

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

**Company Name and NAIC Number:** MetLife Insurance Company USA 87726

**SERFF Tracking Number:** MILL-129920189

**Disposition:** Approve

**Approval Date:** 1/20/2016

### Revised Rates

**Average Annual Premium Per Member: \$ 3428**

**Average Requested Percentage Rate Change Per Member: 43.8%**

**Minimum Requested Percentage Rate Change Per Member: 43.8%**

**Maximum Requested Percentage Rate Change Per Member: 43.8%**

**Number of Policy Holders Affected: 349**

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

METLIFE Insurance Company USA (the company) requested a 91.7% rate increase. The company did, however, reduce the requested rate increase to 43.8% after discussions with the Bureau. The primary drivers of the rate increase are insureds being sicker (morbidity) and keeping the policies (persistency) longer than originally anticipated. This has resulted in significantly higher loss ratios than assumed in the original pricing, and as required by Virginia law.

The Bureau reviewed the rate increase in accordance with the requirements of 14VAC5-200-150, which requires that the filing demonstrate that both the future and lifetime loss ratios will be at least 60% after application of the rate increase. The Bureau's review, based on the requirements of Virginia law and regulation and using actuarially accepted and justified assumptions, indicated that the future loss ratio will be 257.9% and the lifetime loss ratio will be 104.6%. Since the filing met the requirements of 14VAC5-200-150 after implementation of the rate increase, approval was recommended.

These forms were issued in Virginia from 1990 through 1995, and are subject to the pre-rate stability requirements of 14VAC5-200-150 and 14VAC5-130. One prior increase was approved in 2011 in the amount of 39.0%. The Bureau's review is based on the requirements of Virginia law and regulations and the use of actuarially accepted and justified assumptions. The vast majority (93%) of the premiums for this block have already been collected, causing the loss ratio to be extremely insensitive to rate increases. For example, the Company reports that they could increase rates by 824.9% and still meet the minimum loss ratio standard. In addition, the requested increase would cause the Virginia rate level to be well above the cumulative average increases that have been approved on a nationwide basis. In order to alleviate this concern and due to the limited credibility of the aggregate loss data, the company proposed to reduce the rate increase to 43.8%.

The Company is offering all policyholders the option 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.

***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.***