

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

Company Name and NAIC Number: Continental Casualty Company - 20443

SERFF Tracking Number: CNAB-131651014

Disposition: Approved & Filed

Approval Date: 6/26/2020

Revised Rates

Average Annual Premium Per Member: \$2,148

Average Requested Percentage Rate Change Per Member: 70.0% (phase 1); 49.8% (phase 2); Total Cumulative Increase of 154.7%

Minimum Requested Percentage Rate Change Per Member: 70.0% (phase 1); 49.8% (phase 2); Total Cumulative Increase of 154.7%

Maximum Requested Percentage Rate Change Per Member: 70.0% (phase 1); 49.8% (phase 2); Total Cumulative Increase of 154.7%

Number of Policy Holders Affected: 2,839

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

The Company requested, and the Bureau approved, a two-phase rate increase, applicable only to those policies with an automatic benefit increase rider. The first phase is an increase of 70%, followed in one year by a second increase of 49.8% for this block of individual long-term care insurance policy forms.

The filing was reviewed by the Bureau's consulting actuary and determined to comply with the requirements for a rate increase set forth in 14VAC5-200-150 of the Virginia Administrative Code for policies issued prior to October 1, 2003. The review indicated that the anticipated loss ratio, reflecting claims payout, will be 109% with the increase, which exceeds the minimum required loss ratio of 60%.

The Company has advised that it they may apply to the Bureau for a future rate increase on this block if the actual experience is worse than projected after implementation of the rate increases.

The primary reasons for the rate increase are that policyholders are living longer and keeping their policies in force longer, which has resulted in more claims being filed than the Company anticipated when the policy was originally priced. The Company determined that a premium increase is necessary to reflect that future claims are expected to be significantly higher on these

policies than originally expected or priced and to ensure that sufficient funds are available to pay claims.

The Company is offering all policyholders options to reduce the premium increase by reducing their coverage. These reductions could be in the form of lower daily benefits, a shorter benefit period, a longer elimination period, the termination of riders or any combination of these reductions, or a paid-up policy. Specific options are included in the letter sent to all policyholders notifying them of the rate increase and can be discussed with the Company by calling its customer service department.

The filing can be reviewed on the Bureau's webpage under the Rate/Policy Form Search at: <https://scc.virginia.gov/boi/SERFFInquiry/LtcFilings.aspx>