Long Term Care Insurance Rate Request Summary
Part 1 – To Be Completed By Company

Company Name and NAIC Number: State Farm Mutual Automobile Insurance Company: 25178-176

SERFF Tracking Number: STLH-132868490

Revised Rates

Average Annual Premium Per Member: 3076

Average Requested Percentage Rate Change Per Member: 80.5%

Range of Requested Rate Changes: 0-185.7%

Number of Virginia Policyholders Affected: 218

Form Number	Product Name	Issue Dates	Prior Rate Increases – Date and Percentage Approved	Outlook for Future Rate Increases
97058 VA	State Farm Tax Qualified Long Term Care Insurance Policy Form	10/1/2003 - 08/1/2004	10/16/2019 - 33.5%	If the proposed rate increase is approved and future experience emerges as expected, we do not anticipate seeking further rate increases.
99572 VA	Simple Automatic Increase Benefit Rider Form	10/1/2003 - 08/1/2004	10/16/2019 - 33.5%	If the proposed rate increase is approved and future experience emerges as expected, we do not anticipate seeking further rate increases.
99573	Compound Automatic Increase Benefit Rider Form	10/1/2003 - 08/1/2004	10/16/2019 - 33.5%	If the proposed rate increase is approved and future experience emerges as expected, we do not anticipate seeking further rate increases.

Attach a narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

This document is prepared by the carrier to help explain the requested rate change and 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 at https://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx.

(Rev. 06/19)

Filing Summary Narrative for SERFF Filing # STLH-132868490

State Farm Insurance has filed for an average rate increase of 80.5% with the Virginia Bureau of Insurance. New rates will be implemented over 3 years and will range from 0% to 41.9% for each of the three years. The actual increase will vary by issue age, benefit period, elimination period, and inflation option.

The need for this rate increase is being driven by lower lapses and mortality combined with policyholders' total claims being projected to be greater than expected. In other words, more policyholders are maintaining their policies for longer than originally anticipated and updated data shows these policyholders will be claiming benefits more often and for longer than original assumptions would have projected. Although this is a testament to the value of this coverage, it also has put unanticipated financial pressure on this block of business leading to the need for a premium rate increase.

Please note that due to the historically low interest rate environment, the company is currently experiencing lower than anticipated investment returns on premiums received. However, these investment losses are not being passed along to the policyholder, but are instead being fully absorbed by State Farm.

Most policyholders will be given the option to reduce coverage in an effort to mitigate the impact of the proposed increase. Only policyholders who have coverage greater than the minimum issue requirements will be able to exercise several options to reduce coverage, which include the following:

- Reducing the daily benefit amount
- Decreasing the benefit period
- Increasing the elimination period
- Remove the inflation protection benefit or change from compound inflation protection to simple inflation protection where available
- Remove the Nonforfeiture rider

While the company recognizes that a rate increase is unwelcome, we feel it is necessary in order to fulfill our contractual obligations so that a policyholder's benefits are available when they need them most.

If the proposed rate increase is approved and future experience emerges as expected, we do not anticipate seeking further rate increases.