

Part 2 - Long Term Care Insurance Rate Request Summary

Completed by the Bureau of Insurance (Bureau) of the Virginia State Corporation Commission

Company Name and NAIC Number:

Berkshire Life Insurance Company of America – NAIC # 71714

SERFF Tracking Number: LFCR-132210833

Disposition: Approved & Filed

Approval Date: 5/13/2021

Current Average Annual Premium Per Member: \$5,200

Rate Changes:

Average Percentage Rate Change Per Member: 26.2%

Minimum Requested Percentage Rate Change Per Member: 22%

Maximum Requested Percentage Rate Change Per Member: 32.25%

Number of Virginia Policy Holders Affected: 180

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

The Company requested an average rate increase of 86.08% rate increase on this block of individual long-term care insurance policy forms. However, after discussion with the Bureau, the increase was reduced to an average rate increase of 26.2% (22% on form BG01P(06/04)-VA and 32.25% on form BG01P(01/09)-VA).

The Bureau and its consulting actuary reviewed the documentation and determined that this rate increase complies with the regulatory and actuarial requirements for a rate increase as set forth in 14VAC5-200-153 of the Virginia Administrative Code. The review indicated that the lifetime anticipated loss ratio after the increase will be 88.3% for form BG01P(06/04) and 74.2% for form BG01P(01/09), which exceeds the minimum required loss ratio of 60%.

The Company has advised that they do not intend to request future rates increases on this block unless the actual experience is worse than projected.

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>