STATE OF CONNECTICUT

INSURANCE DEPARTMENT

In The Matter Of:	:	
NATIONWIDE LIFE	:	Docket No. LH 11-87
INSURANCE COMPANY	:	
Medicare Supplement Insurance	:	

ORDER

I, Thomas B. Leonardi, Insurance Commissioner of the State of Connecticut, having read the record, do hereby adopt the findings and recommendations of Danny K. Albert, Hearing Officer in the above matter and issue the following order, to wit:

Nationwide Life Insurance Company's rate increase request for its individual standardized Medicare supplement policy forms 2121CT94(Plan A), 2122CT94 (Plan B) and 2123CT94 (Plan F) is approved as submitted.

This rate increase is reasonable in relationship to the benefits, estimated claim costs and the anticipated loss ratios the company expects to realize on these policy forms.

Dated at Hartford, Connecticut, this 25th day of July, 2011.

Thomas B. Leonardi
Insurance Commissioner

STATE OF CONNECTICUT

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PROPOSED FINAL DECISION

1. INTRODUCTION

The Insurance Commissioner of the State of Connecticut is empowered to review rates charged for individual and group Medicare supplement policies sold to any resident of this State who is eligible for Medicare. The source for this regulatory authority is contained in Chapter 700c and Section 38a-495a of the Connecticut General Statutes.

After due notice a hearing was held at the Insurance Department in Hartford on July 13, 2011 to consider whether or not the rate increase requested by Nationwide Life Insurance Company on its individual standardized Medicare supplement business should be approved.

No members from the general public attended the hearing.

No representatives from Nationwide Life attended the hearing.

The hearing was conducted in accordance with the requirements of Section 38a-474, Connecticut General Statutes, the Uniform Administrative Procedures Act, Chapter 54 of the Connecticut General Statutes, and the Insurance Department Rules of Practice, Section 38a-8-1 et seq. of the Regulations of Connecticut State Agencies.

A Medicare supplement (or Medigap) policy is a private health insurance policy sold on an individual or group basis which provides benefits that are additional to the benefits provided by Medicare. For many years Medicare supplement policies have been highly regulated under both state and federal law to protect the interests of persons eligible for Medicare who depend on these policies to provide additional coverage for the costs of health care.

Effective December 1, 2005, Connecticut amended its program of standardized Medicare supplement policies in accordance with Section 38a-495a of the Connecticut General Statutes, and Sections 38a-495a-1 through 38a-495a-21 of the Regulations of Connecticut Agencies. This program, which conforms to federal requirements, provides that all insurers offering Medicare supplement policies for sale in the state must offer the basic "core" package of benefits known as Plan A. Insurers may also offer any one or more of eleven other plans (Plans B through L).

Effective January 1, 2006, in accordance with Section 38a-495c of the Connecticut General Statutes (as amended by Public Act 05-20) premiums for all Medicare supplement policies in the state must use community rating. Rates for Plans A through L must be computed without regard to age, gender, previous claims history or the medical condition of any person covered by a Medicare supplement policy or certificate.

The statute provides that coverage under Plan A through L may not be denied on the basis of age, gender, previous claims history or the medical condition of any covered person. Insurers may exclude benefits for losses incurred within six months from the effective date of coverage based on a pre-existing condition.

Effective October 1, 1998, carriers that offer Plan B or Plan C must make these plans as well as Plan A, available to all persons eligible for Medicare by reason of disability.

Insurers must also make the necessary arrangements to receive notice of all claims paid by Medicare for their insureds so that supplemental benefits can be computed and paid without requiring insureds to file claim forms for such benefits. This process of direct notice and automatic claims payment is commonly referred to as "piggybacking" or "crossover".

Sections 38a-495 and 38a-522 of the Connecticut General Statutes, and Section 38a-495a-10 of the Regulations of Connecticut Agencies, state that individual and group Medicare supplement policies must have anticipated loss ratios of 65% and 75%, respectively. Under Sections 38a-495-7 and 38a-495a-10 of the Regulations of Connecticut Agencies, filings for rate increases must demonstrate that actual and expected losses in relation to premiums meet these standards, and anticipated loss ratios for the entire future period for which the requested premiums are calculated to provide coverage must be expected to equal or exceed the appropriate loss ratio standard.

Section 38a-473 of the Connecticut General Statutes provides that no insurer may incorporate in its rates for Medicare supplement policies factors for expenses that exceed 150% of the average expense ratio for that insurer's entire written premium for all lines of health insurance for the previous calendar year.

II. FINDING OF FACT

After reviewing the exhibits entered into the record of this proceeding, and utilizing the experience, technical competence and specialized knowledge of the Insurance Department, the undersigned makes the following findings of fact:

1. Nationwide Life Insurance Company has requested a 5.0% rate increase for its individual standardized Medicare supplement policy forms 2121CT94 (Plan A), 2122CT94 (Plan B), and 2123CT94 (Plan F).

2. There were 4,233 policies nationwide and 254 in Connecticut as of 12/31/10. The majority of these policies are in Plan F, 2,949 nationwide and 120 in Connecticut.

3. This is a closed block of business.

4. The last rate increase approved was 7.5% for all three plans, with an approval date of 8/26/10.

5. Nationwide certified that their expense factors are in compliance with section 38a-473, C.G.S.

6. The proposed rates are designed to satisfy the Connecticut regulatory loss ratio of 65%.

7. Below are the estimated loss ratios for Connecticut in 2009, 2010 and from inception:

Plan	2009	2010	Inception
A	44.1%	58.0%	83.2%
B	72.1%	63.0%	94.7%
F	75.0%	49.2%	76.9%
Total	70.7%	54.0%	81.1%

8. Below are the estimated loss ratios on a nationwide basis for 2009, 2010 and from inception:

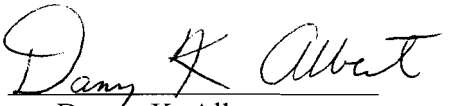
Plan	2009	2010	Inception
A	60.2%	61.6%	74.7%
B	74.9%	72.8%	75.0%
F	67.3%	64.7%	69.2%
Total	67.1%	64.3%	69.1%

9. The Nationwide 2011 Medicare supplement rate filing proposal is in compliance with the requirements of regulation 38a-474 as it applies to the contents of the rate submission as well as the actuarial memorandum.

III. RECOMMENDATION

The undersigned recommends that the rate increase requests for Plans A, B and F be approved as submitted. These rate changes are reasonable in relationship to the benefits, estimated claim costs and the anticipated loss ratios the company expects to realize on this business. Connecticut experience was not deemed credible, therefore the recommendation is based upon nationwide experience.

Dated at Hartford, Connecticut, this 25th day of July, 2011.



Danny K. Albert
Hearing Officer