CR 95-111

State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

121 East Wilson Street
P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585

STATE OF WISCONSIN |
| SS
OFFICE OF THE COMMISSIONER OF INSURANCE |

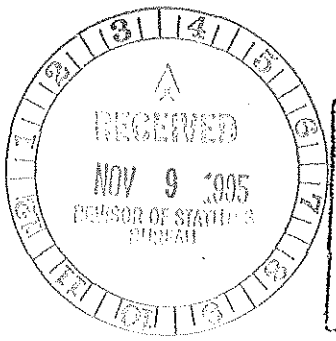
I, Josephine W. Musser, Commissioner of Insurance and custodian of the official records, certify that the annexed rule affecting sections Ins 3.39, Wis. Adm. Code, relating to the requirements for medicare supplement insurance sold in Wisconsin, was duly approved and adopted by this Office on November 9, 1995.

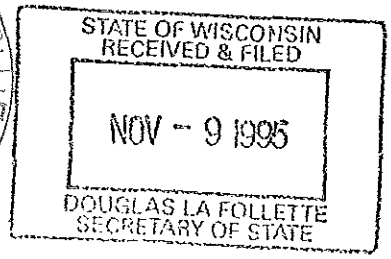
I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the original, and the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 121 East Wilson Street, Madison, Wisconsin, on November 9, 1995.

Josephine W. Musser
Commissioner of Insurance

1-1-96





ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

RENUMBERING AND AMENDING, AMENDING, REPEALING AND

RECREATING, AND CREATING A RULE

To renumber and amend Ins 3.39 (4) (h) 1; to amend Ins 3.39 (4) (a) 5., 16., and 18., (4m) (a), (5) (b), (7) (a) (intro.), (7) (b) 1. and 2., (9) (c) 2., (9) (d) 2., (9) (e), (11), (14) (d), (14) (l), (16) (d) (intro.), (23) (a), (23) (c), (28) (c), (31) (a), Appendix 1 (4) (c) and Appendix 5; to repeal and recreate Ins 3.39 Appendix 6; and to create Ins 3.39 (4) (a) 19., (4) (h) 2., (7) (a) 1. and 2., (9) (b), (21) (e), (22) (i), (31) (bm) and Appendix 8, relating to the requirements for medicare supplement insurance sold in Wisconsin.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 625.16, 628.34 (12), 628.38, and 632.81, Stats.

Statutes interpreted: ss. 625.16, 628.34 (12), 628.38, and 632.81, Stats.

This rule corrects a number of typographical errors in the rule. The major changes in the rule are ones which are necessitated because the National Association of Insurance Commissioners (NAIC) model for the regulation of

medicare supplement insurance has been modified based on new requirements in the federal law. Many of these changes are not substantive but more a matter of form. Among the more important substantive changes are the following:

SECTION 1. This eliminates the requirement that insurers pay return premiums for policies cancelled prior to the paid-up date to medicaid-eligible individuals. This NAIC model change is done so that an individual could not lose medicaid eligibility because of unearned premiums which may be returned from a medicare supplement policy.

SECTION 2. This requires that an issuer underwrite individuals eligible for medicare who are under age 66 using the same criteria that it uses for age 66. In the past, insurers have severely limited the acceptability of those applicants under age 66.

SECTION 3. This NAIC model change requires that policies issued prior to January 1, 1992, must use the current loss ratios when they are renewed after December 31, 1995.

SECTION 4. For purposes of determining loss ratios, the NAIC model now requires policies renewed after December 31, 1995, to be treated as if they were issued in 1996. This will bring the policies issued prior to January 1, 1992, in line with current loss ratio requirements.

SECTION 5. This amendment will permit an individual who enrolled in Medicare Part B prior to the age of 65 to have two open enrollment periods. The first will be for six months after the individual enrolled in Medicare Part B and the second will be for six months after he turns age 65 regardless of whether they were enrolled in HIRSP.

SECTIONS 6 and 7. This will change the designations used for medicare replacement insurance in the captions and on the outlines of coverage. Instead of being called medicare replacement insurance, the designation will be broken up into medicare cost insurance and medicare risk

insurance to more accurately reflect the status of these plans under the federal medicare program.

