

July 20, 1993

SUBJECT: INSURANCE

Circular Letter No. 6

TO: ALL INSURERS, OTHER THAN ARTICLE 43 CORPORATIONS AND ARTICLE 44 HMOs, LICENSED TO WRITE ACCIDENT AND HEALTH INSURANCE

SUBJECT: ACCIDENT AND HEALTH INSURANCE CONVERSION COVERAGE-COMMUNITY RATES

The purposes of this circular letter are:

- . to announce the community rates for the accident and health statutory conversion plans, effective April 1, 1993, and a general increase in rate levels for the major medical plans, effective July 1, 1994.
- . to specify the format for submission of experience, on which possible 1995 and/or later increases would be based.
- . to discuss guidelines and requirements concerning filing and implementation of the community rates, submission of experience, and various other matters arising from Chapter 501 as it affects group conversion insurance.

Note that although group conversion insurance is subject to the community rating requirement of Chapter 501 of the Laws of 1992 (except insofar as Section 360.4(e) or Section 360.4(0)(2) of Regulation No. 145 may apply), it is not affected by the open enrollment provisions of the law, nor is it subject to the pooling discussed in Regulation No. 146. If a carrier feels that Section 360.4(e) or Section 360.4(f)(2) applies to some of its group conversion policies, it must immediately advise the Department and demonstrate to the Department's satisfaction that the policies need not be community-rated.

Appendix A sets forth the initial community rates for the various generations of statutory plans. As in the past, the rates are not intended to be self-supporting. These rates are, with some possible exceptions, retroactive to April 1, 1993 (see page 2 of this letter). Carriers should note that:

- . Although the adult rates are now per adult, the child rates continue to be expressed as "children (one or more)."
- . All rates now include both maternity and non-maternity, and no first-year increment is necessary for immediate-basis maternity coverage, nor is an adjustment necessary for use of the Regulation 62 surgical schedule.
- . As in the past, the rates in the table assume that various mandates and options are included in the plans, and the footnotes give rating adjustments for those policies for which one or more mandates do not apply or options have not been included. Also, all major medical rates in the table now assume that the plans are the all-cause, calendar-year type, and a footnote gives the adjustment for each-cause plans.

Carriers should prepare rate filings based upon the rates in Appendix A and submit them for approval as soon as possible. In addition, if a carrier has previously filed age- or sex-distinct rates for additional benefits included in the conversion plans (e.g., nursing home care or ambulatory care), then it must develop community rates for such benefits and include them, along with appropriate actuarial justification, in its rate filing.

Each rate filing must include a completed copy of Addendum 2 [see Circular Letter No. 1 (1993)]. Neither Addendum 1 nor Addendum 3 need be submitted, however. Carriers which provide conversion benefits via a group policy should indicate the answer to item 3 of Addendum 2 to be "small group." For statutory policies or certificates, the carrier need not complete item 5 (expected loss ratio).

As in the past, if a carrier offers other plans of conversion benefits in addition to the statutory plans, then those plans whose benefits are similar to the statutory plans must be rated consistently with the statutory plans, while those whose benefits are substantially better than statutory must be rated based on their aggregate experience. One acceptable means of deriving community rates for non-statutory policies is to weight the current age/sex rates by the demographics of such policies, provided that, for those plans whose benefits are similar to the statutory plans, the Department is satisfied that the rates so produced bear an appropriate relationship to the rates in Appendix A. The filing for community rates for non-statutory plans may be either separate from, or combined with, the filing for the statutory plans.

In the past, carriers could use either attained-age or issue-age rates. In recognition of the nature of the change in the contractual agreement caused by Chapter 501, those carriers which formerly used issue-age rates must make refunds, as described below. The refunds are meant solely to compensate for the unusual circumstances presented by the legislation, and are not intended to establish a precedent for any future Department actions or decisions. Each policyholder whose billing history reflects at least one pre-community rating (issue-age) premium and whose policy has not lapsed as of August 1, 1993 is eligible for a refund. All such refunds must be made by March 31, 1994. The amount of the refund is to be calculated by taking the difference between each issue-age premium actually billed and paid and the corresponding attained-age premium which would have applied if the attained-age rate basis had been chosen by the insurer, accumulating such difference to the date of the refund at 4% annual interest for policies issued before 1986 and at 5% for policies issued in 1986 or later, and multiplying the result by .65 ("the formula"). As an alternative to the use of the formula, the carrier may use other methods of approximation (e.g., the actual policy reserve if within 5% of the value produced by the formula), provided that the rate filing describes the method and includes a certification and demonstration by the actuary that the method is at least as favorable to policyholders in the aggregate as the formula. If the filing does not describe an alternate method, the actuary must certify that the formula is being used. The company may not ask for money from any policyholder for whom the calculated refund is negative; however, such amounts may be used to reduce, on a proportionate basis, the (positive) refunds due, calculated as described above either by the formula or by an alternate method. The rate filing must state whether the amount to be refunded will be returned in a lump sum, as a credit against the first community-rated premium, or as a credit against all community-rated modal premiums due before April 1, 1994. If the policy lapses before the full amount has been refunded, the balance must be paid in a lump sum as soon as possible.

