

Rate Increase Narrative

Over time, evidence emerged that LTC insurance certificateholders keep their certificates longer, collect their benefits earlier and use their benefits longer than we originally anticipated. As a result, actuarial pricing assumptions were changed to reflect new expectations – such as a larger number of claims and claims that lasted longer than initially expected. To update those premiums that were still based on outdated assumptions, many insurance companies requested increases to their LTC insurance premiums. These pricing challenges impacted the overall industry and were not unique to any one Company.