

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

Company Name and NAIC Number:

SERFF Tracking Number:

Effective Date:

Revised Rates

Average Annual Premium Per Member:

Average Requested Percentage Rate Change Per Member:

Minimum Requested Percentage Rate Change Per Member:

Maximum Requested Percentage Rate Change Per Member:

Number of Policy Holders Affected :

Plans Affected

(The Form Number and "Product Name")

Form#	"Product Name"(if applicable)
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Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

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.

Explanation of Assumptions and Rate Increase

The company is requesting an average rate increase of 27% with the rate increase varying by benefit period for the post-rate stabilization policies on the RS.LTC.(1101) policy form and the RS.LTC.(0807) and RS.LTC.(0708) policy forms. The requested rate increase for 3 year benefit period is 10%, 6 year benefit period is 25% and lifetime benefit period is 30%. Rates are not being increased for issue age 75+ policies with 3 year benefit period to ensure that inforce rates do not exceed new issue business rates.

New proposed rate tables for these policy forms are included with this filing. The contingent non-forfeiture paid up benefit equal to the sum of premiums paid is being offered to all policyowners impacted by the rate increase whether or not their increase is above the substantial increase triggers.

A rate increase is necessary at this time due to significantly higher anticipated future and lifetime loss ratios. The higher loss ratios are mainly the result longer claim continuance with a greater effect on longer benefit periods, combined with lower lapse and mortality rates. Our rates are based in part on assumptions about policy persistency (how long policies stay inforce), which includes mortality (the rate at which deaths occur) and lapses (the rate at which insureds voluntarily terminate their policies). Actual mortality and voluntary lapses have been lower than originally assumed meaning that more insureds are reaching typical long-term care claim ages, ultimately leading to more incurred claims. As a result, premiums must be adjusted to ensure current and future claims are adequately funded

Northwestern Long Term Care Insurance Company (NLTC) has been evaluating this block and updating assumptions based on our experience as well as the LTCi industry experience. For the forms specified above, the projected lifetime loss ratio based on the assumptions outlined in the actuarial memorandum is worse than original pricing. The combined effect of changing the underlying claim costs and updating the mortality rates and persistency assumptions resulted in the need for a rate increase. The current premium levels are inadequate and, therefore, NLTC is requesting a rate increase in order to maintain the viability and financial stability of the policy form.

Even though we could justify a higher rate increase, at this time we have decided to request 27% taking into consideration the impact on our policyowners. If experience does not improve, we may need to request future rate increases on these policy forms.