SECTION 8. This NAIC model change will require that policies other than medicare supplement policies sold to the elderly will contain appropriate disclosure statements. Those disclosure statements are contained in Appendix 8 and vary depending on the type of coverage being provided.

SECTION 9. Throughout the rule, the title of the booklet required to be provided to applicants is being changed to reflect the fact that some applicants are under age 65. Instead of being called "Health Insurance Advice for Senior Citizens," it will now be called "Wisconsin Guide To Health Insurance for People with Medicare."

SECTION 10. This change will require an issuer to pay the same compensation to an agent who submits an application for an individual who is under age 65 as it pays to that agent for an application for a person who is over age 65. Some insurers have utilized commission structures which provided significantly less compensation to agents to discourage submission of business for people under the age of 65.

SECTION 11. These changes conform the Wisconsin's application and replacement notices to the current NAIC version.

SECTION 12. As required in the NAIC model, the refund and credit calculations for policies issued prior to January 1, 1992, using the new loss ratio standards, would start on January 1, 1996, with the first report due on May 31, 1998.

SECTION 13. These changes conform the Wisconsin outline of coverage and replacement notice to the NAIC model.

SECTION 14. This section conforms the Wisconsin refund calculation form to the NAIC model.

SECTION 1. Ins 3.39 (4) (a) 5., 16. and 18. are amended to read:

Ins 3.39 (4) (a) 5. Is "guaranteed renewable" and does not provide for termination of coverage of a spouse solely because of an event specified for termination of coverage of the insured, other than the nonpayment of premium. The policy shall not be cancelled or nonrenewed by the insurer on the grounds of deterioration of health. The policy may be cancelled only for nonpayment of premium or material misrepresentation. If the policy is issued by a health maintenance organization as defined by s. 609.01 (2), Stats., the policy may, in addition to the above reasons, be cancelled or nonrenewed by the issuer if the ~~issuer~~ insured moves out of the service area;

16. Except for permitted preexisting condition clauses as described in subd. ~~12~~ 2, no policy or certificate may be advertised, solicited or issued for delivery in this state as a Medicare supplement policy if such policy or certificate contains limitations or exclusions on coverage that are more restrictive than those of Medicare.

18. A Medicare supplement policy or certificate shall provide that benefits and premiums under the policy or certificate shall be suspended at the request of the policyholder or certificateholder for the period not to exceed 24 months in which the policyholder or certificateholder has applied for and is determined to be entitled to medical assistance under Title XIX of the Social Security Act, but only if the policyholder or certificateholder notifies the issuer of the policy or certificate within 90 days after the date the individual becomes entitled to the assistance. ~~Upon receipt of timely notice, the insurer shall return to the policyholder or certificateholder that portion of the premium attributable to the period of Medicaid eligibility, subject to adjustment for paid claims.~~

SECTION 2. Ins 3.39 (4) (a) 19. is created to read:

Ins 3.39 (4) (a) 19. Shall not use an underwriting standard for under age 65 that is more restrictive than that used for age 65 and above.

SECTION 3. Ins 3.39 (4) (h) is renumbered Ins 3.39 (4) (h) 1. and amended to read:

Ins 3.39 (4) (h) 1. Medicare supplement policies written prior to January 1, 1992, shall comply with the standards then in effect, except that the appropriate loss ratios specified in sub. (16) (d) shall be used to demonstrate compliance with minimum loss ratio requirements and refund calculations for policies and certificates renewed after December 31, 1995, and ~~shall comply~~ with sub. 14 (c).

SECTION 4. Ins 3.39 (4) (h) 2. is created to read:

Ins 3.39 (4) (h) 2. For purposes of loss ratio and refund calculations, policies and certificates renewed after December 31, 1995, shall be treated as if they were issued in 1996.

