



To: Commissioner Susan Voss
From: Craig Magnuson, FSA, MAAA, FCA
Cc: Klete Geren, ASA, MAAA, Actuary (IID)
Cc: Tom Keller, FSA, MAAA, FCA, Julie Witt, FSA, MAAA, FCA
Subject: Wellmark BCBS of Iowa: WMIA-127728331 and WMIA-127728513
Date: December 18, 2011

Scope and Purpose

The scope and purpose of this engagement was to provide actuarial review of the Wellmark Blue Cross and Blue Shield of Iowa (Wellmark) individual market rate filing, SERFF Tracking Numbers: WMIA-127728331 and WMIA-127728513, originally provided to Magnum Actuarial Group, LLC (Magnum) on October 18, 2011. This report is intended to be used by the Iowa Insurance Division (IID) to support their work on this rate filing and may not be appropriate for other purposes and audiences.

Recommendation and Findings

We have reviewed the Wellmark Rate Filings, originally submitted on October 18, 2011, along with a subsequent update of Assister files we received on December 2, 2011. Wellmark is requesting the following rate increases, to be effective on April 1, 2012:

- 9.35% on Post 4/96 products (Pools III, IV, V) and Group Conversion-Blue Transitions
- 5.50% on Pre-4/96 products (Old and New Alliance Select), and Group Conversion-Age Rated CMM
- 0.00% on Blue Value

As there have been no other rate increases implemented in the previous 12 months, the cumulative rolling twelve month rate increases do not exceed the HHS defined 10% threshold, so Wellmark was not required to submit Parts I and II to CCIIO. Our review focused on the three criteria HHS has set for reasonableness:

- Justified - Is the request supported by sufficient data and explanation?
- Not discriminatory – Do the rates comply with Iowa Chapter 513C non-discrimination standards?
- Not excessive - Do the project loss ratios comply with the relevant sections of Chapter 513C? Is it likely that Wellmark would pay MLR rebates for calendar year 2012, if they implemented the requested increases?

In dealing with the question of reasonableness, we considered only applicable and relevant laws and regulations, not issues such as affordability and company profitability. The report concludes with our analysis of the reasonableness of the request in that light. **Based on those criteria, the proposed rate increase request by Wellmark is reasonable and we recommend approval.**

Responsible Actuaries

Craig Magnuson, FSA, MAAA, FCA, reviewed the above rate filing for completeness, data accuracy, projection methods and appropriateness of the projected rate increase. Tom Keller, FSA, MAAA, FCA, and Julie Witt, FSA, MAAA, FCA, provided supporting analysis and peer review. We are Partner level actuaries for Magnum and meet the qualification standards as required by the American Academy of Actuaries. We are available to provide any supplementary information or answer any questions that may arise in regards to this work product. We have no conflicts of interest with either the IID or Wellmark.

Sources of Data

In completing this analysis, we relied on data provided by Wellmark via the initial rate filing, with requested corrections, and answers to questions we submitted in writing. Our initial reasonability tests of the data uncovered several issues that Wellmark addressed at our request. The revised data passed our checks and we have presumed that it is correct. Details of the reasonableness checks, and underlying analysis performed, are discussed in the sections below.

Justified - Information Sufficiency

Between the original filing material and the responses to questions and additional information shown in Exhibit 1, Wellmark provided information sufficient for Magnum to independently determine that the proposed rates are not discriminatory and not excessive.

Discrimination Testing

The discrimination sections of Chapter 513C require that rates between blocks of business do not exceed 2.028 to 1 and that a rate increase for a given block of business is not 15% more than another block of business due to claims experience or health status.

The Wellmark rate increase request varied from as low as 0% (Blue Value) to as high as 9.35% (Pool III, IV, V, Blue Transitions). Clearly, the 15% threshold has been met within this rate increase proposal.

The IID has reviewed the rates on these forms in the past and Wellmark has formally certified to the IID that the rates comply with 513C. It is expected that Wellmark will file a similar certification in March 2012, ensuring that the rates continue to comply with Iowa regulation.

To independently confirm that the proposed rates are consistent with the request, we checked random samples from the rates provided in the filing material.

