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

Company Name and NAIC Number: United of Omaha Life Insurance Company 69868

SERFF Tracking Number: MUTA-128319053

Disposition: Approve

Approval Date: 3/9/2016

Revised Rates

Average Annual Premium Per Member: $2,914

Average Requested Percentage Rate Change Per Member: 41.4%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 90.44%

Number of Policy Holders Affected: 433

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

United of Omaha Life Insurance Company (the company) requested an average rate increase of 41.4%, ranging from 0% to 90.44% by policy. The rate increases generally decrease by issue age and increase by richness of inflation option and benefit period. A summary of the rate increases can be found in Attachment #1 in the company's October 26, 2015 response. This is the first increase request on these forms, which were issued from 2006-2010 and are subject to the requirements of 14VAC5-200-153.

As background, the company initially requested an increase of 19.8% in August 2012. The company, however, did not proceed with this increase from October 31, 2013 until January 6, 2015 when it revised the average increase to 41.4% to account for a second round of increases which were filed on a national basis. At that time the company revised the rate increase to an average of 41.4%, which takes into account both the original 2013 request of 19.8% and the new 2015 request of 18.6% in states where the original 2013 request was not approved. The increase will be phased in over two years.

The premium rate increase is necessary to account for anticipated claims significantly higher than originally expected. Higher loss ratios are the result of the combination of policyholders keeping their policies in force longer (lower lapse rates) and longer claim continuance affecting higher inflation and longer benefit periods.

The Bureau reviewed the rate increase in accordance with the requirements of 14VAC5-200-153 which requires that the filing meet the "58/85" test. This test requires that the lifetime anticipated present value ("PV") of claims exceed the sum of 58% of the PV of initial premiums plus 85% of the PV of any subsequent premium increases. This effectively requires that premium increases be held to a higher loss ratio standard (85%) than the initial premiums (58%). In other words, in total for all issues of a particular LTCI policy form, at least 58 cents of each dollar of initial premium and 85 cents of each dollar of premium increase must be returned in the form of benefit payments to policyholders. The company demonstrated, using actuarially justified assumptions, that the filing met the requirements of 14VAC5-200-153 after implementation of the rate increase, and approval was therefore recommended.

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, termination, changes in 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.