SECTION 5. Ins 3.39 (4m) (a), (5) (b) and (7) (a) (intro.) are amended to read:

Ins 3.39 (4m) OPEN ENROLLMENT. (a) Unless the coverage is subject to sub. (7), an issuer may not deny or condition the issuance or effectiveness of, or discriminate in the pricing of, basic Medicare supplement coverage, Medicare Select policies permitted under sub. (30) or riders permitted under sub. (5) (i) for which an application is submitted during the 6-month period beginning with the first month in which an individual first enrolled for benefits under Medicare Part B or the month in which an individual turns age 65 for any individual who was first enrolled in Medicare Part B when under the age of 65 ~~and enrolled in the Health Insurance Risk Sharing Plan under s. 619.11, Stats.,~~ on any of the following grounds:

1. Health status.

2. Claims experience.

3. Receipt of health care.

4. Medical condition.

(5) (b) The caption, except that the word "certificate" may be used instead of "policy," if appropriate: "The Wisconsin Insurance Commissioner has set standards for Medicare supplement insurance. This policy meets these standards. It, along with Medicare, may not cover all of your medical costs. You should review carefully all policy limitations. For an explanation of these standards and other important information, see 'Wisconsin Guide to Health Insurance Advice for ~~Senior Citizens~~ People with on Medicare,' given to you when you applied for this policy. Do not buy this policy if you did not get this guide."

(7) (a) A policy form issued by an insurer who has a cost contract with the Health Care Financing Administration for Medicare Part B benefits shall meet the standards and requirements of subs. (4) and (5), except that the commissioner may, at the request of an issuer, approve variations of the coverages specified under sub. (5). A Medicare cost policy or certificate shall include:

SECTION 6. Ins 3.39 (7) (a) 1. and 2. are created to read:

Ins 3.39 (7) (a) 1. The designation: MEDICARE COST INSURANCE;

2. The caption, except that the word "certificate" may be used instead of "policy," if appropriate: "The Wisconsin Insurance Commissioner has set minimum standards for Medicare cost insurance. This policy meets these standards. For an explanation of these standards and other important information, see 'Wisconsin Guide to Health Insurance Advice for ~~Senior Citizens~~ People with on Medicare,' given to you when you bought this policy. Do not buy this policy if you did not get this guide."

SECTION 7. Ins 3.39 (7) (b) 1. and 2., (9) (c) 2., (9) (d) 2., and (9) (e) are amended to read:

Ins 3.39 (7) (b) 1. The designation: MEDICARE ~~REPLACEMENT~~ RISK INSURANCE;

(7) (b) 2. The caption, except that the word "certificate" may be used instead of "policy," if appropriate: "The Wisconsin Insurance Commissioner has set minimum standards for Medicare ~~replacement~~ risk insurance. This policy meets these standards. For an explanation of these standards and other important information, see 'Wisconsin Guide to Health Insurance Advice for ~~Senior Citizens~~ People with ~~on~~ Medicare,' given to you when you applied for this policy. Do not buy this policy if you did not get this guide."

(9) (c) 2. Shall bear the caption, if the policy provides no other types of coverage: "This policy is not designed to fill the gaps in Medicare. It will pay you only a fixed dollar amount per day when you are confined to a hospital. For more information, see 'Wisconsin Guide to Health Insurance Advice for ~~Senior Citizens~~ People with ~~on~~ Medicare,' given to you when you applied for this policy."

(9) (d) 2. The caption: This policy covers only one or more specified or rare illnesses. It is not a substitute for a broader policy which would generally cover any illness or injury. For more information, see 'Wisconsin Guide to Health Insurance Advice for ~~Senior Citizens~~ People with ~~on~~ Medicare,' given to you when you applied for this policy."

(9) (e) Other coverage. An individual disability policy sold to a Medicare eligible person, other than a form subject to sub. (5) or (7) or otherwise subject to the caption requirements in this subsection or exempted by sub. (2) (d) or (e), shall bear the caption: "This policy is not a Medicare supplement. For more information, see 'Wisconsin Guide to Health

Insurance Advice for ~~Senior Citizens~~ People with ~~on~~ Medicare,' given to you when you applied for this policy."

SECTION 8. Ins 3.39 (9) (b) is created to read:

Ins 3.39 (9) (b) *Disclosure Statements*. The appropriate disclosure statement from Appendix 8 shall be used on the application or together with the application for each coverage in par. (c) to (e). The disclosure statement may not vary from the text or format including bold characters, line spacing, and the use of boxes around text contained in Appendix 8 and shall use a type size of at least 12 points.