Until a carrier's community rates are filed and approved, all quotations and billing notices must state that the premium is subject to change, possibly of large magnitude and possibly retroactively, in accordance with the community rating law. Any and all overcharges (excess of age/sex-rated premium over community-rated premium) must be refunded back to April 1, 1993. This requirement applies to all policies in force on or after that date, whether or not they have lapsed prior to the date the company fully implements its community rates. The carrier may recoup undercharges attributable to premiums due on or after April 1, 1993 but no later than September 30, 1993, provided it does so consistently for all such policies. All premiums due on or after October 1, 1993 must, if the community rates have not already been approved and implemented, represent the carrier's best estimate of the correct rate based on Appendix A, and any resulting undercharges may not be recouped. All refunds of overcharges must be made no later than the first premium due date on or after October 1, 1993, unless the carrier's rates have not already been approved, in which case a tentative

adjustment must be made at that time, based on the best estimate of the correct rate, and a final reconciliation made as soon as practicable following rate approval. Recoupments of undercharges, should generally be made on the same schedule (i.e., by the first premium due date on or after October 1, 1993); however, it is hoped that carriers will extend that deadline a reasonable length of time for those policyholders who express difficulty in meeting it.

Simultaneously with the notice of imminent rate change due to community rating discussed in the preceding paragraph, notice must also be given that an increase of up to 50% is expected in major medical rates beginning in July 1994, and that another increase is possible one or two years after that (as discussed below).

Carriers may request a major medical rate increase of up to 50%, to be effective beginning July 1, 1994, provided submission of the information requested below accompanies or precedes the rate filing. Companies which have fewer than an aggregate 100 New York statutory conversion policies and/or certificates in force as of December 31, 1993 may satisfy that condition by filing only a statement to that effect, without data.

The need for, and extent of, possible future rate changes for any of the statutory group conversion rates will be determined by an analysis of industrywide experience. Companies should submit their experience, in the format shown on pages B-2 through B-11 of Appendix B, by April 30, 1994, using their then-current best estimates. Unless it is not possible to do so, the experience should also be broken down into two broad areas: the New York City area, as defined in Sec. 361.2(1) of Regulation 146, and the rest of the state.

All terms in the headings on pages B-2 through B-11 are to be given the meanings commonly used in the annual statement. In deriving incurred claims for the experience report, companies should substitute actual and estimated current claim run-offs (if available) for claim reserves, with suitable modification of the experience forms. If a company has not been charging the rates in the circular letters referenced in the footnotes to pages B-2 through B-11, it should describe in detail the method used to determine its rates.

The experience is to be accompanied by a copy of page B-1, completed to show the company's practices with regard to such factors as choice of surgical schedule, per-cause vs. all-cause major medical benefits, and dates of past rate changes. If a carrier has issued variations under the same option, such as both per-cause and all-cause major medical policies, the experience under any such option should be separated, if possible, or at least the relative volumes should be described.

As stated above, companies which have fewer than an aggregate 100 New York statutory conversion policies and/or certificates in force as of December 31, 1993 need file only a statement to that effect. Such companies should, however, maintain all experience for possible future submissions.

All data submissions and inquiries should be directed to David Schwartz, Supervising Actuary, Accident and Health Rating Section, Health and Life Policy Bureau, at the address in the letterhead.

Very truly yours,

[SIGNATURE]

SALVATORE R. CURIALE

Superintendent of Insurance

APPENDIX A  
GROSS ANNUAL PREMIUMS FOR ACCIDENT & HEALTH INSURANCE STAT-  
UTORY

CONVERSION COVERAGE

	Forms Under the Law			Forms Under the Law		
	Prior to 7/1/82			7/1/82 Through 6/30/86		
				On or After 7/1/86		
	Adult	Children (one or more)	Adult	Children (one or more)	Adult	Children (one or more)
Basic Plan I	120	84	229	160	333	236
Basic Plan II	198	126	379	242	552	355
Basic Plan III	277	166	524	313	766	464