Within filing WMIA-127728331 we saw that:

- Rate increases for all GF plans were correct.
- 2011 rate tables for the NGF Conversion plans were not provided, so we were unable to validate the 5.5% rate increase.
- For the NGF plans, there is an additional rate increase across all cells of approximately 0.27%. The Actuarial Memorandum references an increase in benefits for these plans, but does not indicate how much it accounted for the small proposed increase. We also noted that this additional 0.27% was not included in the Pool 4 Tobacco-User tables. This may have been an error made when creating the new premium tables for this specific plan/rating variable combination.

Within filing WMIA-127728513, Individual Basic and Standard Plans (B&S), we saw that:

- The Actuarial Memorandum states that the rates for these plans are based on the Farm Bureau plans, which are group policies presumably issued to individual applicants. The group rates and benefit descriptions were not provided, so we were not able to validate the relationship of the B&S tables with benefit adjustments and the required 174.11% (Pre-2002) and 202.80% (Post-2002) rate adjustments to these rates. However, we were able to verify the current relationship of the Post-2002 to Pre-2002 rates was 16.5%, which is the difference between the 202.80% and 174.11% adjustments.
- The B&S rate change is 7% across all tables with 0% change to maternity. It is assumed that this change is consistent with the rate change for Farm Bureau plans.

Consequently, we concluded that the proposed rates meet Iowa's no-discrimination standards, subject to continued certification by Wellmark in March of 2012.

Magnum's Analysis of the Filing – Not Excessive

Magnum's analysis includes the following items:

- Reviewing key actuarial assumptions, trend and target loss ratios, for reasonableness.
- Applying Magnum proprietary models to independently confirm that Wellmark's loss ratios during the period these rates would be in effect are likely to be at least as high as the relevant standards.
- Reviewing cumulative experience, past and projected, to ensure compliance with regulatory lifetime loss ratio standards.

The review of each of these items is detailed below.

Rate Increase Derivation

Wellmark provided earned premiums and incurred claims by month from September 2006 through June 2011, with claims paid through September 2011 via the assister files that accompanied the rate filing. That information, along with a schedule of past rate increases that had been implemented, were used by Magnum to independently derive justified rate increases using our models.

There are two critical inputs into the model that play a significant role in deriving the appropriate level of rate increase that can be justified: claims trend and target loss ratio for the period which the rates are to be effective.

Claims Trend

Claims trend is a key driver in determining the requested rate increases for Blues Transition and Pools 3, 4, and 5. We believe the trend assumptions used are beneficial to the policyholders, as they are based primarily on Group trend and are less than the levels that could be justified using the actual individual medical experience.

- Pools 3, 4, and 5 – Wellmark calculated the increases necessary to hit its target loss ratios separately for each pool and then effectively pooled the experience to derive a level rate increase to apply across all 3 pools. In these calculations, they used a common trend assumption, 8.15%, comprised of two multiplicative pieces:
 - 6.55% based on the observed trend for their Group block, which is considerably larger and, presumably, less prone to statistical fluctuations than the Individual business.
 - 1.50% to account for anticipated adverse selection and durational underwriting effects.

Wellmark did not provide the data that would have been necessary to validate either part of the overall trend assumption. An assumption based on Group experience and a common durational adjustment is not necessarily appropriate for three pools of Individual business underwritten in different timeframes. Observed trend is the product of a number of factors, including durational effects, which are negligible for Group. However, the other factors include benefits and demographic mix, which could be considerably different for Group and Individual. The durational effects for Pools 3 and 4 should be very small because it has been four years since they underwrote the last Pool 4 policy and even longer for Pool 3. That implies that the “right” trend assumptions for Pools 3 and 4 could be considerably lower than for Pool 5. Without doing the calculations, it is not clear whether using trend assumptions more appropriate for each pool would call for a higher or lower common rate increase.

We used data Wellmark provided to independently calculate trend assumptions, based on the individual medical experience, that we believe would be justified for each pool. We used two basic approaches, one based on the trend in average claims per member per month and the other based on the ratios of incurred claims to premiums re-stated to the most current rate basis, i.e., the “on level” loss ratio approach. Under both

approaches we tested eight different calculations to see what the range of potentially justified trend assumptions might be.

