

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

Company Name and NAIC Number: Virginia Life, Accident, & Sickness Guaranty Association

SERFF Tracking Number: LTCG-130998356

Disposition: Approve

Approval Date: 10/06/17

Revised Rates

Average Annual Premium Per Member: \$2,128.22

Average Requested Percentage Rate Change Per Member: 32%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 65%

Number of Policy Holders Affected: 4597

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

Effective March 1, 2017, Penn Treaty Network America Insurance Company (Penn Treaty) and American Network Insurance Company (ANIC) were liquidated by an Order issued by the Commonwealth Court of Pennsylvania, which declared Penn Treaty and its affiliated company ANIC insolvent. The companies were ordered into liquidation because they do not have adequate assets (including premiums to be collected in the future) to fully pay for expected future claims. In addition, the deficit to pay future claims is substantial. The Pennsylvania court's decision made the Virginia Life, Accident, & Sickness Insurance Guaranty Association (Guaranty Association) responsible for paying the claims of Virginia residents with policies issued by the companies.

To ensure that there is adequate funding to pay current and future claims, the Guaranty Association has requested a rate increase. The rate increase averages 32% for all policies issued in Virginia and ranges between 0% and 65%, based on issue age and inflation option. The company demonstrated, using actuarially justified assumptions, and the Bureau of Insurance's analysis confirmed, that the rate increase meets the requirements set forth in 14VAC5-200-150 and 14VAC5-200-153.

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. Specific options are included in the letter sent to all policyholders notifying them of the rate increase or can be discussed with the company by calling its Policyholder Services Department.

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.

The Guaranty Association limits benefits to a maximum of \$300,000. Policyholders with benefits that are above that limit will be given the option to reduce their benefits and their premiums accordingly. 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.aspx>.

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