SECTION 9. Ins 3.39 (11), (14) (d), (14) (l) and (16) (d) (intro.) are amended to read:

Ins 3.39 (11) "WISCONSIN GUIDE TO HEALTH INSURANCE FOR PEOPLE WITH MEDICARE" PAMPHLET. Every prospective Medicare eligible purchaser of any policy or certificate subject to this section which provides hospital or medical coverage, other than incidentally, or of any coverage added to an existing Medicare supplement policy or certificate, except any policy subject to s. Ins 3.46, shall receive a copy of the current edition of the commissioner's pamphlet "Wisconsin Guide to Health Insurance ~~Advice for Senior Citizens~~ People with ~~on~~ Medicare" in a type size no smaller than 12 point type at the time the prospect is contacted by an intermediary or issuer with an invitation to apply as defined in s. Ins 3.27 (5) (g). Except in the case of direct response insurance, written acknowledgement of receipt of this pamphlet shall be obtained by the issuer. This pamphlet provides information on Medicare and advice to ~~senior citizens~~ people on Medicare on the purchase of Medicare supplement insurance and other health insurance. Issuers may obtain information from the commissioner's office on how to obtain copies or may reproduce this pamphlet themselves. This pamphlet may be periodically revised to reflect changes in Medicare and any other appropriate changes. No issuer

shall be responsible for providing applicants the revised pamphlet until 30 days after the issuer has been given notice that the revised pamphlet is available.

(14) (d) Except as provided in ~~sub. (1),~~ subd. 1, an issuer shall continue to make available for purchase any policy form or certificate form issued after August 1, 1992 that has been approved by the commissioner. A policy form or certificate form shall not be considered to be available for purchase unless the issuer has actively offered it for sale in the previous 12 months.

(14) (1) For policies issued between December 31, 1980, and January 1, 1992, issuers shall combine the Wisconsin experience of all policy forms of the same type (individual or group) for the purposes of calculating the loss ratio under sub. (16) (c) and rates. The rates for all such policies of the same type shall be adjusted by the same percentage. Issuers may combine the Wisconsin experience of all policies issued prior to January 1, 1981, with those issued between December 31, 1980, and January 1, 1992, if the issuer uses the 60% loss ratio for individual policies and the 70% loss ratio for group ~~policies.~~ policies renewed prior to January 1, 1996, and the appropriate loss ratios specified in sub. (16) (d) thereafter. If the Wisconsin experience is not credible, then national experience can be considered.

(16) (d) (intro.) For purposes of ~~sub.~~ pars. (4) (e), (14) (1) and this subsection, the loss ratio standards shall be:

SECTION 10. Ins 3.39 (21) (e) and (22) (i) are created to read:

Ins 3.39 (21) (e) No issuer may provide an agent or other representative commission or compensation for the sale of a Medicare supplement policy or certificate to an individual who is under age 66 which is either calculated on a different basis or is less than the average of the

commissions paid for the sale of a Medicare supplement policy or certificate to an individual who is age 65 to age 69.

(22) (i) Medicare risk insurance may use an annual change notice approved by the Health Care Financing Administration.

SECTION 11. Ins 3.39 (23) (a), (23) (c), (28) (c) and (31) (a) are amended to read:

Ins 3.39 (23) REQUIREMENT FOR APPLICATION FORMS AND REPLACEMENT COVERAGE. (a) Application forms for Medicare supplement coverage shall comply with all relevant statutes and rules. The application form, or a supplementary form signed by the applicant and agent, shall include the following statements and questions:

[Statements]

1. You do not need more than one Medicare supplement policy.

2. If you purchase this policy, you may want to evaluate your existing health coverage and decide if you need multiple coverages.

~~2. If you are 65 or older,~~ you 3. You may be eligible for benefits under Medicaid and may not need a Medicare supplement policy.

~~3.~~4. The benefits and premiums under your Medicare supplement policy ~~will~~ can be suspended, if requested, during your entitlement to benefits under Medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for Medicaid. If you are no longer entitled to Medicaid, your policy will be reinstituted if requested within 90 days of losing Medicaid eligibility.