Both approaches self-adjust for Individual durational effects. However, we believe the “on level” approach is more appropriate for pricing because it also self-adjusts for changes in benefits and demographic mix, while the PMPM approach does not. Wellmark’s Individual data spotlights this shortcoming. Under the PMPM approach, observed trend for each pool was at least 8.5%, no matter how we calculated it. Combining the data for all three pools could mislead one to believe that trend was as low as 5.6% because the benefits under Pool 5, which is accounting for an increasing share of members in force, are more restrictive and dampening growth in average claims PMPM. Using the lower assumptions would be double counting this dampening effect because the premium rate structure already takes it into account.

The chart below compares Magnum’s lowest calculated “on level” trend to the 8.15% assumption Wellmark used. Later we will show that the rate increases Wellmark requested are well below what they’d need to hit their target loss ratios under the lowest trend assumptions we see supported by their data.

Trend Assumption	Pool		
	3	4	5
Magnum Lowest	9.68%	9.69%	11.11%
Wellmark Pricing	8.15%	8.15%	8.15%

- Blues Transition – Wellmark used an 8.15% trend assumption on this block of group conversion business, without the durational effect adjustment, to project claims costs. On an “on level” basis, trend has been in the 3.4% to 4.4% range, but has surged in the past year. The loss ratio has been consistently over 100% so even if they used lower trend assumptions, the actuarially “correct” increase would be well above the requested 9.35%.

The trend assumptions that Wellmark included in their premium rate derivation are well below what could have been justified using actual Individual Medical experience, and are deemed reasonable by Magnum.

Target Loss Ratios

The target loss ratios for the pricing period set by Wellmark are as follows:

- Pool III: 86.97%
- Pool IV: 84.29%

- Pool V: 79.53%
- Blue Transitions: 86.79%
- Pre-96, Blue Value, Group Conversion, Basic & Standard: Not Specified

The period for which the proposed rates will be effective is 4/2012 through 3/2013. The state of Iowa has received a waiver from the 80% Individual Medical market MLR in 2012, resulting in a 75% MLR in 2012, moving to 80% in 2013.

With the adjustments incorporated in the MLR calculations, Wellmark would not pay rebates if it achieved these targets, a standard HHS has said it will use, when it, not the state, conducts rate reviews to determine whether a proposed increase would be excessive. Although Wellmark did not indicate targets for several of the pools, their projected loss ratios after the proposed rate increases would be well over the 80% threshold.

Magnum Independent Rate Increase Calculations

To independently confirm that the proposed increases would not be likely to generate loss ratios below Wellmark's targets, Magnum used its proprietary models to calculate rate increases designed to hit those targets. We used the raw earned premiums, incurred claims, and past rate increase information that was supplied by Wellmark for the experience period 7/2010 through 6/2011.

Our analysis differed from the approach that Wellmark described. The main differences were:

1. We calculated our own "on level" earned premiums, based on the month by month earned premiums and schedule of past rate increases supplied by Wellmark.
2. We used data provided from the assister files, which included claims paid through September of 2011. Wellmark provided an additional data file to Magnum (separating experience between active and terminated policies) that clarified that the rate increase calculation was based on data paid through June of 2011, rather than September 2011, which formed the basis of the data in the assister files.
3. We used all policy experience for our pricing model. Magnum was not provided month by month data for active policies only, with claims paid through 9/2011, in the assister file format. Wellmark used active policies only in their rate development.

To determine the impact of differences in opinion about trend assumptions, we performed the calculations using both Magnum's and Wellmark's assumptions.

A. Pools III, IV, V

Magnum Derived Rate Increase Calculation
Magnum Claim Trend: III - 9.68%, IV - 9.69%, V - 11.11%

<u>Pool</u>	<u>On Level</u> <u>EP</u>	<u>Trended</u> <u>IncCln</u>	<u>On Level</u> <u>Loss Ratio</u>	<u>Target</u> <u>Loss Ratio</u>	<u>Rate</u> <u>Increase</u>
III	13,074,510	13,325,726	101.92%	86.97%	17.2%
IV	76,388,910	70,576,313	92.39%	84.29%	9.6%
<u>V</u>	<u>125,838,994</u>	<u>115,356,386</u>	<u>91.67%</u>	<u>79.53%</u>	<u>15.3%</u>
Total	215,302,414	199,258,425	92.55%	81.67%	13.3%

As shown above, using trend derived from individual market data (Magnum trend) and “on level” premiums results in a Magnum supported rate increase for Pools III through IV of 13.3%, which is well above the requested rate increase of 9.35% for these 3 pools.

