

Genworth Life Insurance Company
Address: 6620 West Broad Street, Richmond, VA 23230
Company NAIC No: 70025
AARP Policies Only
Actuarial Memorandum
August 2017

PUBLIC

Policy Forms: 7044MD, 7044MD Rev

These forms were issued in Maryland between October 2007 and May 2011 and are no longer being marketed in any state. Form 7044 is also referred to by Genworth Life Insurance Company (“GLIC”) as “Choice 2”; form 7044 Rev is referred to by GLIC as “Choice 2.1”. The Choice 2.1 policy form adjusted the Choice 2 policy form to make benefits and features as consistent as possible across all states and to update new business rates. Forms 7044 and 7044 Rev were marketed under the name “Privileged Choice”.

For all the policies issued in Maryland to which the current rate increase filing applies, the following table shows the number of exposed lives by policies issued and policies inforce as of December 31, 2016. The table has also been split by policy form number for completeness.

As of 12/31/2016	7044	7044 Rev	Total
Policy Lives Inforce	113	686	799
Policy Lives Issued	137	775	912

1. Purpose of Filing

On December 5, 2013, GLIC requested a 12.8% on the above-referenced policy forms and on May 27, 2014, Maryland approved a 12.8% premium rate increase (SERFF #GEFA-129136823). On September 9, 2016, at the request of the Maryland Department of Insurance, GLIC proposed a 15% rate increase on the above-referenced policy forms and on January 23, 2017, Maryland approved a 15% premium rate increase (SERFF #GEFA-130690941).

This filing applies only to AARP policies. AARP policies sold in Maryland are subject to contractual agreements with AARP governing rate increases. As a result, AARP policies are being filed separately from non-AARP policies.

In this filing, GLIC requests a premium rate increase of 45.8% on the above-mentioned policy forms. We demonstrate below that this premium rate increase satisfies the Long Term Care regulatory requirements of Maryland and the Rate Stability regulation. Due to the AARP contractual agreements, this increase will be implemented over two years (20% in the first year and 21.5% in the second year). The phased-in increases are actuarially equivalent to the one-time increase of 43.5% requested in the non-AARP filing.

In light of COMAR 31.14.01.04(5), GLIC would be willing to implement the requested rate increase over a 3-year period, phased as follows:

Year 1: 15%
Year 2: 15%
Year 3: 11.6%

This new filing is based on emerging experience and updated assumptions, which were revised following comprehensive Long Term Care assumption reviews in 2015 and 2016.

This actuarial memorandum may not be suitable for other purposes.

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2. Justification of Requested Premium Rate Increase

In determining the need for a premium rate increase, GLIC considered the following.

- a) Without this requested rate increase, additional future earned premiums are inadequate to offset additional future incurred claims. This is a direct result of lower than originally expected Active Lives terminations.
- b) Both claim continuance and claim utilization have been and are projected to be higher than previously expected. This led to a significant strengthening of the long-term claims reserves in the third quarter of 2016.
- c) Delays in filing or approving warranted premium rate increases will require higher percentage increases to fewer policyholders in the future in order to obtain the same Lifetime Loss Ratio.
- d) The Moderately Adverse Experience ("MAE") included in the prior filing has been exceeded.

This filing has been informed by Genworth's actual nationwide experience on older blocks of business. Our objective is to avoid the consequences of reacting too slowly to emerging trends. Rate changes made today to this relatively young block are intended to avoid more severe rate changes in the future.

"GLIC nationwide" data includes all the states but New York. It is also referred to as just "Nationwide". "Genworth nationwide" refers to GLIC nationwide plus New York data.

- a) **Without this requested rate increase, additional future earned premiums are inadequate to offset additional future incurred claims. This is a direct result of lower than originally expected Active Lives terminations.**

Section 2a) is redacted pursuant to Section 3 below.

- b) **Both claim continuance and claim utilization have been and are projected to be higher than previously expected. This led to a significant strengthening of the long-term claims reserves in the third quarter of 2016.**

Section 2b) is redacted pursuant to Section 3 below.

- c) **Delays in filing or approving warranted premium rate increases will require higher percentage increases to fewer policyholders in the future in order to obtain the same Lifetime Loss Ratio.**

If experience emerges as currently expected, timely implementation of the requested two-year phased-in premium rate increase should prevent the need for future premium rate increases. However, if rate increases are delayed, due to late filings or approvals, less future premium capacity remains in these blocks to absorb the rate increase. As a result, a higher percentage future premium rate increase must be applied to fewer policyholders in order to obtain the same Lifetime Loss Ratio.