Major  
Medical

Hospital  
Service

Plan Covering 21 Days or More	N/A	N/A	524	199	718	209
----------------------------------	-----	-----	-----	-----	-----	-----

All other Basic  
Plans or No  
Basic Plan

	571	218	842	320	1494	416
--	-----	-----	-----	-----	------	-----

Multiply major medical premiums by whichever of the following factors apply:

.900 per-cause plan

.915 out-of-hospital prescription drugs not covered

.955 in-hospital psychiatric care not covered

.975 inside limit on in-hospital physician fees

.995 private-duty nursing not covered

APPENDIX B

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PLAN AND OPTION BASIS FOR NEW YORK CONVERSION PLAN EXPERIENCE

NAME OF CARRIER: \_\_\_\_\_

CLAIM EXPERIENCE BASIS

\_\_\_\_\_Original Claim Reserves

\_\_\_\_\_Run-Off Method

PLAN COMBINATIONS FOR EXPERIENCE PURPOSES

\_\_\_\_\_Basic experience kept separate from Major Medical

\_\_\_\_\_Plans with Major Medical plus Basic treated as a unit; experience not split between the two components.

(Note: Carriers which maintain their experience in this manner must use their best estimate to split it into its separate Basic and Major Medical components for entry on the experience reporting form.)

RATE BASIS BEFORE 4/1/93

\_\_\_\_\_Level

\_\_\_\_\_Step Rate

Sex Distinct; list calendar years \_\_\_\_\_

Unisex; list calendar years \_\_\_\_\_

SURGICAL SCHEDULE

1957 Society  
 \_\_\_\_\_ of Actuaries

\_\_\_\_\_ Regulation 62

\_\_\_\_\_ Other (specify) \_\_\_\_\_

MAJOR MEDICAL OPTIONS

\_\_\_\_\_ Per-Cause

\_\_\_\_\_ All-Cause

DATES OF CHANGES TO RATE BASIS

1976 Plans \_\_\_\_\_

1982 Plans \_\_\_\_\_

1986 Plans \_\_\_\_\_

Submitted by:

Name \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone No. \_\_\_\_\_

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1976 Basic Plans

Period	No. of Pol./ Cert. at End of Period	Earned Premiums			Paid Claims
		Paid or Written Premium	Actual	Adjusted*	
1976					
1977					
1978					

Period	No. of Pol./ Cert. at End of Period	1976 Basic Plans			Paid Claims
		Paid or Written Premium	Actual	Earned Premiums Adjusted*	
1979					
1980					
1981					
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/1-3/31/93					
Subtotal					
/1-12/31/93					
Total					

\* Premium earned  
through 3/30/93: Adjust to rate basis  
in circular Letter No.  
20 (1982);  
Premium earned 4/1/93 and  
later: Adjust to rate basis in  
circular Letter No. 6 (1993).

## 1976 Basic Plans

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1976					
1977					
1978					
1979					
1980					
1981					
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/1-3/31/93					
Subtotal					
/1-12/31/93					
Total					
* Premium earned					
through 3/30/93: Adjust to rate basis					
in circular Letter No.					
20 (1982);					
Premium earned 4/1/93 and					
later: Adjust to rate basis in					
circular Letter No. 6 (1993).					

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1982 Basic Plans					
Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
-3/31/93					
Subtotal					
-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

1982 Basic Plans					
Period	Increase		Incurred Claims	Loss Ratio	
	in Policy Reserves	in Claims Reserves		To Actual Premium	To Adjusted Premium
1982					
1983					
1984					
1985					
1986					
1987					

1982 Basic Plans			Loss Ratio		
Period	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1988					
1989					
1990					
1991					
1992					
-3/31/93					
Subtotal					
-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

## EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1986 Basic Plans						
Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims	
			Actual	Adjusted*		
1986						
1987						
1988						
1989						
1990						
1991						
1992						
/1-3/31/93						
Subtotal						
/1-12/31/93						
Total						

1986 Basic Plans					
Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1986); Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).					

1986 Basic Plans					
Period	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	Loss Ratio	
				To Actual Premium	To Adjusted Premium
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/1-3/31/93					
Subtotal					
/1-12/31/93					
Total					
* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1986); Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).					

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

## 1976 Major Medical Plans

## Basic, None to II

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1976					
1977					
1978					
1979					
1980					
1981					
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
L-3/31/93					
Subtotal					
L-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

## 1976 Major Medical Plans

## Basic, None to II

## Loss Ratio

Period	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1976					
1977					
1978					
1979					
1980					
1981					
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
L-3/31/93					
Subtotal					
L-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to  
rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to  
rate basis in Circular Letter No. 6 (1993).