Using Wellmark's 8.15% trend assumption, we arrived at a slightly different conclusion than Wellmark, 9.22% by Magnum versus 9.35% by Wellmark.

Magnum Derived Rate Increase Calculation
Wellmark Claim Trend: III - 8.15%, IV - 8.15%, V - 8.15%

<u>Pool</u>	<u>On Level</u> <u>EP</u>	<u>Trended</u> <u>IncCln</u>	<u>On Level</u> <u>Loss Ratio</u>	<u>Target</u> <u>Loss Ratio</u>	<u>Rate</u> <u>Increase</u>
III	13,074,510	13,007,183	99.49%	86.97%	14.4%
IV	76,388,910	68,866,523	90.15%	84.29%	7.0%
<u>V</u>	<u>125,838,994</u>	<u>110,176,807</u>	<u>87.55%</u>	<u>79.53%</u>	<u>10.1%</u>
Total	215,302,414	192,050,512	89.20%	81.67%	9.22%

This difference can be attributed to:

- Wellmark used claims paid through 6/2011 when deriving the rate increase calculation, while providing data in the accompanying assister files paid through 9/2011. The additional 3 months of claims runout lowered the overall (all policies) loss ratio from 83.15% to 83.06%. While it is impossible to determine if a similar drop occurred within the active policy segment also for the same period, it very likely could have been the case.
- As mentioned previously, Wellmark's calculation only included active policies in their calculation. Based on additional information secured from Wellmark with claims paid

through 6/2011, this resulted in using a lower starting point in terms of loss ratio, with 82.67% being for active policies only, versus 83.15% for all policies.

We believe this very small difference is immaterial and irrelevant given that Wellmark’s data would have projected loss ratios well above both Iowa and HHS minimums, even with an increase roughly 4% higher.

Consequently, we believe that the aggregate rate increase request of 9.35% for pools III, IV, and V is justified and not excessive.

B. Pool - Blue Transitions

We applied the same process to the Blue Transitions pool, where the lowest trend assumption we could justify based on Wellmark’s experience using any of the eight calculations we tested was 3.20%, compared to the 8.15% they used. Even with the much lower trend assumption, we found that they would need a 39.1% increase to reach their target loss ratio of 86.79%.

Magnum Derived Rate Increase Calculation

Magnum Claim Trend: Blue Transitions - 3.20%

<u>Pool</u>	<u>On Level EP</u>	<u>Trended IncCln</u>	<u>On Level Loss Ratio</u>	<u>Target Loss Ratio</u>	<u>Rate Increase</u>
BT	17,561,664	21,197,472	120.70%	86.79%	39.1%

Given that they would need 39.1% to hit a reasonable loss ratio target and have requested 9.35%, we believe, that the Blue Transitions request is justified and not excessive.

C. Pools - Group Conversion (Age Rated CMM) and Pre-96

The two pools here are both very small (not credible enough to determine their own trend assumptions) and performing poorly. Wellmark has requested rate increases on both of these blocks of 5.50%. This rate increase is below the corporate trend assumption of 6.55% (the 1.50% for adverse selection and durational effects is not being incorporated into trend for this pool).

Magnum Derived Rate Increase Calculation
Wellmark Claim Trend: Age Rated CMM - 6.55%, Pre-96 - 6.55%

<u>Pool</u>	<u>On Level EP</u>	<u>Trended IncCIm</u>	<u>On Level Loss Ratio</u>	<u>Target Loss Ratio</u>	<u>Rate Increase</u>
AR CMM	27,373	88,767	324.28%	86.97%	272.9%
<u>Pre-96</u>	<u>360,516</u>	<u>354,462</u>	<u>98.32%</u>	<u>86.97%</u>	<u>13.1%</u>
Total	387,889	443,229	114.27%	86.97%	31.4%

While experience is not credible, the rate increase requested of 5.50% is well below the rate needed if it was based 100% on experience. The proposed rate increase is also below the baseline trend rate, which was found to be lower than the level that could have been justified using Individual Medical data.

