

# Ohio



## NORTH CAROLINA MUTUAL LIFE INSURANCE COMPANY

This insert is part of the Health Care Benefits Brochure and reflects the Rate and Renewability Disclosure Requirements for the State of Ohio.

### RATE AND RENEWABILITY DISCLOSURE

Many states are requiring insurance companies to establish small group health rates within specific guidelines outlined by the state. They also require companies to provide written disclosure of their rating practices to you at the time of sale.

#### Class of Business

This notice pertains to small employer groups who elect to subscribe to and participate in the National Health Care Trust, insured by North Carolina Mutual Insurance Company.

#### Establishing Initial Group Rates

The rating guidelines we follow were designed and developed to promote fairness in the small group marketplace. These guidelines promote fairness by acknowledging the similarities of each group while recognizing some diversity.

The premium rates for groups enrolling for coverage with us for the first time are established through projections or estimates of future claims. These projections consider the specific benefits we currently offer, as well as the projected cost of health care and anticipated medical claims, for all groups. We also consider health status or duration of coverage in establishing or adjusting rates. In addition, rates are adjusted in accordance with the laws of your particular state.

#### Rate Guarantees and Changes

Our current practice is to guarantee each employer group's initial rates for 6 to 12 months from the effective date of coverage. This guarantee holds true provided the group's composition, geographic location, and benefits remain unchanged. The group's rates may be adjusted during the rate guarantee period whenever any one of the following occurs:

- If a group adds or eliminates employees;
- If age and sex compositions of the group change;
- If the business moves from one geographic rate area to another; or
- If the group changes its benefits in any way.

Our rate guarantees will change with market conditions. In general, we have the right to change premium rates on any date the terms of the plan are changed or on any premium due date as long as we provide advance written notice as provided by state law.

#### How Rate Increases are Determined

A group's rate increase will be adjusted due to factors such as medical inflation, claims experience, duration of coverage and current market conditions. We control the group's rate increase to the sum of the following:

- A percentage change made to new business rates since the last time rates were increased for the group;
- An adjustment of up to 15% annually and adjusted pro rata for rating periods of less than a year; and
- Any adjustment due to any change in coverage or case characteristics.

#### How Coverage is Renewed

All employers have the option to continue coverage with us, except in any of the following situations:

- Required premiums are not paid;
- Fraud or misrepresentation of the employer or an individual;
- Noncompliance with plan provisions, including minimum participation requirements and eligibility requirements of the plan; or
- Nonrenewal of all plans by us in a particular class of business, in which case all affected participating employers will be notified in advance according to state law.

#### Pre-existing Conditions and Late Entrants

A pre-existing conditions provision may apply to an employee or dependent. When it does, pre-existing conditions will not be covered for a period of time or benefits will be limited under the policy. The pre-existing condition waiting period may be reduced by the length of time an employee was covered by a prior qualifying plan. Late entrants may also be excluded from coverage for a period of time. These provisions will be described in the certificates issued to the employees and will never be more restrictive than the applicable laws of your state. Please refer to your outline of coverage for a listing of exclusions, limitations and pre-existing condition provisions.