

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

Company Name and NAIC Number: Unum Life Insurance Company of America, 62235

SERFF Tracking Number: UNUM-129674077

Disposition: Approve

Approval Date: 5/31/2016

Revised Rates

Average Annual Premium Per Member: 2219

Average Requested Percentage Rate Change Per Member: 57%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 69%

Number of Policy Holders Affected: 3957

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

UNUM Life Insurance Company of America (the company) requested a rate increase for those policyholders with an uncapped inflation rider – 114% for those with a compound inflation rider and 83% for those with a simple inflation rider. After review by the Bureau of Insurance, the rate increase was revised to 69.0% and 51.3%, respectfully. The increase will be implemented over a two year period.

The company requested the rate increase based on experience being significantly worse than originally projected due to lower than expected lapse rates (more people keeping their policies in force longer), continued mortality improvements (people living longer) , longer claim durations, and the persistent low interest rate environment.

The filing, along with all supporting documentation, can be reviewed on the Bureau's website at the following link:

<http://www.scc.virginia.gov/boi/SERFFInquiry/LtcFilings.aspx>

The forms to which the rate increase applies were issued in Virginia between 1992 and 2004 and the criteria for the review are dependent on the issue date. Forms issued prior to October 1, 2003 (pre-stability) are subject to the requirements of [14VAC5-200-150](#) and forms issued on or after October 2, 2003 (post-stability) are subject to [14VAC5-200-153](#).

Based on the requirements of Virginia law and regulations and using actuarially accepted and justified assumptions, for those forms issued prior to October 1, 2003 the projected future loss is anticipated to be 118% and the lifetime loss ratio is anticipated to be 101%. Since the anticipated future and lifetime loss

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.

ratios exceed the requirements of 14VAC-200-150 after implementation of the rate increase, approval was recommended.

The Bureau reviewed the rate increase for the post stability block in accordance with the requirements of 14VAC5-200-153 which requires that the filing meet the "58/85" test. This test requires that the lifetime anticipated present value ("PV") of claims exceed the sum of 58% of the PV of initial premiums plus 85% of the PV of any subsequent premium increases. This effectively requires that premium increases be held to a higher loss ratio standard (85%) than the initial premiums (58%). In other words, in total for all issues of a particular LTCI policy form, at least 58 cents of each dollar of initial premium and 85 cents of each dollar of premium increase must be returned in the form of benefit payments to policyholders. The company demonstrated, using actuarially justified assumptions, that the filing met the requirements of 14VAC5-200-153 after implementation of the rate increase, and approval was therefore recommended.

The company is offering all affected policyholders the option to reduce or eliminate the premium increase by reducing the future inflation benefit, daily benefit, or benefit period, increasing the elimination period or terminating additional benefits under the policy.

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