

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

Company Name and NAIC Number: Combined Insurance Company of America – NAIC # 62146

SERFF Tracking Number: MILL-131588701

Disposition: Approved & Filed

Approval Date: 9/15/2020

Revised Rates

Average Annual Premium Per Member: \$1,222

Average Requested Percentage Rate Change Per Member: 76%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 130%

Number of Policy Holders Affected: 24

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

The Company requested, and the Bureau approved a rate increase of 130% on policies with inflation protection, 0% increase for policies without inflation protection, 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 the Virginia Administrative Code 14VAC5-200-150 for policies issued prior to October 1, 2003 and 14VAC5-200-153 for policies issued October 1, 2003 and later. The review indicated that the anticipated loss ratio, reflecting claims payout, with the increase, is 90% for policies issued prior to October 1, 2003 and 80% for policies issued after October 1, 2003. Both loss ratios exceed the minimum required loss ratio of 60%.

The Company has advised that they reserve the right to request a future rate increase on this block if the emerging experience is worse than currently 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>