

IDOI Experience Workbook Instructions

# Overview

For new products, the Experience Workbook will capture the expected average premium, initial projections, and will establish the Portfolio ID for the block. For each subsequent rate related filing (renewals) for one or more plans/products/riders/forms in the Portfolio, the Experience Workbook will be updated to track the experience, update the projections, and to demonstrate that the requested change will help both the individual plans as well as the Portfolio as a whole to achieve the stated target loss ratios. The historical or projected impact of all riders sold with the plans (base policies) should be included in the experience and projections of the plans (base policies). The outcome of most rate change requests will be heavily influenced by the Indiana experience for the Portfolio and so it is important that the Indiana experience is sufficiently credible.

# Quick Start Guide

1. The Experience Workbook is required for every rate related filing, inclusive of new products. The required fields for new products are given in the Experience Workbook Glossary.
2. Do not enter text such as, “N/A” in number fields as it causes errors in the formulas. Instead, leave the field blank and enter an explanation in the Notes to Reviewer section.
3. Do not change, delete, or type over the formulas in grey cells unless it is a correction mentioned on the Revisions tab of the Experience Workbook Glossary.
4. Be sure to enter the information for the current filing on the IN Rate Filing History tab (formerly the IN Rate Change History tab).
5. Be sure to enter the Pre-Filing Effective Date Premium on a per covered life basis. For new products, enter the expected average premium per covered life and add a Note to Reviewer to specify if the premium provided is per month, per year,…
6. The Glossary has definitions, notes for new products, and a record of revisions.
7. Contact the IDOI if you have questions
	1. Stephen Chamblee 317-234-7993

# Products

This document will use the terms “plan” and “product” interchangeably and generically to refer to any forms, plans, or products being filed.

# Portfolios

The block of business contained in the Experience Workbook will be called the Portfolio and is identified by its Portfolio ID, which is a SERFF Tracking # chosen by the carrier, and is typically (but not required to be) the first SERFF Tracking # for a rate filing submitted on or after 1/1/2018. All Rate and Form/Rate Accident and Health filings for both new and revised products will need to include a complete and up-to-date Experience Workbook. New products may either be added to an existing Portfolio or may be tracked as a new Portfolio using a new Experience Workbook. The determination of what should be included in a Portfolio should be chosen carefully, since updated information for all forms in the Portfolio will be required whenever any rate related changes to any form, plan, or products in the Portfolio are filed. Once a product is added to a Portfolio, it is expected to stay in that Portfolio unless otherwise approved by the IDOI.

# Plan Overview

The Plan Overview tab gathers basic information for the filing as well as plan level information for the currently requested rated changes. In the “Plan Name(s)” field please enter the names of products that are part of this Portfolio. More than one product may be listed in a single cell if it is expected that the experience for those products will always be pooled. Plans that are listed separately on the Plan Overview tab can still have their experience pooled on the experience tabs. Pooling can be shown on the Plan Overview tab by selecting the same “Name of Experience Sheet” for each pooled plan. In general, rate changes are expected to be uniform across pooled plans. For this reason, if different rate changes may be needed in future filings, then these plans should be listed on separate rows on the Plan Overview tab and their experience should be listed on separate experience sheets. For Medicare Supplement, all standardized or modernized plans must be listed with one plan per row, but the experience may still be pooled on the experience tabs.

Once the plans have been entered, the earliest “Inception Date” listed along with the “Last Full Year of Experience” and “Last Year for Projections” will automatically determine the years and coloring on the experience tabs. If blocks of business (Portfolios) need to be combined it is best practice to add more recently implemented plans to Portfolios with older implementation dates and not vice versa and to check the dates on the experience tabs carefully.

Also, the plan level information on the Plan Overview tab is part of an Excel table. Thus, the formulas, formatting, and extra table rows should automatically continue as additional rows of experience are added.