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The calculations below assume a delay in premium rate increases but no other change. Note that, if the requested two-year phased-in premium rate increase is delayed six years, the increase necessary to achieve the same Lifetime Loss Ratio roughly doubles.

Impact of Rate Increase Delay	
Years Delayed	Required Increase
None	44%
1	48%
2	53%
3	58%
4	64%
5	71%
6	79%

It is our intent to learn from the past, act early, and attempt to avoid significant premium rate increases when the average policyholder's attained age is higher.

- d) **The Moderately Adverse Experience (MAE) included in the prior rate increase filing has been exceeded.**

Section 2d) is redacted pursuant to Section 3 below.

3. Confidentiality

Pursuant to Md. Code Ann., Gen. Provis. § 4-301, *et seq.*, (the "Public Records Law") and, specifically, Md. Gen. Provis. § 4-335, GLIC respectfully requests that the following portions of this Actuarial Memorandum be maintained by the Administration as confidential:

Sections 2a), 2b) and 2d) of the Actuarial Memorandum (entitled, "Justification of Requested Premium Rate increase");

Section 9 of the Actuarial Memorandum (entitled, "Actuarial Assumptions");

Section 21 of the Actuarial Memorandum (entitled, "Nationwide Distribution of Business as of December 31, 2016 (Based on Exposed Lives. Nationwide Data Includes AARP and non-AARP Policies)");

Exhibit I of the Actuarial Memorandum (entitled, "Choice 2 and Choice 2.1 Policy Forms – Nationwide Experience Projection With Maryland Approved Rate Increase* with MAE");

Exhibit II of the Actuarial Memorandum (entitled, "Choice 2 and Choice 2.1 Policy Forms – Nationwide Experience Projection With 20%/21.5% Rate Increase* with MAE");

Exhibit III of the Actuarial Memorandum (entitled, "Choice 2 and Choice 2.1 Policy Forms – Nationwide Experience Projection With 20%/21.5% Rate Increase with MAE - Rate Stabilization 58/85 Test") ;

Exhibit IV of Special Exhibits (entitled, "Choice 2 and Choice 2.1 Policy Forms – Maryland-Specific Experience Projection - With Approved Rate Increase* with MAE");

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Exhibit V of Special Exhibits (entitled, "Choice 2 and Choice 2.1 Policy Forms – Maryland-Specific Experience Projection - With 20%/21.5% Rate Increase* with MAE");

Exhibit VI of Special Exhibits (entitled, "Components of Premium Retention Percentages – Nationwide Experience – Choice 2 and Choice 2.1 Policy Forms");

Exhibit VII of Special Exhibits (entitled, "Actual Lapses and Deaths by Calendar Year – Nationwide Experience – Choice 2 and Choice 2.1 Policy Forms"); and

Exhibit VIII of Special Exhibits (entitled, "Status of Filing").

The materials sought to be maintained as confidential are collectively referred to as the "GLIC Confidential Materials" herein. GLIC respectfully requests that the GLIC Confidential Materials be maintained as confidential and not subject to disclosure under the Public Records Law. See Md. Code Ann., Gen. Provis. § 4-335 ("**A custodian shall deny inspection of the part of a public record that contains any of the following information provided by or obtained from any person...: (1) a trade secret; (2) confidential commercial information; (3) confidential financial information...**") (emphasis added); Md. Code Ann., Ins. § 11-703 ("A carrier may request a finding by the Commissioner that certain information filed with the Commissioner be considered confidential commercial information under § 4-335 . . . and not subject to public inspection.")¹.

Maryland's Uniform Trade Secrets Act, Md. Code Ann., Com. Law § 11-1201 (the "Trade Secrets Act") defines "trade secret" as information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- (1) Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and
- (2) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

See Md. Code Ann., Com. Law § 11-1201. The GLIC Confidential Materials contain GLIC's confidential trade secrets, including, but not limited to, actuarial formulas, statistics and/or assumptions, which are not generally known to, or ascertainable by proper means by, persons or entities other than GLIC who could obtain economic value from their disclosure or use.

The GLIC Confidential materials must be kept confidential by a record custodian under the Public Records Law because they constitute trade secrets, confidential commercial information, and/or confidential financial information. See Md. Code Ann., Gen. Provis. §§ 4-328, 335. Furthermore, Md. Code Ann., Ins. § 11-703 specifically permits long-term care insurance companies to seek confidential treatment of premium rate information filed with the Department.

