**Section 2008.APPENDIX S Medicare Supplement Refund Calculation Format**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type (1)** | | | | |  | | | | | | | | | | | **SMSBP (2)** | | | | |  | | | | | | | | | |  | |
| **For the State of** | | | | | | | | | |  | | | | | |  | | | | | | | | | | | | | | |  | |
| **Company Name** | | | | | | | | |  | | | | | | | | | | | | | | | | | | | | | |  | |
| **NAIC Group Code** | | | | | | | | | | |  | | | | | **NAIC Company Code** | | | | | | | | | | | |  | | |  | |
| **Address** | | | | | |  | | | | | | | | | | | | | | | | | | | | | | | | |  | |
| **Person Completing this Form** | | | | | | | | | | | | | |  | | | | | | | | | | | | | | | | |  | |
| **Title** | |  | | | | | | | | | | | | | | **Telephone Number** | | | | | | | | | | |  | | | |  | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | **(a)**  **Earned Premium (3)** | | | | | | |  | **(b)**  **Incurred Claims (4)** | |  |
|  |  |
|  |  |
| **Line** | | |  | | | | | | | | |  | | | | | | | |  | |  | | | | | | |  |  | |  |
|  | 1. | | | Current Year's Experience | | | | | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  |  | | | a. | | | | Total (all policy years) | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  |  | | | b. | | | | Current year's issues (z) | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  |  | | | c. | | | | Net (for reporting purposes = 1a - 1b) | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  |  | | |  | | | |  | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  | 2. | | | Past Years' Experience (all policy years) | | | | | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  |  | | |  | | |  | | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  | 3. | | | Total Experience (net current year + past years' experience) | | | | | | | | | | | | | | | |  | |  | | | | | | |  |  | |  |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | 4. | | | Refunds last year (excluding interest) | | | | | | | | | | | | |  | | | | | | | |  | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | 5. | | | Previous since Inception (excluding interest) | | | | | | | | | | | | | | |  | | | | | | |  | | | | | |  |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | 6. | | | Refunds since Inception (excluding interest) | | | | | | | | | | | | | |  | | | | | | |  | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | 7. | | | Benchmark Ratio since Inception | | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
|  |  | | | **(see worksheet for Ratio 1)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | 8. | | | Experienced Ratio since Inception | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  | | | Total Actual Incurred Claims (line 3, col. b) / Total Premium After Refunds = Ratio 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  | | | Where Total Earned Premium after Refunds = Total Earned Premiums (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) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | | | | |
| 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 Premium after Refunds – [Adjusted Incurred Claims (line 12) | | | | | | | | | | | |
|  | | /Benchmark Ratio (Ratio 1)] | |  | | | | | | |  | | |
|  | | | | | | | | | | | | | |
|  | | Where Total Earned Premium after Refunds = Total Earned Premiums (line 3, col. a) – | | | | | | | | | | | |
|  | | Refunds since Inception (line 6) | | | | | |  | | | | | |
|  | | | | | | | | | | | | | |
|  | | ***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.*** | | | | | | | | | | | |
|  | | |  | | | | |  | | | | |  |
| **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. | | | | | | | | | |
|  | | | | |  | | | | |
| (1) | | Individual, Group, Individual Medicare Select, or Group Medicare Only. | | | | | | | | | | | |
| (2) | | "SMSBP" = Standard Medicare Supplement Benefit Plan-Use "P" for prestandardized plans. | | | | | | | | | | | |
| (3) | | Includes modal loadings and fees charged | | | | | | | | | | | |
| (4) | | Excludes Active Life Reserves | | | | | | | | | | | |
| (5) | | This is to be used as "Issue Year Earned Premium" for 1 of next year's "Worksheet for Calculation of Benchmark Ratios" | | | | | | | | | | | |
|  | | | | | | | | | | | | | |
| I certify that the above information and calculations are true and accurate to the best of my knowledge and belief. | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | |
|  |  | | | | | |  |  | | | | | |
|  | **Signature** | | | | | |  | **Title – please type** | | | | | |
|  | | | | | | | | | | | | | |
|  |  | | | | | |  |  | | | | | |
|  | **Name − please type** | | | | | |  | **Date** | | | | | |
|  | | | | | | | | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 Form** | | | | | | | | | | |  | | | | | | | | | | | | | | | | | | | |
| **Title** | |  | | | | | | | | | | | | | | **Telephone Number** | | | | | | |  | | | | | | | |
| **(a3)** | **(b4)** | | | | **(c)** | | | | | **(d)** | | **(e)** | | | **(f)** | | | **(g)** | | | **(h)** | | | | **(i)** | | | **(j)** | **(o5)** | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Year** | **Earned Premium** | | | | **Factor** | | | | | **(b4) x (c)** | | **Cumulative Loss Ratio** | | | **(d) x (e)** | | | **Factor** | | | **(b4) 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: Ratio 1 = (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. | | |
|  | | | | | |
|  | (3): | | Year 1 is the current calendar year-1 | | |
|  |  | | Year 2 is the current calendar year-2 (etc.) | | |
|  |  | | (Example: If the current year is 2022, then Year 1 is 2021; Year 2 is 2020, 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. | | |
|  | |  |  | | |
|  | | (6): | To include the earned premium for all years prior to as well as the 15th year to the current year. | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 Form** | | | | | | | | | | | |  | | | | | | | | | | | | | | | | | | | | | |
| **Title** | |  | | | | | | | | | | | | | | | | | **Telephone Number** | | | | | | |  | | | | | | | |
|  | | | | | | | | | |  | | | | | | |  | | | | | | | | | | |  | | | | | | |
| **(a3)** | **(b4)** | | | | **(c)** | | | | | | **(d)** | | **(e)** | | | | **(f)** | | | | **(g)** | | | **(h)** | | | | **(i)** | | | **(j)** | **(o5)** | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Year** | **Earned Premium** | | | | **Factor** | | | | | | **(b4) x (c)** | | | **Cumulative Loss Ratio** | | | | **(d) x (e)** | | | **Factor** | | | **(b4) x (g)** | | | | **Cumulative Loss Ratio** | | | **(h) x (i)** | **Policy Year Loss Ratio** | | |
| 1 |  | | | | 2.770 | | | | | |  | | 0.442 | | | |  | | | | 0.000 | | |  | | | | 0.000 | | |  | 0.4 | | |
| 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: Ratio 1 = (l + n) / (k + m): | | | |  |  |
|  | | | | | |
|  | (1): | | Individual, Group, Individual Medicare Select, or Group Medicare Only. | | |
|  | | | | | |
|  | (2): | | "SMSBP" = Standardized Medicare Supplement Benefit Plan – Use "P" for pre-standardized plans. | | |
|  | | | | | |
|  | (3): | | Year 1 is the current calendar year-1 | | |
|  |  | | Year 2 is the current calendar year-2 (etc.) | | |
|  |  | | (Example: If the current year is 2022, then Year 1 is 2021; Year 2 is 2020, 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. | | |
|  | |  |  | | |
|  | | (6): | To include the earned premium for all years prior to as well as the 15th year to the current year. | | |

(Source: Amended at 47 Ill. Reg. 5701, effective April 4, 2023)