

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

Company Name and NAIC Number: Teachers Protective Mutual Insurance Company
69353

SERFF Tracking Number:LWEL-128450811

Disposition: approved

Approval Date: 5/20/15

Revised Rates

Average Annual Premium Per Member: \$3976

Average Requested Percentage Rate Change Per Member: 40.5%

Minimum Requested Percentage Rate Change Per Member: 40.5%

Maximum Requested Percentage Rate Change Per Member: 40.5%

Number of Policy Holders Affected: 337 pre stability policyholders

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

A rate increase was initially requested in September 2011 for a 25% rate increase for policies and riders issued prior to October 1, 2003 and a 10% increase for policies issued after October 1, 2003. The company's long term care pool of policies has deteriorated rapidly in the last few years. While the number of new claims has increased, a key driver in the deteriorating experience is materially lower-than-expected claims terminations. As a result of the higher risk for future claim payments coupled with average length of claims being longer than expected, the company revised its rate increase to 40% in September 2012 for only those policies and riders issued prior to October 1, 2003. During the course of the review, the company modified their request so that it will be implemented over a three year period at 12% per year, ultimately resulting in a 39.192% increase with a maximum increase of 40.49% and a minimum rate increase of 0% on the post stability business.

The Company's license to transact business in the Commonwealth of Virginia was suspended (INS-2014-00049) due to impairment of the Company's surplus. Although the company is not in receivership, the company is not writing any new business and is in a run-off mode. The company is requesting a rate increase large enough to provide sufficient funds to pay future claims without a profit objective. The Bureau has reviewed the filing in accordance with 14VAC5-200-150 and the assumptions underlying the revised projections of future experience. Although there are concerns about the methods described by the Company to develop the assumptions used to support this rate increase, the Bureau determined that the methods used to develop these assumptions were consistent with common actuarial practice and that the assumptions were reasonable in light of this situation. The projected lifetime loss ratio is 76.7% and

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.

the anticipated future loss ratio taking into account the policy reserves is 86.4%, both of which exceed the required minimum of 60%. Therefore the company may request future rate increases, even though none are anticipated at this time.

The assumptions underlying the projections are considered reasonable based on the historic and projected future experience of this type of insurance. All questions raised by the Bureau related to the underlying experience and rate increase methodology have been adequately addressed by the Company. We have reviewed the data for consistency and reasonableness and where data was found inconsistent or unreasonable, clarification was requested. We have utilized generally accepted actuarial methodologies in arriving at our opinion and confirm this increase is in compliance with applicable Virginia laws and regulations. After review, we believe that the Company has provided all of the information required by 14VAC5-130-70 and 14VAC5-200-150 and that the information provided sufficiently demonstrates that premiums are reasonable in relation to the benefits provided. The Company has also complied with the requirements of the Model Bulletin adopted by the NAIC Exec/Plenary on December 18, 2013.

This document is intended to explain the decision made by the Bureau of Insurance and it is only a summary of the Bureau's review. 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.