The GLIC Confidential Materials fall squarely within the above definition of trade secrets and also constitute confidential commercial / financial information. GLIC and its predecessors have been providing long-term care insurance coverage to policyholders for more than 35 years. GLIC's lengthy experience in the long-term care insurance business has placed it in a unique position in the long-term care insurance marketplace, in that no other long-term care insurance carrier has as much experience in that line of business as GLIC and its predecessors. Because GLIC has been marketing long-term care insurance products longer than its competitors, it has been able to accumulate experience-related data that its

¹ Md. Code Ann., Ins. § 11-703 is effective on October 1, 2017.

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competitors have not been able to gather. Among other things, GLIC's confidential, experience-related data is used to price GLIC's long-term care insurance products and manage its existing policies, providing economic value to GLIC, and if it was released, would provide economic value to GLIC's competitors.

Additionally, the GLIC Confidential Materials are held and maintained as confidential by GLIC. The data in GLIC Confidential Materials is not generally known to, or ascertainable by proper means by, persons or entities other than GLIC who could obtain economic value from their disclosure or use. GLIC takes active measures to maintain the secrecy of the information in the GLIC Confidential Materials. Among other measures, GLIC obtains non-disclosure agreements with potential reinsurers before providing those potential reinsurers with any experience-related data. Furthermore, access to the data is limited and available only to employees of GLIC who are deemed likely to need the information in the course of their duties; those employees are subject to non-disclosure agreements under which they agree not to share the information except in furtherance of the business of GLIC. Thus, the GLIC Confidential Materials are plainly information that "is the subject of efforts that are reasonable under the circumstances to maintain its secrecy," and "derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other person who can obtain economic value from its disclosure or use." See Md. Code Ann., Gen. Provis. § 4-335.

If disclosed, the GLIC Confidential Materials would permit GLIC's competitors to exploit GLIC's confidential, proprietary, trade secret information for their own benefit, and to GLIC's competitive and economic disadvantage. GLIC's hard-earned information should be kept confidential so that others cannot gain from GLIC's experience in order to more effectively compete with GLIC in the long-term care insurance marketplace. The GLIC Confidential Materials include, among other things, compilations of information regarding GLIC's assumptions in pricing certain long-term care products, GLIC's proprietary persistency and incurred claims data, and GLIC's policy demographics. None of this information is available to GLIC's competitors or to the public generally, and it is plainly protectable under Md. Code Ann., Gen. Provis. § 4-335.

This submission redacts the GLIC Confidential Materials identified above. A complete, confidential, unredacted version of GLIC's Actuarial Memorandum has been filed separately.

4. Description of Benefits

These are federally tax-qualified, individually underwritten policies that provide comprehensive long-term care coverage. They cover the reimbursement of expenses incurred by the insured(s) subject to the amount of coverage purchased. Premium payments are waived after the elimination period has been satisfied.

The Privileged Choice (7044 and 7044 Rev) policy forms pay benefits on a monthly basis and include a 10-year survivorship benefit. The 10-year survivorship benefit waives future premium payments upon the death of one spouse if both spouses are insured and have met certain requirements. It also includes a waiver of elimination period for home health care benefits, and home health care service days are applied to the facility elimination period. The optional non-forfeiture benefit, restoration of benefit, 7-year survivorship benefit and return of premium riders were available for purchase for an additional premium.

These policy forms can cover an individual or a couple (joint policy). The joint policy operates as two individual policies, except that the two insureds draw from one shared policy benefit pool.

These forms require an insured to meet benefit eligibility requirements that are triggered by Activities of Daily Living ("ADL") deficiencies or cognitive impairment. The daily or monthly benefit, benefit period, and elimination period are selected at issue.

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In addition, a simple benefit increase or compound benefit increase option can be selected at issue. The simple Benefit Increase Option (BIO) increases the original daily maximum by 5% each year starting with the second policy year and continuing for the life of the policy, unless terminated earlier by the insured. The compound BIO increases the prior year's daily maximum by 3% or 5% each year starting with the second policy year and continuing for the life of the policy, unless terminated earlier by the insured. The 3% compound BIO was only made available on the Choice 2.1 (7044 Rev) versions of these policy forms.

The available choices for benefit period, elimination period, issue ages, and benefit increase option are set forth in the attached rate tables, Appendix A and B.

5. Marketing Method

Policies were sold by captive independent agents, independent agents working through broker general agencies, financial advisors, and agents working through financial institutions.

6. Underwriting Description

The underwriting process included an assessment of functional and cognitive abilities at issue ages that were deemed by GLIC to be appropriate at the time. Various underwriting tools were used in accordance with our underwriting requirements, including an application, medical records, an attending physician's statement, telephone interview, and/or face-to-face assessment.

