

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

**Company Name and NAIC Number: Northwestern Long Term Care Insurance Company - 69000**

**SERFF Tracking Number: NWST-130932341**

**Disposition: Approve**

**Approval Date: 11/03/2017**

### **Revised Rates**

**Average Annual Premium Per Member: \$3279**

**Average Requested Percentage Rate Change Per Member: 27%**

**Minimum Requested Percentage Rate Change Per Member: 0%**

**Maximum Requested Percentage Rate Change Per Member: 30%**

**Number of Policy Holders Affected: 238**

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

Northwestern Long Term Care Insurance Company (the Company) submitted a 27% rate for policy form RS.LTC. (1101). This is an individual closed block of business issued from March 2002 through September 2003 and is subject to the requirements of 14VAC5-200-150. As of the date of submission, there were 238 policies in Virginia and 9,955 policies nationwide. This is the first rate increase filed for the policies in Virginia.

The company is requesting an average rate increase of 27% with the rate increase varying by benefit period for the pre-rate stabilization policies on the RS.LTC.(1101) policy form. The requested rate increase for 3 year benefit period is 10%, 6 year benefit period is 25% and lifetime benefit period is 30%. Rates are not being increased for issue age 75+ policies with a 3 year benefit period to ensure that inforce rates do not exceed new issue business rates.

The primary reasons for the rate increase are that policyholders are keeping their policies in force longer, living longer, filing claims more frequently, and staying on claim longer than originally assumed. 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.

The Bureau reviewed the rate increase in accordance with the requirements of 14VAC5-200-150 B which requires a lifetime loss ratio of greater than 60% or the lifetime loss ratio used in the original pricing applied to the current rate schedule plus 80% applied to any premium increase for individual policy forms. The company demonstrated, using actuarially justified assumptions, that the projected lifetime loss ratio without the rate increase would be 99.3% and 87.5% with the rate increase, both of which exceed the original target lifetime loss ratio of 61%. Since the filing met the requirements of 14VAC5-200-150 B after implementation of the rate increase the Bureau of Insurance approved the rate increase.

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. Specific options are included in the letter sent to all policyholders notifying them of the rate increase or 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](http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx) at:  
<http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx>

***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.***