

Long Term Care Insurance Rate Request Summary Part 2 –To Be Completed By Bureau of Insurance

Company Name and NAIC Number: RiverSource Life Insurance Company,

#65005 SERFF Tracking Number: AERS-129718202

Disposition: Approve

Approval Date: 4/6/2017

Revised Rates

Average Annual Premium Per Member: 2,668

Average Requested Percentage Rate Change Per Member: 34.6%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 34.6%

Number of Policy Holders Affected: 1,205

Summary of the Bureau of Insurance's review of the rate request:

RiverSource Life Insurance Company (the Company) initially requested a rate increase of 17% in September 2014. Due to the length of time that had elapsed, the Company in November 2016 revised their request to be 34.6%, which is a combination of the original 17% request and an additional 15% increase. Because the Company subjected its increase to a maximum rate of \$999.98, the increases range from 0% to 34.6%.

This is an individual, closed block of business issued from March 1998 through December 2000 and is subject to the requirements of 14VAC5-200-150. The Company previously raised rates by 10% per year for three consecutive years, effective in years 2007-2010, and by 13% in 2012. After implementation of a 34.6% rate increase, the cumulative increase would be 105.1%. As of the date of submission, there were 1,205 premium paying policies in force in Virginia.

The Company stated that lower than anticipated lapse rates are the primary driver of the need for remediation on this block of business, which will result in higher claims than originally anticipated in the pricing. Since actual claims experience has proven to be materially different from the company's original pricing assumptions and is expected to continue in the future as a result of more policyholders living longer and keeping their policies longer than originally expected, a premium increase is needed to ensure that sufficient funding is available to pay all expected claims.

The Bureau's review, using actuarially accepted and justified assumptions, indicated the proposed rate increase meets the requirements set forth in Virginia law and regulation. The original pricing loss ratio for this plan was 62.8%. The projected lifetime loss ratio with the requested 34.6% increase is anticipated to be 88.6%. Since the filing met the requirements of 14 VAC5-200-150 after implementation of the rate increase, approval was recommended.

The company agreed to not seek another rate increase effective within three years of the implementation date of these increases. The Company anticipates it is likely additional increases will be needed even if current best estimates for key assumptions are realized in future years.

Policyholders have several available options to reduce or eliminate the premium increase by reducing coverage. Policyholders can lower daily benefits, decrease the benefit period, increase the elimination period, terminate riders or take a paid-up policy.

This document is intended to help explain the rate filing and it is only a summary of the company's request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.

The filing can be reviewed on the Bureau's webpage under the [Rate/Policy Form Search](#) at:
<http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx>.

This document is intended to explain the decision made by the Bureau of Insurance and it is only a summary of the Bureau's review. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.