~~4.~~5. Counseling services may be available in your state or provide advice concerning your purchase of medicare supplement insurance and concerning medical assistance through the state Medicaid program, including benefits as a Qualified Medicare Beneficiary (QMB) and a Specified Low-Income Medicare Beneficiary (SLMB). See the booklet "Wisconsin Guide to Health

Insurance Advice for ~~Senior Citizens~~ People with on Medicare" which you received at the time you were solicited to purchase this policy.

[Questions]

1. Do you have another Medicare supplement policy or certificate in force ~~(including health care service contract, health maintenance organization contract)~~?

a. If so, with which company?

b. If so, do you intend to replace your current Medicare supplement policy with this policy [certificate]?

2. Do you have any other health insurance ~~policies~~ coverage that provides benefits ~~which~~ similar to this Medicare supplement policy ~~would duplicate~~?

a. If so, with which company?

b. What kind of policy?

~~3. If the answer to questions 1 or 2 is yes, do you intend to replace these medical or health policies with this policy [certificate]?~~

~~4.~~3. Are you covered by for medical assistance through the state Medicaid program:~~?~~

a. As a Specified Low Income Medicare Beneficiary (SLMB)?

b. As a Qualified Medicare Beneficiary (QMB)?

c. For other Medicaid medical benefits?

(23) (c) Upon determining that a sale will involve replacement, an issuer, other than a direct response issuer, or its agent, shall furnish the applicant, prior to issuance or delivery of the Medicare supplement policy or certificate, a notice regarding replacement of accident and sickness coverage in no less than ~~10~~ 12 point type. One copy of the notice signed by the applicant and the agent, except where the coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be

retained by the issuer. A direct response issuer shall deliver to the applicant at the time of the solicitation of the policy the notice regarding replacement of accident and sickness coverage.

(28) (c) If a group Medicare supplement policy is replaced by another group Medicare supplement policy, the ~~succeeding~~ issuer of the replacement policy shall offer coverage to all persons covered under the old group policy on its date of termination. Coverage under the new group policy shall not result in any limitation for preexisting conditions that would have been covered under the group policy being replaced.

(31) (a) An issuer shall collect and file with the commissioner by May 31 of each year the data contained in the applicable reporting form contained in Appendix 6 for each type of policy form as described in sub. (14), including policies and certificates under par. (14) (l) that are renewed after December 31, 1995.

SECTION 12. Ins 3.39 (31) (bm) is created to read:

Ins 3.39 (31) (bm) For the purposes of this section, for policies or certificates issued prior to January 1, 1992, the issuer shall make the refund or credit calculation separately for all individual policies combined and all group policies combined for experience after January 1, 1996. The first such report shall be due by May 31, 1998.

SECTION 13. Ins 3.39 Appendix 1 (4) (c) regarding outpatient prescription drugs and immunosuppressive drugs and Appendix 5 are amended to read:

Ins 3.39 Appendix 1 (4) (c)

Outpatient prescription drugs	Initial $6,250 deductible	$0 Generally does not cover prescription drugs	80% of charges over $6,250 and OPTIONAL OUTPATIENT PRESCRIPTION DRUG RIDER*
Immuno-suppressive drugs	80% of allowable charges for immunosuppressive drugs during the ~~first year~~ ___-month period following a covered transplant (after $___ deductible/calendar year)		20% of allowable charges for immunosuppressive drugs

Appendix 5

NOTICE TO APPLICANT REGARDING REPLACEMENT OF MEDICARE SUPPLEMENT INSURANCE

[Insurance company's name and address]

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to [your application] [information you have furnished], you intend to terminate existing medicare supplement insurance or other health insurance and replace it with a policy to be issued by [Company Name] Insurance Company. Your new policy will provide thirty (30) days within which you may decide without cost whether you desire to keep the policy.

You should review this new coverage carefully. Compare it with all accident and sickness coverage you now have. ~~Terminate your present policy only if,~~ If, after due consideration, you find that the purchase of this Medicare supplement coverage is a wise decision, you should terminate your present Medicare supplement coverage. You should evaluate the need for other accident and sickness coverage you have that may duplicate this policy.

