

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

Company Name and NAIC Number: Continental General Insurance Company - 71404

SERFF Tracking Number: GLTC-131253864

Disposition: Approved

Approval Date: 9/04/2020

Revised Rates

Average Annual Premium Per Member: \$5,189.44

Average Requested Percentage Rate Change Per Member: 54.96%

Minimum Requested Percentage Rate Change Per Member: 0.00%

Maximum Requested Percentage Rate Change Per Member: 99.00%

Number of Policy Holders Affected: 31

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

The Company requested, and the Bureau approved a rate increase averaging 54.96% for this block of individual long-term care insurance policy forms. The increase ranges from 0% for those policies a benefit period less than 5 years, 42% for policies with a benefit period greater than 5 years but without inflation guard, and 99.0% for policies with a benefit period greater than 5 years with inflation guard.

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 for the entire block, reflecting claims payout, will be 89.4% with the increase, which exceeds the minimum required loss ratio of 60%.

The Company has advised that they do intend to request future rates increases on this block. Any future request must be filed, reviewed and approved by the Virginia Bureau of Insurance.

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>