

There are many factors that were assumed at the time of original pricing. Some of these factors can include, but are not limited to;

1. The number of policy holders that will voluntarily or involuntarily drop their coverage.
2. The length and number of claims expected to be paid in the future.
3. The interest rates needed for investments to reach sufficient levels of reserves.

This rate increase is needed mainly due to the underestimated percent of policyholders who drop their coverage. Due to the lower than expected lapse and mortality rates assumed at original pricing, much higher amounts of claims will need to be paid out than initially foreseen. These premium increases will ensure that Prudential remains solvent and capable of paying all future claims for all policyholders.