



Freedom Life Insurance Company of America – Individual Plans (Off Marketplace)

Rate request filing SERFF Tracking #: **USHG-131042611**

Product Name: **EHB Plan**

This document is offered as a tool for Arkansas consumers to help explain the company's rate filing prepared and uses information submitted by the insurance company. It is not intended to describe or include all factors or information considered in AID's review process. All information is in the public domain. Financial information is based upon the annual company statement filed for the calendar year noted. For further information on this filing, visit: <https://www.insurance.arkansas.gov/uploads/pages/py2018-ind-fl-full.pdf>.

Overview

Requested average rate change:	105.87%
Range of requested rate change:	101.15% – 207.27%
Effective date:	January 1, 2018
Covered lives affected:	2
This plan is available in the following:	Statewide

Financial information

Experience from January-December 2016:

Premiums written:	\$0
Claims paid:	\$0

Projection for January-December 2018:

Projected premium:	\$327,326
Projected claims:	\$268,997

Company justification for requested change

According to the company's filing, the following components make up its rate request:

"The rate increase will affect 2 inforce members. This increase reflects a change in medical costs and utilization, changes in morbidity in the experience period and a change in the assumption for the relative morbidity between our block of business and the statewide average risk pool. The average rate increase applied to all plans is equal to 105.87%. The increase due to an annual increase in medical cost and utilization is 7.6% and the increase of 98.27% is due to worsening internal experience of similar products and changes in the expected market risk pool. We expect the market average risk to be worse than our previous expectations for 2017."

- 2.47% of the 105.87% total request is due to Medical Utilization Changes.
- 5.0% of the 105.87% total request is due to Medical Price Changes.
- 0% of the 105.87% total request is due to Medical Benefit Changes Required by Law.
- 0% of the 105.87% total request is due to Medical Benefit Changes Not Required by Law.
- 0% of the 105.87% total request is due to Changes to Administration Costs.
- 0% of the 105.87% total request is due to Changes to Profit Margin.
- 98.2% of the 105.87% total request is due to Other, defined as: "Worsening internal experience of similar products and changes in the expected market risk pool."