

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

**Company Name and NAIC Number:** Provident Life and Accident Insurance Company - 68195

**SERFF Tracking Number:** UNUM-128434621

**Disposition:** Approved

**Approval Date:** 10/11/2017

**Revised Rates**

<b>Average Annual Premium Per Member:</b>	\$3485
<b>Average Requested Percentage Rate Change Per Member:</b>	101.6%
<b>Minimum Requested Percentage Rate Change Per Member:</b>	101.6%
<b>Maximum Requested Percentage Rate Change Per Member:</b>	101.6%
<b>Number of Policy Holders Affected:</b>	734

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

Provident Life and Accident Insurance Company (the Company) submitted a rate increase request of 90%. This is an individual, closed block of business first issued in 2003 and were actively marketed through 2009. There have been no previous rate revisions for these policies. Since all of the policies were issued after the effective date of the rate stabilization requirements (10/1/2003), the filing has been reviewed pursuant to the requirements of 14VAC5-200-153. This increase will apply to all Virginia policyholders. As of the date submitted there were 734 policies in force in Virginia.

The Company requested a rate increase due to a number of factors that impact the pricing for long term care coverage, including persistency, mortality and morbidity. The historical and projected experience will lead to significantly higher claims than originally priced, resulting in the need for increased premiums to ensure sufficient funds to pay claims. Although a rate increase of approximately 228% is justified under the requirements of the regulation, the company believes that the 90% increase should be sufficient to cover anticipated costs in light of the reserves held by the company for this business if the underlying assumptions are realized, which means that the premium rates schedules are reasonably expected to be sustainable over the life of the policies and that no further premium rate schedule increases anticipated.

The Company provided its assumptions, historical experience and future projections of claims and premium both on a nationwide and Virginia-only basis. All of the projected 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 statutory minimums and the expected incurred claims exceed the total premiums under regulatory requirements. In the course of the review, the Bureau requested that the Company phase in the rate increase over a three year period. The Company agreed to implement the rate increase in a series of three rate increases of 29%, 25% and 25%. This results in a total increase of 101.6%, which is actuarially equivalent to original 90% increase taking into account the time value of money.

The submitted data has been reviewed for consistency and reasonableness and where data was found inconsistent or unreasonable, clarification was requested. Using generally accepted actuarial methodologies, the increase is in compliance with applicable Virginia laws and regulations.

To help mitigate the impact of the rate increases, policyholders have different options to reduce or eliminate the premium. This can be accomplished by reducing the daily benefit\_or benefit period, increasing the elimination period, terminating riders, or electing a paid-up policy. These options are available to all policyholders.

[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](http://www.scc.virginia.gov/boi/SERFFInquiry/default.aspx)

This document is intended to explain the decision made by the Bureau of Insurance and it is only a summary of the Bureau's review. 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.