



DEPARTMENT OF

**Professional &
Financial Regulation**

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

Long-Term Care Insurance Rate Review

Maine Regulations and Procedures

Maine Bureau of Insurance

Long-Term Care Insurance Forum
May 9, 2016

Long-Term Care Insurance Jurisdiction/Scope of Rate Review

Individual and Group policies sold in Maine require prior approval for rate increases.

Not under Maine Bureau of Insurance review:

- Policies sold or issued in other states
- Employer group policies issued in other states
- Policies approved by the Interstate Insurance Product Regulation Commission (Compact) for rate proposals under 15%

Rate Review Overview

- Benefits must be reasonable in relation to premiums.
 - Type of review will depend upon whether filing applies to pre or post rate stabilization policies.
- The Bureau may negotiate a lower approved increase in some cases.
- Carriers are encouraged to spread larger increases over several years (with full disclosure to policyholders) in an effort to reduce the impact of a rate increase.

Reported Premium for Top Ten Carriers Issuing and Renewing in Maine 2015

- Long-term care insurance premiums in Maine totaled almost \$ 60M in 2015 for 59 carriers.

GENWORTH LIFE INS CO	\$14,437,573
UNUM LIFE INSURANCE COMPANY OF AMERICA	\$7,450,564
JOHN HANCOCK LIFE INSURANCE COMPANY	\$7,327,849
BANKERS LIFE & CASUALTY COMPANY	\$4,644,037
METROPOLITAN LIFE INSURANCE COMPANY	\$4,217,046
CONTINENTAL CASUALTY COMPANY	\$2,957,000
PRUDENTIAL INSURANCE COMPANY OF AMERICA	\$2,329,083
RIVERSOURCE LIFE INSURANCE COMPANY	\$1,854,699
METLIFE INSURANCE COMPANY USA	\$1,610,190
TRANSAMERICA LIFE INSURANCE COMPANY	\$1,499,475

Filing Process

- Submitted through the SERFF (electronic filing) system.
- Available for public viewing through Bureau website.
- Review for compliance with Maine regulations.
- Perform a detailed review of the Actuarial Memorandum.
- Request additional information if necessary.
- Independent review by contracted actuarial firm
- Review the loss ratio. Check results against company projection.

Pre-Stabilization in Maine: Rule 420

- Policies issued prior to October 1, 2004
- Initially priced with a minimum loss ratio:
 $\geq 60\%$
- Past premiums are adjusted to the proposed rate level in order to ensure that the increase does not recoup past losses.

Rate Increase Loss Ratio

Premium rate increases shall be calculated such that 85% of the additional premium due to the proposed increase goes towards claims.

PREMIUM INCREASE



85% must pay for claims

15% for admin.
costs

Other rate increase considerations

- Review revised assumptions to reflect carrier/industry experience:
 - Mortality
 - Morbidity
 - Lapse
- Is the timing and amount of proposed increase appropriate?
- Solvency – will the company have the resources to continue to pay claims for current policyholders in the future?
- Benefit Reduction Options – what alternatives are available to the policyholder if premium increases are too high?

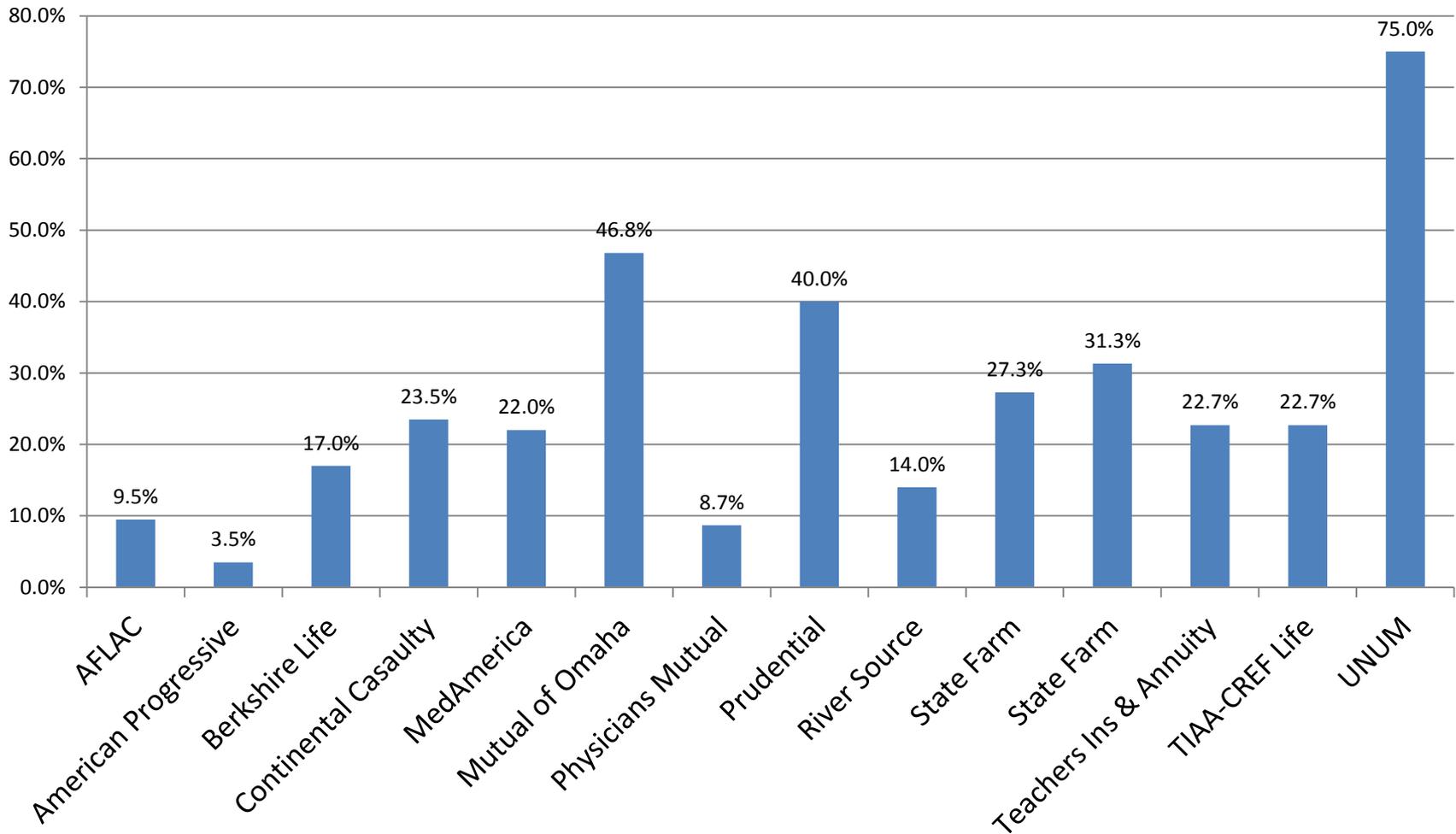
Recent Rate Increase Proposals

1/2015 – 4/2016

Of 36 filings received:

- 14 filings for 9 companies are currently under review
- 7 were disapproved for 4 companies
- 15 were approved for 14 companies
- Approved increases from 3.5% to 46.8%
- 4 filings were reduced:
 - American Progressive from 12% to 3.5%
 - MedAmerica from 25.4% to 13.6%
 - State Farm from 32.6% to 27.3%
 - UNUM from 85% to 75%

RECENTLY APPROVED RATE FILINGS IN MAINE



National Working Groups

- Senior Issues
- LTC Innovation
- LTC Pricing
- LTC Valuation
- LTC Disclosure
- Health Actuaries Task Force