

**Sec. 38a-495-7. Loss ratio standards**

(a) Medicare supplement policies shall return to policyholders in the form of aggregate benefits under the policy, for the entire period for which rates are computed to provide coverage, on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for such period and in accordance with accepted actuarial principles and practices:

(1) At least 70 percent of the aggregate amount of premiums earned in the case of group policies; and

(2) At least 75 percent of the aggregate amount of premiums earned in the case of group policies defined in Section 1882 (g) of Title XVIII of the Social Security Act, 42 U.S.C. 1395ss (g), as amended; and

(3) At least 65 percent of the aggregate amount of premiums earned in the case of individual policies.

All filings of rates and rating schedules shall demonstrate that actual and expected losses in relation to premiums comply with the requirements of this section.

(b) Every entity providing Medicare supplement policies in this State shall file annually its rates, rating schedule and supporting documentation including ratios of incurred losses to earned premiums and paid losses to written premiums by number of years of policy duration demonstrating that it is in compliance with the foregoing applicable loss ratio standards and that the period for which the policy is rated is reasonable in accordance with accepted actuarial principles and experience.

(c) As soon as practicable, but prior to the effective date of Medicare benefit changes every insurer, health care service plan or other entity providing Medicare supplement insurance or contracts in this State shall file with the Commissioner, in accordance with the applicable filing procedures of this state:

(1) (A) Appropriate premium adjustments necessary to produce loss ratios as originally anticipated for the applicable policies or contracts. Such supporting documents as necessary to justify the adjustment shall accompany the filing, and

(B) Every insurer, health care service plan or other entity providing Medicare supplement insurance or benefits to a resident of this State pursuant to Section 38a-495 of the General Statutes shall make such premium adjustments as are necessary to produce an expected loss ratio under such policy or contract as will conform with the minimum loss ratio standards for Medicare supplement policies and which are expected to result in a loss ratio at least as great as that originally anticipated in the rates used to produce current premiums by the insurer, health care service plan or other entity for such Medicare supplement insurance policies or contracts. No premium adjustment which would modify the loss ratio experience under the policy other than the adjustments described herein should be made with respect to a policy at any time other than upon its renewal date or anniversary date.

(2) Any appropriate riders, endorsements or policy forms needed to accomplish the Medicare supplement insurance modifications necessary to eliminate benefit duplications with Medicare. Any such riders, endorsements or policy forms shall provide a clear description of the Medicare supplement benefits provided by the policy or contract.

(Effective September 25, 1992)