuarial review with an estimated completion time of two (2) weeks.
 - b) A rate filing changing any other assumptions/factors other than trend will result in a full actuarial review.
- III. All rate filings should contain at a minimum the information set out in this paragraph. The failure to include such information, requiring a subsequent request to the company for same, will result in a commensurate delay in actuarial review times. The required information follows:
 - a) A cover letter indicating the following:
 1. The rate filing option the company has chosen (either 1, 2a, or 2b above);
 2. The SERFF filing number for the last "Filed" rate filing;
 3. The trend used in the last "Filed" rate filing; and
 4. The intended implementation date of the rates.
 - b) An actuarial memorandum including:
 1. Proposed effective date;
 2. Requested rate increase – from current rates and annual;
 3. Reason for rate increase (attribution analysis);
 4. Historical rate increases;
 5. Target loss ratio for the rating and two preceding periods;
 6. Historic loss ratios;
 7. Benefit description including:
 - a) Type of Policy
 - b) Benefits
 - c) Renewability
 - d) General Marketing Method
 - e) Underwriting Method,
 - f) Premium Classifications
 - g) Age Basis and Issue Age

8. Market (individual or small group);
9. Average premium before and after rate increase;
10. Historical financial experience (earned premiums, incurred claims, resulting loss ratios, policyholders, covered lives, member months, etc. by calendar year since inception of product);
11. Description and demonstration of the development of proposed base rate increase describing the source of each assumption used including trends, lapse rates, and interest rates;
12. Description and demonstration of all changes in rating factors;
13. Base period experience including:
 - a) Base period from and through dates
 - b) Paid through date
 - c) Completion methodology and average factors and IBNR
 - d) Contract reserves
 - e) Allowed claims experience by service type
 - f) Paid claims experience by service type
 - g) Corresponding member months
 - h) Credibility analysis
 - i) Treatment of large claims and development of pooling charges and credits
14. Treatment of reinsurance;
15. Projected policyholders, individuals and member months;
16. Projection factors by type of service (inpatient, outpatient, professional, other and prescription drug), including:
 - a) Utilization
 - b) Cost
 - c) Service mix
17. Experience adjustments:
 - a) Due to benefit changes
 - b) Due to demographic changes
18. Historic trends should be provided, if not provided in prior filings;
19. Summary of changes in filing from previous filing (benefits, rating factors, administrative costs, gain/loss margins etc.);
20. Loss ratio with and without proposed rate increase;
21. Cumulative, future and lifetime loss ratios;
22. Company's State rebate MLR for this market with credibility adjustment;
23. Explanation when the future loss ratio is not consistent with the federal rebate MLR;
24. Administrative costs and load included in rates; and
25. Rate filing disclosure form required for "unreasonable" rate increases.

If you have any questions regarding this checklist, please contact Eric Anderson at eric.anderson@illinois.gov.

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