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1976 Major Medical Plans over Basic, None to III or Better					
Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1976					
1977					
1978					
1979					
1980					
1981					
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/-3/31/93					
Subtotal					
/-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

1976 Major Medical Plans over Basic, None to  
III or Better

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1976					
1977					
1978					
1979					
1980					
1981					
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/-3/31/93					
Subtotal					
/-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to  
rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to  
rate basis in Circular Letter No. 6 (1993).

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1982 Major Medical Plans

Basic, None to II

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
1-3/31/93					
Subtotal					
1-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

1982 Major Medical Plan

Basic, None to II

Period	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	Loss Ratio	
				To Actual Premium	To Adjusted Premium
1982					
1983					
1984					
1985					

1982 Major Medical Plan  
Basic, None to II

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1986					
1987					
1988					
1989					
1990					
1991					
1992					
1-3/31/93					
Subtotal					
1-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1982 Major Medical Plans over Basic,  
III or Better

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1982					
1983					
1984					
1985					
1986					
1987					
1988					

1982 Major Medical Plans over Basic,  
III or Better

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1989					
1990					
1991					
1992					
1/1-3/31/93					
Subtotal					
4/1-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

1982 Major Medical Plans over Basic,  
III or Better

Period	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	Loss Ratio	
				To Actual Premium	To Adjusted Premium
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					

1982 Major Medical Plans over Basic,  
III or Better

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1/1-3/31/93					
Subtotal					
4/1-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 20 (1982);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1982 Major Medical Plans

Basic, Service Plan

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
-3/31/93					
Subtotal					
-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to

1982 Major Medical Plans  
Basic, Service Plan

Loss Ratio

Period	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
rate basis in Circular Letter No. 20 (1982); Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).					

1986 Major Medical over Basic, None to  
III or Better

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/1-3/31/93					
Subtotal					
/1-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to  
rate basis in Circular Letter No. 9 (1986);  
Premium earned 4/1/93 and later: Adjust to  
rate basis in Circular Letter No. 6 (1993).

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1986 Major Medical over Basic, None to  
III or Better

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/1-3/31/93					
Subtotal					
/1-12/31/93					
Total					

\* Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 9 (1986);  
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).

1986 Major Medical Plans over Basic, None to  
III or Better

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1986					
1987					
1988					
1989					
1990					
1991					
1992					
/1-3/31/93					

1986 Major Medical Plans over Basic, None to  
III or Better

Period	Loss Ratio				
	Increase in Policy Reserves	Increase in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium

Subtotal

/1-12/31/93

Total

\* Premium earned through 3/30/93: Adjust to  
rate basis in Circular Letter No. 9 (1986);

Premium earned 4/1/93 and later: Adjust to  
rate basis in Circular Letter No. 6 (1993).

EXPERIENCE UNDER NEW YORK STATE STATUTORY CONVERSION PLANS

1986 Major Medical of Basic,  
Service Plan

period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1986					
1987					
1988					
1989					
1990					
1991					
1992					
3/31/93					
total					
2/31/93					
total					

Premium earned through 3/30/93: Adjust to  
rate basis in Circular Letter No. 9 (1986);

Premium earned 4/1/93 and later: Adjust to  
rate basis in Circular Letter No. 6 (1993).

1986 Major Medical of Basic,  
Service Plan

Period	No. of Pol./ Cert. at End of Period	Paid or Written Premium	Earned Premiums		Paid Claims
			Actual	Adjusted*	
1986					
1987					
1988					
1989					
1990					
1991					
1992					
03/31/93					
total					
02/31/93					
total					
Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 9 (1986); Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).					

1986 Major Medical Plans of Basic,  
Service Plan

Period	Increase in Policy Reserves	Increase in Claims Reserves	Loss Ratio		
			Incurred Claims	To Actual Premium	To Adjusted Premium
1986					
1987					
1988					
1989					
1990					
1991					
1992					
03/31/93					

1986 Major Medical Plans of Basic,  
Service Plan

Period	Increase		Loss Ratio		
	in Policy Reserves	in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
total					
02/31/93					
total					
Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 9 (1986);					
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).					

1986 Major Medical Plans of Basic,  
Service Plan

Period	Increase		Loss Ratio		
	in Policy Reserves	in Claims Reserves	Incurred Claims	To Actual Premium	To Adjusted Premium
1986					
1987					
1988					
1989					
1990					
1991					
1992					
03/31/93					
total					
02/31/93					
total					
Premium earned through 3/30/93: Adjust to rate basis in Circular Letter No. 9 (1986);					
Premium earned 4/1/93 and later: Adjust to rate basis in Circular Letter No. 6 (1993).					