

Bankers Life and Casualty Company

Rate Increase Memorandum Individual Long Term Care

I. Purpose of Filing

To request a 15% rate increase on home health care policy forms GR-N400 and GR-N410, a 15% rate increase on the original, unisex rate schedules on home health care policy forms GR-N500 and GR-N510, and a continuation of rates on the revised, gender distinct rate schedules for policy forms GR-N500 and GR-N510 due to higher than anticipated future and lifetime loss ratios. The GR-N400 and GR-N410 policy forms were generally sold from 2001 through 2007. The original, unisex rate schedules for policy forms GR-N500 and GR-N510 were generally sold from 2007 through 2015. The revised, gender distinct rate schedules for policy forms GR-N500 and GR-N510 were generally sold from 2015 through 2018. We requested a flat rate increase of 15% nationwide in 2015 for policy forms GR-N400 and GR-N410.

II. Scope of Filing

This filing applies to inforce policies issued in your state. These policy forms are no longer being marketed.

III. General Description

- A. Policy Type – Home Health Care
- B. Renewability – All Policy Forms and Riders are Guaranteed Renewable.
- C. Proposed Effective Date – Upon state insurance department approval, we will implement this increase to policies on their next billing date following a 45 day policyholder notification period.

IV. Rate Justification Standard - Minimum Loss Ratios

The lifetime loss ratio based on claims incurred through 9/30/2022 and paid through 12/31/2022 is calculated as the sum of accumulated past and discounted future claims divided by the sum of accumulated past and discounted future earned premium where accumulation and discounting occur at 4.5%. A summary of the anticipated lifetime loss ratios with and without the requested rate increase are shown by policy form or form grouping below.

V. Reason for Rate Increase

A rate increase is necessary at this time due to higher than anticipated future and lifetime loss ratios. The higher than anticipated loss ratios are primarily driven by higher than expected claim costs and lower than expected total terminations, resulting in inadequate premium rates over the lifetime of the policy forms. Premiums for our currently sold policy forms already reflect updated claim cost and total termination assumptions based on emerging experience in their pricing.

VII. Premium Rates

Premium rates for forms GR-N400/GR-N410/GR-N500 Original Pricing/GR-N510 Original Pricing are unisex, level and payable for life. Premium rates for forms GR-N500 Revised Pricing/GR-N510 Revised Pricing are sex distinct, level and payable for life. The premiums vary by issue age, elimination period, benefit period, initial daily maximum amounts and inflation protection option. Rate Sheets for each policy form and available riders are attached.

VIII. Actuarial Certification

I hereby certify that, to the best of my knowledge and belief, the rate filing submitted herein is in compliance with all applicable laws and regulations of the state in which it is filed, and that it complies with Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans." I further certify that the anticipated loss ratio submitted herein is expected to develop over the period for which the rates are computed to provide coverage, and that the benefits are reasonable in relation to the premiums charged.

Furthermore, all policies affected by this filing are subject to rate stability regulations. Based on our current projections, the allowable rate increase within the loss ratio criteria of 58% of initial premium and 85% of rate increase premium, applied to the entire block for credibility purposes, is 1436% for GR-N400/GR-N410, 110% for GR-N500/N510 original pricing and -3% on GR-N500/N510 revised pricing. However, the company does not believe that requesting an increase this large is in the interests of the company or policyholders and is only requesting a 15% rate increase on home health care policy forms GR-N400 and GR-N410 and a 15% rate increase on the original, unisex rate schedules on home health care policy forms GR-N500 and GR-N510 at this time pending further developed experience on these policies. The policy design, underwriting and claims adjudication practices have been taken into consideration. The proposed premium rate schedules are in aggregate not greater than new business premium rates schedules for similar forms.



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