

This is a John Alden Life Insurance Company rate filing for our existing small group medical products.

These are non-grandfathered transitional Small Group Major Medical products. The development of the rates for these plans is detailed in the Part III Actuarial Memorandum.

Listed below is a comparison of experience between our Idaho and Nationwide credibility and loss ratio.

	ID	NW
Credibility	20.0%	100.0%
Claims	\$2,275,860	\$142,917,901
Premium	\$2,779,004	\$180,012,985
Loss Ratio	81.9%	79.4%

Credibility Weighted Loss Ratio 79.9%

The requested average rate increase is 26.3%. This rate increase is needed because small group medical claims have been higher than expected. This is mostly driven by increases in unit cost and higher utilization. There are 15 policies in force which will be impacted by this rate increase in Idaho. The rate increase will be effective May 1, 2015.

This rate increase is needed because allowed medical trend is assumed to continue at an annual rate of 13%. This includes increases in both the price and utilization of medical services, and benefit leveraging.

The loss ratio is the ratio of incurred claims to earned premium. In Idaho, the target loss ratio is 71.5%, which equates to the 80% Medical Loss Ratio.

The main drivers of our administrative expenses are employee salaries and benefits, agent commissions, and premium taxes, licenses and fees. We are working to lower our administrative expenses.