STATEMENT TO APPLICANT BY ISSUER, AGENT [BROKER OR OTHER REPRESENTATIVE]:

I have reviewed your current medical or health insurance coverage. ~~The replacement of insurance involved in this transaction does not duplicate coverage,~~ ~~to~~ To the best of my knowledge, this Medicare supplement policy will not duplicate your existing Medicare supplement coverage because you intend to terminate your existing Medicare supplement coverage. The replacement policy is being purchased for the following reason(s):

_____ Additional benefits.
_____ No change in benefits, but lower premiums.
_____ Fewer benefits and lower premiums.
_____ Other.
(please specify) _____
_____
_____

1. Health conditions which you may presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits under the new policy, whereas a similar claim might have been payable under your present policy.

2. State law provides that your replacement policy or certificate may not contain new preexisting condition waiting periods. The insurer will waive any time periods applicable to preexisting condition waiting periods in the new policy (or coverage) for similar benefits to the extent such time was satisfied the Medicare supplement policy.

3. If you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, review it carefully to be certain that all information has been properly recorded. [If the policy or certificate is guaranteed issue, this paragraph need not appear.]

Do not cancel your present policy until you have received your new policy and are sure that you want to keep it.

_____

(Signature of Agent, Broker or Other Representative)*

[Typed Name and Address of Issuer, Agent or Broker]

_____

(Applicant's Signature)

_____

(Date)

*Signature not required for direct response sales.

SECTION 14. Ins 3.39 Appendix 6 is repealed and recreated to read:

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE[1] _____ SMSBP[2] (form number(s) for WI) _____
For the State of _____ Company Name _____
NAIC Group Code _____ NAIC Company Code _____
Address _____ Person Completing Exhibit _____
Title _____ Telephone Number _____

Line		(a) Earned Premium[3]	(b) Incurred Claims[4]
1.	Current Year's Experience		
	a. Total (all policy years)	_____	_____
	b. Current year's issues[5]	_____	_____
	c. Net (for reporting purposes = 1a-1b	_____	_____
2.	Past Years' Experience (all policy years)	_____	_____
3.	Total Experience (Net Current Year + Past Year)	_____	_____
4.	Refunds Last Year (Excluding Interest)		_____
5.	Previous Since Inception (Excluding Interest)		_____
6.	Refunds Since Inception (Excluding Interest)		_____
7.	Benchmark Ratio Since Inceptions (SEE WORKSHEET FOR RATIO 1)		_____
8.	Experience Ratio Since Inception		
Ratio 2 =	Total Actual Incurred Claims (line 3, col. b) / Total Earned Prem. (line 3, col. a) - Refunds Since Inception (line 6)		_____
9.	Life Years Exposed Since Inception If the Experienced Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.		_____
10.	Tolerance Permitted (obtained from credibility table)		

Medicare Supplement Credibility Table
Life Years Exposed

Since Inception	Tolerance
10,000+	0.0%
5,000-9,999	5.0%
2,500-4,999	7.5%
1,000-2,499	10.0%
500-999	15.0%

If less than 500, no credibility.

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1 Individual, Group, Individual Medicare Select, or Group Medicare Select Only.
2 "SMSBP"=Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans. (For Wisconsin reports show the applicable policy form number or numbers for "pooled" business.)
3 Includes Modal Loadings and Fees Charged.
4 Excludes Active Life Reserves.
5 This is to be used as "Issue year Earned Premium" for Year 1 of next year's "Worksheet for Calculation of Benchmark Ratios."

MEDICARE SUPPLEMENT REFUND CALCULATION FORM
FOR CALENDAR YEAR _____

TYPE[1] _____ SMSBP[2] (form number(s) for WI) _____
For the State of _____ Company Name _____
NAIC Group Code _____ NAIC Company Code _____
Address _____ Person Completing Exhibit _____
Title _____ Telephone Number _____

11. Adjustment to Incurred Claims for Credibility
Ratio 3 = Ratio 2 + Tolerance _____

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.
If Ratio 3 is less than the Benchmark Ratio, then proceed.

