

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

Company Name and NAIC Number: Northwestern Long Term Care Insurance Company - 69000

SERFF Tracking Number: NWST-130932376

Disposition: Approved

Approval Date: 11/03/2017

Revised Rates

Average Annual Premium Per Member: \$3117

Average Requested Percentage Rate Change Per Member: 27%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 30%

Number of Policy Holders Affected: 1971

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

Northwestern Long Term Care Insurance Company (the Company) submitted a 27.0% rate for policy forms RS.LTC (1101), RS.LTC.(0807), and RS.LTC.(0708). This is an individual closed block of business issued from July 2008 through April 2011 and is subject to the requirements of 14VAC5-200-153. As of the date of submission, there were 1,971 policies in Virginia and 84,963 policies nationwide. This is the first rate increase filed for the policies in Virginia.

The company is requesting an average rate increase of 27% with the rate increase varying by benefit period and premium paying period for the TT.LTC.(1010) policy form. The requested rate increase for lifetime premium paying policies with 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 business rates.

The primary reasons for the rate increase are that policyholders are keeping their policies in force longer, living longer, filing claims more frequently, and staying on claim longer than originally assumed. The Company determined that a premium increase is necessary to reflect that future claims are expected to be significantly higher on these policies than originally expected or priced.

The Bureau reviewed the rate increase in accordance with the requirements of 14VAC5-200-153 which requires that the filing meet the "58/85" loss ratio 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%). The company demonstrated, using actuarially justified assumptions, that the filing met the requirements of 14VAC5-200-153 after implementation of the rate increase. As a result, the Bureau of Insurance recommended approval of the rate increase.

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 customer service department.

The filing can be reviewed on the Bureau's webpage under the [Rate/Policy Form Search](http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx) at:
<http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx>

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.