

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

**Company Name and NAIC Number: Physicians Mutual Insurance Company 80578**

**SERFF Tracking Number: PHYS-131032410**

**Disposition: Approved**

**Approval Date: 12/05/2017**

### **Revised Rates**

**Average Annual Premium Per Member: \$1277**

**Average Requested Percentage Rate Change Per Member: 20%**

**Minimum Requested Percentage Rate Change Per Member: 20%**

**Maximum Requested Percentage Rate Change Per Member: 20%**

**Number of Policy Holders Affected: 4**

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

Physicians Mutual Insurance Company (the Company) submitted a percentage increase ranging from 192% to 434% for policy forms 27.0% rate for policy form P124VA and riders R256 and R257. After further review and discussion with the Bureau with a focus that 95% of the premium has already been earned, the Company modified its proposed rate increase to 20%. This is an individual closed block of business issued from 1994 through 1998 and is subject to the requirements of 14VAC5-200-150. As of the date of submission, there were 4 policies in Virginia and 2,266 policies nationwide. Two previous rate increase requests in Virginia were withdrawn.

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.

The Bureau reviewed the rate increase in accordance with the requirements of 14VAC5-200-150 B, primarily to determine if the lifetime loss ratio will exceed the of original target loss ratio of 60% after the rate increase is implemented. The company demonstrated, using actuarially justified assumptions, that the projected lifetime loss ratio will be 113.5% with the rate increase, which exceeds the original target lifetime loss ratio of 60%. 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/Rate/PolicyFormSearch) 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.***