12. Adjusted Incurred Claims
[Total Earned Premiums (line 3, col. a) - Refunds Since Inception (line 6)] X Ratio 3 (line 11) _____

13. Refund
Total Earned Premiums (line 3, col. a) - Refunds Since Inception (line 6) - Adjusted Incurred Claims (line 12)/Benchmark Ratio (Ratio 1) _____

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.

_____
Signature

_____
Name - Please Type

_____
Title - Please Type

_____
Date

REPORTING FORM FOR THE CALCULATION OF BENCHMARK
RATIO SINCE INCEPTION FOR INDIVIDUAL POLICIES
FOR CALENDAR YEAR _____

TYPE[1] _____ SMSBP[2] _____
For the State of _____ Company Name _____
NAIC Group Code _____ NAIC Company Code _____
Address _____ Person Completing Exhibit _____
Title _____ Telephone Number _____

(a)[3]	(b)[4]	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)[5]
Year	Earned Premium	Factor	(b)x(c)	Cumulative Loss Ratio	(d)x(e)	Factor	(b)x(g)	Cumulative Loss Ratio	(h)x(i)	Policy Year Loss Ratio
1		2.770		0.442		0.000		0.000		0.40
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15		4.175		0.493		8.684		0.725		0.77
Total:			(k):		(l):		(m):		(n):	

Benchmark Ratio Since Inception: (l+n)/(k+m): _____

1 Individual, Group, Individual Medicare Select, or Group Medicare Select Only.
2 "SMSBP"=Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans. (For Wisconsin reports show the applicable policy form number or numbers for "pooled" business.)
3 Year 1 is the current calendar year - 1. Year 2 is the current calendar year - 2 (etc.). (Example: If the current year is 1991, then: Year 1 is 1990; Year 2 is 1989, etc.)
4 For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.
5 These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for informational purposes only.

REPORTING FORM FOR THE CALCULATION OF BENCHMARK
RATIO SINCE INCEPTION FOR GROUP POLICIES
FOR CALENDAR YEAR _____

TYPE[1] _____ SMSBP[2] _____
For the State of _____ Company Name _____
NAIC Group Code _____ NAIC Company Code _____
Address _____ Person Completing Exhibit _____
Title _____ Telephone Number _____

(a)[3]	(b)[4]	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)[5]
Year	Earned Premium	Factor	(b)x(c)	Cumulative Loss Ratio	(d)x(e)	Factor	(b)x(g)	Cumulative Loss Ratio	(h)x(i)	Policy Year Loss Ratio
1		2.770		0.507		0.000		0.000		0.46
2		4.175		0.567		0.000		0.000		0.63
3		4.175		0.567		1.194		0.759		0.75
4		4.175		0.567		2.245		0.771		0.77
5		4.175		0.567		3.170		0.782		0.80
6		4.175		0.567		3.998		0.792		0.82
7		4.175		0.567		4.754		0.802		0.84
8		4.175		0.567		5.445		0.811		0.87
9		4.175		0.567		6.075		0.818		0.88
10		4.175		0.567		6.650		0.824		0.88
11		4.175		0.567		7.176		0.828		0.88
12		4.175		0.567		7.655		0.831		0.88
13		4.175		0.567		8.093		0.834		0.89
14		4.175		0.567		8.493		0.837		0.89
15		4.175		0.567		8.684		0.838		0.89
Total:			(k):		(l):		(m):		(n):	

Benchmark Ratio Since Inception: (1+n)/(k+m): _____

1 Individual, Group, Individual Medicare Select, or Group Medicare Select Only.

2 "SMSBP"=Standardized Medicare Supplement Benefit Plan - Use "P" for pre-standardized plans. (For Wisconsin reports show the applicable policy form number or numbers for "pooled" business.)

3 Year 1 is the current calendar year - 1. Year 2 is the current calendar year - 2 (etc.). (Example: If the current year is 1991, then: Year 1 is 1990; Year 2 is 1989, etc.)

