

**STATE OF CONNECTICUT**  
*INSURANCE DEPARTMENT*

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In The Matter Of: :  
THE HARTFORD LIFE INSURANCE : Docket No. LH 11-06  
COMPANY :  
Medicare Supplement Insurance :  
-----X

**ORDER**

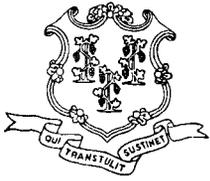
I, Thomas B. Leonardi, Acting Insurance Commissioner of the State of Connecticut, having read the record, do hereby adopt the findings and recommendations of Danny K. Albert, Hearing Officer in the above matter and issue the following order, to wit:

Hartford Life Insurance Company's proposed rate increases for its group standardized Medicare supplement policy forms SRP-1317A (Plan A), SRP-1317D (Plan D), SRP-1317F (Plan F), SRP-1317G (Plan G) and SRP-1317I (Plan I) are approved as submitted.

The requested rate increases on these policy forms are reasonable, relative to the benefits, projected claim costs and anticipated loss ratios the company expects to realize on these forms.

Dated at Hartford, Connecticut, this 11<sup>th</sup> day of March, 2011.

  
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Thomas B. Leonardi  
Acting Insurance Commissioner



# STATE OF CONNECTICUT

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### PROPOSED FINAL DECISION

#### I INTRODUCTION

The Insurance Commissioner of the State of Connecticut is empowered to review rates charged for individual and group Medicare supplement policies sold to any resident of this State who is eligible for Medicare. The source for this regulatory authority is contained in Chapter 700c and Section 38a-495a of the Connecticut General Statutes.

After due notice a hearing was held at the Insurance Department in Hartford on February 23, 2011 to consider whether or not the rate increase request submitted by The Hartford Life Insurance Company on its group standardized Medicare supplement business should be approved.

No one from the general public attended the hearing.

One company representative from The Hartford Life Insurance Company attended the hearing.

The hearing was conducted in accordance with the requirements of Section 38a-474, Connecticut General Statutes, the Uniform Administrative Procedures Act, Chapter 54 of the Connecticut General Statutes, and the Insurance Department Rules of Practice, Section 38a-8-1 et seq. of the Regulations of Connecticut State Insurance Agencies.

A Medicare supplement (or Medigap) policy is a private health insurance policy sold on an individual or group basis which provides benefits that are additional to the benefits provided by Medicare. For many years Medicare supplement policies have been highly regulated under both state and federal law to protect the interests of persons eligible for Medicare who depend on these policies to provide additional coverage for the costs of health care.

Effective December 1, 2005, Connecticut amended its program of standardized Medicare supplement policies in accordance with Section 38a-495a of the Connecticut General Statutes, and Sections 38a-495a-1 through 38a-495a-21 of the Regulations of Connecticut Agencies. This program, which conforms to federal requirements, provides that all insurers offering Medicare supplement policies for sale in the state must offer the basic "core" package of benefits known as Plan A. Insurers may also offer any one or more of eleven other plans (Plans B through L).

Effective January 1, 2006, in accordance with Section 38a-495c of the Connecticut General Statutes (as amended by Public Act 05-20) premiums for all Medicare supplement policies in the state must use community rating. Rates for Plans A through L must be computed without regard to age, gender, previous claims history or the medical condition of any person covered by a Medicare supplement policy or certificate.

The statute provides that coverage under Plan A through L may not be denied on the basis of age, gender, previous claims history or the medical condition of any covered person. Insurers may exclude benefits for losses incurred within six months from the effective date of coverage based on a pre-existing condition.

Effective October 1, 1998, carriers that offer Plan B or Plan C must make these plans as well as Plan A, available to all persons eligible for Medicare by reason of disability.

Insurers must also make the necessary arrangements to receive notice of all claims paid by Medicare for their insureds so that supplemental benefits can be computed and paid without requiring insureds to file claim forms for such benefits. This process of direct notice and automatic claims payment is commonly referred to as "piggybacking" or "crossover".

Sections 38a-495 and 38a-522 of the Connecticut General Statutes, and Section 38a-495a-10 of the Regulations of Connecticut Agencies, state that individual and group Medicare supplement policies must have anticipated loss ratios of 65 % and 75%, respectively. Under Sections 38a-495-7 and 38a-495a-10 of the Regulations of Connecticut Agencies, filings for rate increases must demonstrate that actual and expected losses in relation to premiums meet these standards and anticipated loss ratios for the entire future period for which the requested premiums are calculated to provide coverage must be expected to equal or exceed the appropriate loss ratio standard.

## II. FINDING OF FACT

After reviewing the exhibits entered into the record of this proceeding, and utilizing the experience, technical competence and specialized knowledge of the Insurance Department, the undersigned makes the following findings of fact:

1. Hartford Life Insurance Company has requested the approval of the following rate increases for its group standardized Medicare supplement policy forms:

<u>Form</u>	<u>Rate Increase</u>	<u>Connecticut In-Force</u>
Plan A	8.0%	5
Plan D	8.0%	0
Plan F	8.0%	9
Plan G	8.0%	0
Plan I	8.0%	0

These increases would go into effect as soon after approval as possible.

The last approved rate increases for each form are as follows:

<u>Form</u>	<u>Increase</u>	<u>Effective</u>
Plan A	8.0%	4/1/2010
Plan D	8.0%	4/1/2010
Plan F	8.0%	4/1/2010
Plan G	8.0%	4/1/2010
Plan I	8.0%	4/1/2010

3. The marketing of this product is done on a direct response basis through the mail. Hartford Life Insurance Company notified the Department that they are withdrawing Plans B and C, and are no longer marketing Plan I.
4. The forms include a six-month pre-existing condition exclusion.
5. Hartford Life Insurance Company certified that their expense factor is in compliance with section 38a-473, C.G.S.
6. The proposed rates are designed to satisfy the Connecticut regulatory loss ratio of 75%.
7. The loss ratio in Connecticut from inception-to-date, for all plans combined, is 88.2%.
8. The loss ratios on a nationwide basis for 2008, 2009 and inception-to-date, for all plans combined, are 87.1%, 80.8% and 83.2% respectively.
9. Hartford Life Insurance Company has satisfied the requirements of regulation 38a-474 as it applies to the contents of the rate submission as well as the actuarial memorandum.
10. In addition, there has been a dramatic change in earned premium and covered lives due to the cancellation of a large association (The Retired Officers Association).

### III. RECOMMENDATION

Recommend that the rate increases for Plans' A, D, F, G and I be approved as submitted. These rate changes are reasonable in relationship to the benefits, estimated claim costs and the anticipated loss ratios the company expects to realize on this business.

Nationwide experience was used since Connecticut specific experience is not credible.

Dated at Hartford, Connecticut, this 7<sup>th</sup> day of March 2011.

  
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Danny K. Albert  
Hearing Officer