

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

Company Name and NAIC Number: MedAmerica Insurance Company - 69515

SERFF Tracking Number: MILL-131285919

Disposition: Approved

Approval Date: 9/03/2020

### **Revised Rates**

Average Annual Premium Per Member: \$4,284

Average Requested Percentage Rate Change Per Member: 106.1%

Minimum Requested Percentage Rate Change Per Member: 85.0%

Maximum Requested Percentage Rate Change Per Member: 131.0%

Number of Policy Holders Affected: 20

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

The Company requested, and the Bureau approved a rate increase of 106.1% (85% for policies with a Limited Benefit Period and 131% for policies with a Lifetime Benefit Period) for this block of individual long-term care insurance policy forms.

The filing was reviewed by the Bureau's consulting actuary and determined to comply with the requirements for a rate increase set forth in 14VAC5-200-150 and 14VAC5-200-153 of the Virginia Administrative Code for policies issued prior to, on and after October 1, 2003. The review indicated that the anticipated loss ratio, reflecting claims payout, will be 89%. The anticipated loss ratio exceeds the minimum required loss ratio of 60%.

The Company has advised that they reserve the right to file a future rate increase on this block for policies with a lifetime benefit. For limited benefit period plans, the company does not anticipate requesting a future increase unless the experience is worse than projected. Any future rate increase filing must be reviewed and approved by the Virginia Bureau of Insurance.

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>