

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

**Company Name and NAIC Number:** The State Life Insurance Company - 69116

**SERFF Tracking Number:** LFCR-128697751

**Disposition:** approved

**Approval Date:** 9/11/2015

**Revised Rates**

**Average Annual Premium Per Member:** \$2,904 policies issued prior to 10/3/2003;  
\$3,005 policies issued on or after 10/3/2003

**Average Requested Percentage Rate Change Per Member:** 34.92%

**Minimum Requested Percentage Rate Change Per Member:** 34.92%

**Maximum Requested Percentage Rate Change Per Member:** 34.92%

**Number of Policy Holders Affected:** 89- prior to 10/3/2003;  
21- on or after 10/3/2003

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

The company requested a rate increase of 35% for all policyholders of policy form S-6000-P-VA. The rate increase was requested due to the actual experience for these policies being worse than expected. The mortality and lapse rates are lower than expected, resulting in more individuals keeping their policies in force than initially anticipated or included in the pricing. As a result of the higher risk for future claim payments coupled with average claims being higher than priced, the company requested the 35% rate increase. During the course of the review, the company modified their request so that it will be implemented over a three year period at 10.5% per year, ultimately resulting in a 34.92% increase. Since this rate increase filing includes both pre-rate-stability and post-rate-stability policies, the Bureau has reviewed the filing in accordance with both 14VAC5-200-150 and 14VAC5-200-153. The Bureau reviewed the assumptions underlying the revised projections of future experience and determined that the methods used to develop these assumptions were consistent with common actuarial practice and that the assumptions were reasonable in light of the historical experience presented in the filing as well as trends in industry data. For pre-rate-stability policies, the projected lifetime loss ratio is 82% and the anticipated future loss ratio taking into account the policy reserves is 89%, which both exceed the required minimum of 60% and the company's originally targeted loss ratio of 68.9%. For post-rate-stability policies, 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. For both blocks of business the company advised that even if the underlying assumptions are met, which reflect moderately adverse conditions, further rate increases are anticipated. This is based on the fact that the company would have to increase the rates at least 70% rather than 35% to be able to certify that if the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. The company, however, have agreed not to file any additional rate increases for at least two years.

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.