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

Company Name and NAIC Number: New York Life Insurance Company

SERFF Tracking Number: NWLT-128855863

Disposition: Approved

Approval Date: March 26, 2015

Revised Rates

Average Annual Premium Per Member:	$2,122
Average Requested Percentage Rate Change Per Member:	**18.0%**
Minimum Requested Percentage Rate Change Per Member:	0%
Maximum Requested Percentage Rate Change Per Member:	35%
Number of Policy Holders Affected:	**3381**

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

New York Life Insurance Company (the Company) requested an increase which varies by issue age according to the following table. The rate increase will be implemented over a 3 year period as follows.

Age Criteria	**Requested Increase**
Issue Age <50	35% (15% in year 1, and 10% in years 2 & 3)
Issue Age 50+	20.1% (10% in year 1, 5.1% year 2, and 5.% in year 3)
Attained Age >74	No rate change

The same increase is being requested nationwide for these individual policies that are still being sold. The overall effect is a rate increase of 18.0% in Virginia, and will affect approximately 3,381 policyholders in Virginia.

This is the first rate increase on this block of business; although the company did increase the rates for newly issued policies in 2012. This rate increase does not impact those policyholders. The requested rate increase is capped by the premium rates which apply to new insureds.

The rate increase was reviewed under the requirements of 14VAC5-200-150 for those policies issued prior to October 1, 2003 and 14VAC5-200-153 for those policies issued on or after October 1, 2003. Under 14VAC5-200-150, the company had to demonstrate that after the proposed rate changes both the future and lifetime loss ratios would be no less than 60%. The Bureau's analysis indicated that the anticipated future loss ratio is projected to be 63.6% and the lifetime loss ratio is projected to be 71%.

14VAC-200-153 requires that the rate increase cannot be so large that the resulting loss ratio is less than a weighted average of 58% and 85%. The weights are the present value of the original premiums and the present value of the incremental premiums. The weighted average depends on both the timing and the amount of all increases. For this block of business, the present value of original premium is $2.351 million and the present value of the incremental premiums is $304 million. The weighted average of the 58% and 85% required loss ratios is 61.1%. The actual projected lifetime loss ratio is 78.7%. Thus the expected lifetime loss ratio exceeds the minimum.

The Company requested the rate increase because policy terminations have been much lower than assumed in the original pricing. When policyholders terminate at a lower rate, there are many more policyholders continuing to the high claim costs in later years. The Company has found that lapses have been only 0.75% as compared to the 2.00% expected in pricing. This is a significant difference as the effect is compounded over many years. Even with the full requested rate increase, the Company expects to pay out more than 65% of the premium in claims which is greater than the original expectation that the Company would pay out 60% of the premium in claims.

This document is intended to explain the decision made by the Bureau of Insurance and it is only a summary of the Bureau's review. 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.