7. Renewability and Applicability

These policies are Guaranteed Renewable for life, as provided for under the terms and conditions of the policies. This filing is applicable to all in-force policies and associated riders issued in Maryland above-referenced forms, except for non-AARP policies. Non-AARP policies are scheduled to be filed with the Department separately.

8. Area Factors

Geographic area factors are not used in rating these policies.

9. Actuarial Assumptions

Redacted pursuant to Section 3 above.

10. Riders

Riders were accounted for in the projection of both earned premium and incurred claims. GLIC intends to implement the requested premium rate increase on both base policy and rider premium.

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11. Rate Comparison Statement

As required by COMAR 31.14.02.06 B (2) (d), the renewal rate levels, incorporating the requested 20%/21.5% two-year phased-in rate increase, do not exceed new business rate schedules, except for differences attributable to benefits, or as justified below.

Product Comparison

GLIC's current product offering in Maryland, Policy Form Number 8000R1, was approved for sale on June 12, 2015. There are significant differences in benefits and other product features between the Choice 2 and 2.1 products (for which GLIC is seeking the 20%/21.5% increase) and the product form series GLIC currently offers for sale. These differences affect the rate comparison in the following ways:

a. Benefit Differences:

Several benefits, available in prior product generations, including Choice 2 and 2.1, are no longer offered in Policy Form Number 8000R1, currently marketed in Maryland, including benefit periods of eight (8) years or longer, limited premium payment options, and survivorship. (None of these benefits are currently marketed.) Policies with these benefit differences are not considered to exceed new business rates.

b. Difference in Other Product Features Include:

1. Underwriting – Product Form Number 8000R1 is subject to several underwriting enhancements that did not apply to Choice 2 and 2.1:
 - i. More stringent laboratory guidelines for diabetes,
 - ii. Elimination of insurability for those with diabetes who use tobacco products,
 - iii. More rigorous tests of cognition,
 - iv. Use of paramedical examinations (including blood and labs), and
 - v. New underwriting categories.

While these underwriting enhancements are not directly reflected in benefits, they impact both original and new business pricing.

In addition, Product Form Number 8000R1 has four underwriting categories (Standard, Select, Preferred, and Best), while Choice 2 and 2.1 had only two such categories (Standard and Preferred). We have made a good faith effort to compare these policies despite these differences.

2. Gender Based Pricing – Product Form Number 8000R1 was priced on a gender-specific basis, as opposed to the unisex basis applicable to Choice 2 and 2.1. Although the unisex version of the rates applicable to Product Form Number 8000R1 (Product Form Number 8001R1) were used in the comparison, the underlying gender mix may limit comparability of the premium rates.
3. Informal Home Care – Product Form Number 8000R1 covers services provided by informal caregivers to policyholders receiving care at home, but requires caregivers to be registered, and reimburses that care only up to 50% of the available nursing home benefit. Choice 2 and 2.1 covers services provided by informal caregivers to policyholders receiving care at home, does not require caregivers to be registered, and reimburses that care up to 100% of the available nursing home benefit.

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4. Claims Offset – Product Form Number 8000R1 reduces available benefit by claims paid before benefit increases are calculated. Choice 2 and 2.1 products reduce available benefits by claims paid after benefit increases are calculated.
- c. Results of Rate Comparison: With the requested 20%/21.5% rate increase, less than 5% of the total number of Choice 2 and 2.1 policies in Maryland have premium rates that exceed the new business rates. We believe the differences noted above sufficiently justify a rate level greater than the new business rates for the Choice 2 and 2.1 policies. The greater rate level is required in order to certify that no further rate increases are anticipated.

12. Premium Classes

Premium rates are unisex, level (with the exception of approved rate increases), and payable for life (except for 10 limited pay policies on these forms in Maryland). Premiums vary by issue age, daily benefit, benefit period, elimination period, benefit increase option, and any applicable riders selected.

Certain underwriting discounts may have been applied to the premium rates. A preferred risk discount of 10% or 20% may have been provided to applicants in response to specified health underwriting criteria. Where the criteria for a couples discount were met, a discount of 40% was provided to both individuals when both submitted valid applications and both were issued coverage. If only one member of a couple was approved, the discount was reduced to 25%. Where a shared policy was issued, a couples discount was factored into the shared policy form rates. If only one member of a couple applying for shared coverage was approved, an individual policy was issued and the couples discount was reduced to 25%.

13. Premium Modalization Rules

The following modal factors and percent distributions are applied to the annual premium on a nationwide basis.