# IN Rate Filing History

The IN Rate Filing History tab tracks the history of all rate related filings at the filing level. This includes the initial filing since rates are filed in the initial filing. Approved rate changes (rather than requested rate changes) should be listed. Disapproved filings should also be included, show 0% as the Rate Increase, and have a Note to Reviewer stating that the filing was disapproved. Any special considerations in a filing can be included in the Notes to Reviewer section for that filing. These notes should explain the main purpose and/or result of the filing, such as: Initial filing, Rate increase approved, Rate increase disapproved, New riders added, New plans added, Benefit changes,…

The Portfolio ID field is included to allow carriers the flexibility to combine portfolios in the future, while still preserving the historical record for each portfolio.

The current filing should also be entered into the table and all but the Max/Min fields should match the calculated values in row 6 (Current Averages).

# Experience Tabs

Each experience tab will contain historical and projected experience for both Indiana and nationwide. The name of each experience tab must be of the form “Exp 1, Exp 2, …” For each experience tab, the name of the associated plans should be listed in the field “Plan(s)” in row 7. Several plans may be pooled together to make reporting the experience a little easier and the names of the pooled plans should be entered in row 7. The last historical year is the most recent year that completed its calendar year of experience. The first projected year is a full year projection for the first year that has not yet completed its calendar year of experience.

Historical experience should:

1. Be reported in actual and not present value terms,
2. And be reported from inception.

Projections should:

1. Assume the currently requested rate changes are approved,
2. Be based on runoff of current enrollment (or an assumed first year enrollment for new plans),
3. If used, include premium trend only for 12-18 months after the effective date,
4. And include claims trend and aging for all years.

## Creating New Experience Sheets

To create a new experience follow these steps:

1. Unprotect the workbook.
2. Right click on the tab name “Blank Exp.”
3. Select “Move or Copy” from the menu.
4. Check the box at the bottom of the menu to “Create a copy.”
5. Select the sheet “EndExp” as the “Before sheet” to insert the new blank experience sheet in-between “StartExp” and “EndExp.”
6. Press OK and then rename the new sheet using the format of “Exp 1, Exp 2, …”
7. Protect the workbook.

## Organizing New Experience Sheets

Each experience tab must be placed between the tabs “StartExp” and “EndExp” tabs to be included in the formulas on the Aggregate tab. Here is an important caution to keep in mind when rearranging the tabs:

**“It is also imperative that “StartExp” always be to the left of “EndExp” as reversing the two permanently breaks the formulas on the Aggregate tab.**”

Also, keep in mind that you will need to unprotect the workbook to be able to rearrange the tabs.

## Entering Experience

The Experience Workbook is meant to be a document that gets updated with each filing and thus after its initial setup, there should be very little information that will need to be entered. However, you may desire to copy and paste during the initial setup. When you do this, we recommend that you paste-as-values in order to keep from overriding the formatting built into the workbook. This will help the formatting stay consistent, will make it easier to read and maintain.

Also, the experience data for Indiana and Nationwide is part of an Excel table. Thus, the formulas, formatting, and extra table rows should automatically continue as additional rows of experience are added.

# Aggregate Tab

The Aggregate Tab combines all of the experience by year for all plans whose experience tabs are between the “StartExp” tab and the “EndExp” tab. This setup allows the workbook to include and summarize any number of plans while minimizing the size of the workbook.

## Annualized Rate Increase

Since there can be multiple rate changes in a given year, the Experience Workbook asks for an overall “Annualized Rate Increase” for each year, which could be negative in the case of rate decreases. If there was not a rate change in a given year, then please enter “0.” Rate changes due to premium trend should be included. Remember that a schedule of rates may only be changed by applying premium trend during the first 18 months after approval.

## Expected Loss Ratio Curve

This is the predicted loss ratio curve obtained by applying the original durational loss ratio assumptions to the actual covered lives for the past and to current covered lives (adjusting for lapses) for projections. For example, if the durational loss ratios were originally assumed to be 55% in the first duration and 65% in the second duration, and in 2010 there were 200 first duration covered lives and 100 second duration covered lives, then the expected loss ratio for 2010 would be