

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

Company Name and NAIC Number: The Prudential Ins. Co. of America – 68241

SERFF Tracking Number: PRUD-130606748

Disposition: Approved

Approval Date: 2/10/2020

Revised Rates

Average Annual Premium Per Member: \$2,188/ Unlimited Benefits -
\$1,903/ Limited Benefits

Average Requested Percentage Rate Change Per Member: 80.5%/Limited Benefit -
100.5% Unlimited Benefit

Minimum Requested Percentage Rate Change Per Member: 80.5%/Limited Benefit -
100.5% Unlimited Benefit

Maximum Requested Percentage Rate Change Per Member: 80.5%/Limited Benefit -
100.5% Unlimited Benefit

Number of Policy Holders Affected: 170

Prudential] (the Company) requested a 80.5% increase on their Limited Benefit policies and 100.5% for their Lifetime Benefit policies for their individual long-term care insurance forms GRP 98544, GRP 98545, GRP 98546, GRP 98180, and GRP 98181. As the forms were issued in Virginia from 10/2003 – 7/2004, the experience was reviewed based on the rules in effect at the time of issue. For policies issued after 10/1/2003, they were reviewed according to the requirements of 14VAC5-200-153 (post-rate stability).

The Bureau of Insurance's (the Bureau) consulting actuary reviewed the filing and indicated that the rate increase will result in lifetime loss ratios more than the original target for this block (60%vs.105%). Therefore, the requested rate increase was approved.

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.

This increase will impact approximately 170 insureds (82 with Limited Benefit plans and 88 with Lifetime Benefit plans) in Virginia. Even with this increase, the Company advised that they intend to increase rates further on this block unless the actual experience improves. 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 and to ensure that sufficient funds are available to pay claims.

The Company has stated that if the requested premium increase is implemented and the underlying assumptions with a 10% load for moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

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, or a paid-up policy equal to the sum of premiums paid. Specific options are included in the letter sent to all policyholders notifying them of the rate increase and may be discussed directly 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 at: <http://www.scc.virginia.gov/boi/SERFFInquiry/default.asp>

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.