4 For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

5 These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for informational purposes only.

SECTION 15. Ins 3.39 Appendix 8 is created to read:

Ins 3.39 Appendix 8

DISCLOSURE STATEMENTS

(a) [For policies that reimburse expenses incurred for specified disease(s) or other specified impairment(s). This includes expense incurred cancer, specified disease and other types of health insurance policies that limit reimbursement to named medical conditions.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

This insurance provides limited benefits, if you meet the policy conditions, for hospital or medical expenses only when you are treated for one of the specific diseases or health conditions listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when it pays:

- hospital or medical expenses up to the maximum stated in the policy

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- other approved items and services

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

(b) [For policies that pay fixed dollar amounts for specified diseases or other specified impairments. This includes cancer, specified disease, and other health insurance policies that pay a scheduled benefit or specific payment based on diagnosis of the conditions named in the policy.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

This insurance pays a fixed amount, regardless of your expenses, if you meet the policy conditions, for one of the specific diseases or health conditions named in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits because Medicare generally pays for most of the expenses for the diagnosis and treatment of the specific conditions or diagnoses named in the policy.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- other approved items and services

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

(c) [For indemnity policies and other policies that pay a fixed dollar amount per day, excluding long-term care policies.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

This insurance pays a fixed amount, regardless of your expenses, for each day you meet the policy conditions. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when:

- any expenses or services covered by the policy are also covered by Medicare

Medicare generally pays the most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- other approved items and services

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

(d) [For long-term care policies providing both nursing home and noninstitutional coverage.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

Federal law requires us to inform you that this insurance duplicates Medicare benefits in some situations.

- This is long-term care insurance that provides benefits for covered nursing home and home care services.
- In some situations Medicare pays for short periods of skilled nursing home care, limited home health services, and hospice care.
- This insurance does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Neither Medicare nor Medicare Supplement insurance provides benefits for most long-term care expenses.

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

(e) [For policies providing nursing home benefits only.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

Federal law requires us to inform you that this insurance duplicates Medicare benefits in some situations.

- This insurance provides benefits primarily for covered home care services.
- In some situations Medicare pays for short periods of skilled nursing home care and hospice care.
- This insurance does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Neither Medicare nor Medicare Supplement insurance provides benefits for most nursing home expenses.

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about long-term care insurance, review the "Shopper's Guide to Long-Term Care Insurance," available from the insurance company.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

(f) [For policies providing home care benefits only.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

Federal law requires us to inform you that this insurance duplicates Medicare benefits in some situations.

- This insurance provides benefits primarily for covered home care services.
- In some situations, Medicare will cover some health related services in your home and hospice care which may also be covered by this insurance.
- This insurance does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

Neither Medicare nor Medicare Supplement insurance provides benefits for most services in your home.

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about long-term care insurance, review the "Shopper's Guide to Long-Term Care Insurance," available from the insurance company.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

(g) [For other health insurance policies not specifically identified in the previous statements.]

IMPORTANT NOTICE TO PERSONS ON MEDICARE
THIS INSURANCE DUPLICATES SOME MEDICARE BENEFITS

This is not Medicare Supplement Insurance

This insurance provides limited benefits if you meet the conditions listed in the policy. It does not pay your Medicare deductibles or coinsurance and is not a substitute for Medicare Supplement insurance.

This insurance duplicates Medicare benefits when it pays:

- the benefits stated in the policy and coverage for the same event is provided by Medicare

Medicare generally pays for most or all of these expenses.

Medicare pays extensive benefits for medically necessary services regardless of the reason you need them. These include:

- hospitalization
- physician services
- hospice
- other approved items and services

Before You Buy This Insurance

- Check the coverage in **all** health insurance policies you already have.
- For more information about Medicare and Medicare Supplement insurance, review the "Guide to Health Insurance for People with Medicare," available from the insurance company.
- For help in understanding your health insurance, contact your state insurance department or state senior insurance counseling program.

SECTION 16. INITIAL APPLICABILITY. This rule first applies to any policy issued, renewed or solicited on or after January 1, 1996.

SECTION 17. EFFECTIVE DATE. This rule will take effect on January 1, 1996.

Dated at Madison, Wisconsin, this 9th day of November 1995.

Josephine W. Musser
Commissioner of Insurance

867R27
11/07/95