We find that the aggregate rate increase request of 5.50% for the Age Rated CMM and Pre-96 pools to be justified and not excessive.

D. Pool - Blue Value

Although the data was included in the filing, there is no rate increase proposed for Blue Value.

Cumulative Experience - Loss Ratio Tests

Iowa regulation 191-36.10(2) states that any projection of experience must comply with the applicable loss ratio standard for both the lifetime loss ratio test and also the future loss ratio test. The applicable loss ratio standard is 65%, by regulation in Iowa. However, PPACA MLR thresholds are 67% for 2011, 75% for 2012 and 80% for 2013 and later in Iowa. While Iowa regulation does not require plans meet the PPACA MLR thresholds, it does provide additional perspective into the reasonability of the proposed rate increase.

Each pool being filed by Wellmark had an accompanying Exhibit I, which shows a lifetime loss ratio test that includes past and future experience adjusted for interest. Using Wellmark data, we performed the lifetime loss ratio test on each pool at both a 2% and 4% annual interest (discount) rate, using the proposed rate increases, future trend equal to the current Wellmark assumptions, and lapse rates consistent with Wellmark experience. Experience was projected through 2015 for purposes of this test. As the interest rate chosen had minimal impact on the result, only the 4% version of the results is shown below for brevity:

MAGNUM LIFETIME LOSS RATIO TESTS
 (using 4% Interest Rate, valued at 9/30/2011)

Pool: Group Conversion - Age Rated CMM

<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$31,085,826	\$40,286,591	129.6%
Future Experience	\$148,896	\$423,784	284.6%
Total	\$31,234,722	\$40,710,375	130.3%

Pool: Group Conversion - Blue Transitions

<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$39,129,783	\$51,818,542	132.4%
Future Experience	\$58,891,200	\$84,880,180	144.1%
Total	\$98,020,983	\$136,698,722	139.5%

Pool: Pre-96 Pool

<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$594,182,178	\$522,735,163	88.0%
Future Experience	\$1,199,187	\$1,218,806	101.6%
Total	\$595,381,366	\$523,953,969	88.0%

Pool: III

<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$727,658,848	\$553,572,407	76.1%
Future Experience	\$39,786,806	\$42,078,280	105.8%
Total	\$767,445,654	\$595,650,686	77.6%

Pool: IV

<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$1,086,833,581	\$834,489,907	76.8%
Future Experience	\$235,043,127	\$226,628,651	96.4%
Total	\$1,321,876,709	\$1,061,118,558	80.3%

Pool: V			
<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$346,985,995	\$274,421,498	79.1%
<u>Future Experience</u>	<u>\$673,505,390</u>	<u>\$624,458,123</u>	<u>92.7%</u>
Total	\$1,020,491,385	\$898,879,620	88.1%

Wellmark - All Pools Combined			
<u>Experience</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
Past Accumulated	\$2,825,876,212	\$2,277,324,108	80.6%
<u>Future Experience</u>	<u>\$1,008,574,606</u>	<u>\$979,687,823</u>	<u>97.1%</u>
Total	\$3,834,450,818	\$3,257,011,931	84.9%

In all pools, the accumulated experience to date (9/30/2011) exceeds both the 65% lifetime accumulated test defined in Iowa regulation. MLR rebate calculations will be performed on a total pool basis and the projected lifetime loss ratio, before adjustments that will make the MLR higher, is well above the ultimate 80% threshold.

The lifetime loss ratio test shows that Wellmark’s request meets Iowa standards and is not excessive by the more stringent HHS standards.

Conclusions

Wellmark has requested rate increases varying from 5.50% to 9.35% for the various pools included in this filing. These changes are proposed to be effective on 4/1/2012. The proposed rates meet the three criteria for reasonableness:

- Justified – Wellmark provided information sufficient for Magnum to independently validate that the proposed rates are not discriminatory and the proposed increases not excessive.
- Not discriminatory - We confirmed that the proposed rates would correctly implement the requested uniform increases within each pool (with the smoker exception we pointed out above). Wellmark has their certification on file for 2011 and will need to certify in 2012 that these increases still result in compliance.
- Not excessive – Wellmark’s target loss ratios are well above Iowa’s standards and the more stringent HHS standards. Magnum independently confirmed that the Wellmark data would have supported higher increases while still projecting loss ratios at or above their targets.

