

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

Company Name and NAIC Number: CMFG Life Insurance Company 62626

SERFF Tracking Number: CUNA-130384266

Disposition: Approve

Approval Date: 11/30/2016

Revised Rates

Average Annual Premium Per Member: \$3, 106

Average Requested Percentage Rate Change Per Member: 99.5%

Minimum Requested Percentage Rate Change Per Member: 99.5%

Maximum Requested Percentage Rate Change Per Member: 99.5%

Number of Policy Holders Affected: 1171

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

CMFG Life Insurance Company (the Company) requested a rate increase of 99.5% with an initial 50% rate increase followed by an additional 33% increase two years later. This is an individual, closed block of business issued from 2008 through 2011 and is subject to the requirements of 14VAC5-200-153. There has been no prior rate increases approved on this block.

The Company stated that higher policy persistency experience and less favorable morbidity projections than expected are the primary drivers of the rate increase. The result of more policyholders keeping their policies and being on claim than originally projected is expected to result in more total claims than was originally expected. Thus, premiums need to be increased to ensure sufficient funds to pay out all claims over the lifetime of the contracts issued.

The regulations require that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted. The results of the 58/85 Loss Ratio Test were reviewed and the lifetime incurred claims exceed the lifetime earned premiums times the prescribed factors, thereby meeting the requirements of the test.

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. Since the filing met the requirements of 14VAC5-200-153 after implementation of the rate increase, approval was recommended.

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.

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

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.

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