Consequently, Magnum believes that the Wellmark proposed rates and rate increases are reasonable.

If you have any questions, please do not hesitate to contact me. My contact information is below:

Craig Magnuson, (262) 538-3955, craig.magnuson@magnumactuary.com

Exhibit 1

Magnum Questions/Requests and Wellmark Responses

The following Q and A between Magnum and Wellmark transpired via email:

Magnum Question 1 - All Exhibit 1's contain projections through year end 2012, however, the rating period continues through 3/31/2013. Please update the projections to include the entire rating period.

Wellmark Response - *We have resubmitted Exhibit 1's to include projections through 3/31/2013. We are also open to sharing our rate calculation files which better illustrate the future rating period.*

Magnum Question 2 - All the Exhibit 1's contain discrepancies between these Exhibits and the Assister files. This discrepancy is the average month exposure for the 1/11-9/11 period. It appears that, on the Exhibit I's, the exposure was grossed up to 33% to annualize the exposure. Please verify the correct value to be used on the exhibit I's. Note: The pure and average premiums are not correct on the Exhibit I's, using the exposure shown (but would be, if using the assister file exposure for this period). Please adjust the Exhibit I and Assister files to be consistent.

Wellmark Response - *This difference was explained in an email sent on October 19th, 2011. However, we have resubmitted Exhibit 1's to include life years instead of average monthly exposure.*

Magnum Question 3 - Pool 5 appears to have an inconsistency between average monthly exposures and the pure premium that is derived (2007). It appears that the resultant pure premium has been grossed up (by 300%), to account for only 3 months of sales. Please confirm and/or correct.

Wellmark Response - *This issue has to deal with using average monthly exposure instead of life years. We have resubmitted Exhibit 1's to include life years instead of average monthly exposure.*

Magnum Question 4 - Pool 4 appears to have an error in the average premium that is displayed in Exhibit I. Please correct this value.

Wellmark Response - *The average premium for Pool 4 in Exhibit 1 for 2011 year-to-date should be 6,076. We have resubmitted Exhibit 1 however.*

Magnum Question 5 - The Lifetime Loss Ratio Test was not provided for Blue Transitions and Pools III, IV and V. Please provide an updated Exhibit I for the pools listed, with the Lifetime Loss Ratio test included.

Wellmark Response - *We have resubmitted Exhibit 1's to include the present value lifetime loss ratio test.*

Magnum Question 6 - The Lifetime Loss Ratio Test for the Blue Value and Group Conversion pools is incorrect, as it does not include the impact of interest in the calculations.

Wellmark Response - *We have resubmitted Exhibit 1's to include the present value lifetime loss ratio test.*

Magnum Question 7 - We received the additional Basic and Standard Plan filing. Is there an exhibit I that accompanies this filing? Is the experience from these forms included in any of the other Exhibit I's?

Wellmark Response - *We have not provided the experience for basic and standard, as Iowa Code Chapter 513C requires that rates for the basic and standard policies be a ratio of the lowest priced block of business for the carrier. Whenever a rate action occurs on the lowest priced block of business, the basic and standard rates should then be re-filed with that same increase.*

Magnum Question 8 - Please provide, on the exhibit I for each pool, for the period of 7/1/2010 through 6/30/2011, separately, for active and terminated policyholders (determined in the same manner under which you based the active only loss ratios in the rate filing):

- Earned Premium
- Incurred Claims
- On level Earned Premium
- Expected Loss Ratio (target) for the period

Wellmark Response - *This doesn't appear to be what is required to be provided for Exhibit 1. We have always filled out Exhibit 1 according to our interpretation of the definitions. We are under the assumption that we have provided everything on Exhibit 1 that the insurance division requires for their analysis. However, attached is historical experience for active and terminated policyholders for the period 7/1/2010 through 6/30/2011.*