Premium Mode	Modal Factor	Percent Distribution
Annual	1.000	64.9%
Semi-Annual	0.510	6.5%
Quarterly	0.260	15.5%
Monthly	0.090	13.1%
Total		100.0%

14. Active Life Reserves and Claim Liability Reserves

Active Life Reserves were not used in the rate increase analysis. Claim reserves (*i.e.*, Disabled Life Reserves and Pending Claims reserves), Incurred But Not Reported reserves, and Dead But Not Reported reserves as of December 31, 2016, have been discounted to the date of incurral of each respective claim and included in historical incurred claims. Discounting occurs at 4.12%.

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15. Trend Assumptions

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

16. History of Previous Rate Revisions

Maryland Rate Increases on These Policies:

A 12.8% rate increase on the policy forms subject to this filing was accepted in Maryland on May 27, 2014.
A 15% rate increase on the policy forms subject to this filing was accepted in Maryland on January 23, 2017.

Rate Increases on Similar Policies or Certificates Over the Past 10 Years in This State or Any Other State:

Policy Form Series - Not every series was available in every state	Years Available for Sale	Percentage of Increase¹	Effective Year²
7000, 7002 7011,7012,7020, 7022,7024, 50024, 50027, 50109, 50110, 51001, 51002	1993-2005	0-12%	2007-2010
		0-25%	2011-2014
		0-118%	2012-2015
		0-60%	2014-2017
		0-67%	2016-2019
7011, 7012, 7030, 7031, 7032, 7033, 7034, 51005, 51006, 51007	1997-2004	0-11%	2007-2010
		0-25%	2011-2014
		0-97%	2012-2016
		0-60%	2014-2017
		0-67%	2016-2019
7025, 7035, 7035AXREV, 7037, 7037A, 7037C, 7037C REV, 51010, 51011 7040	2001-2006 1999-2012	0-60%	2012-2015
		0-78%	2014-2017
		0-67%	2016-2019
		0-35%	2013-2016
		0-15%	2016-2019
51014, 51012, 51015, 51014REV, 51012REV, 51015REV, 7043, 7044, 7045,7042, 7044REV, 7042REV,7043REV,	2003-2012	0-60%	2014-2017
		0-52.8%	2017-2020

¹ The amount of the increase may vary by state, policy form series, or policy type. The actual effective increase may be higher as a result of the compounding effect of prior rate increases.

² Future effective dates reflect rate increases requested, but not yet implemented. Each date range represents a separate rate increase request.

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17. Development of Requested Rate Increase

In developing the 20%/21.5% two-year phased-in premium rate increase request, the following process has been followed:

- a) Consideration of policy design, underwriting, and claims adjudication practices
- b) Update of business mix and assumptions as described in Section 9
- c) In order to avoid subsidization among states and to maximize credibility, all prior approved rate increases have been removed from nationwide premium and then your state's approved rate increases have been applied to nationwide data at the date of approval
- d) Calculation of the Lifetime Loss Ratio without the proposed rate increase, including new MAE
- e) Calculation of the proposed rate increase brings these policies closer to the original loss ratio, assuming full approval and including new MAE
- f) Verification of compliance with the 58%/85% premium test defined in the Rate Stability regulation as demonstrated in Exhibit III
- g) Verification of rate comparison requirement of the Rate Stability regulation, as described in Section 11

Lifetime projections of Earned Premium and Incurred Claims assuming that no future rate increase is implemented is set forth in Exhibit I. Lifetime projections of Earned Premium and Incurred Claims assuming the requested rate increase is implemented on May 1, 2018 and 2019 is set forth in Exhibit II. Exhibits I and II include provision for Moderately Adverse Experience. GLIC has used nationwide data for developing these exhibits to ensure maximum credibility.

Corresponding rate tables reflecting the requested increase are included with this memorandum as Appendix B, attached separately. Current rate tables have also been included in Appendix A. Please note that actual rates implemented may vary slightly from those set forth in Appendices A and B due to implementation rounding algorithms.

Earned Premiums and Incurred Claims projected through 2076 are developed from the GGY Axis model representing actual contracts in-force as of December 31, 2016. The assumptions described in Section 9 above for morbidity, voluntary termination and mortality are used to project life years, Earned Premiums and Incurred Claims.

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Historical experience is shown by claim incurral year with the loss ratio for each loss year calculated by the following formula:

$$LR_j = \frac{\sum_{t=j}^{2016} Pmt_t^j v^{t-j} + {}_jCR_{2016} v^{2016-j+1/2} + {}_jIBNR_{2016} v^{2016-j+1/2} - DBNR_{2016}}{EP_j}$$

LR_j = Loss Ratio for year j

Pmt_t^j = claim payments in year t on claims incurred in year j, assumed to occur mid-year

${}_jCR_{2016}$ = open Claim Reserve held on December 31, 2016 for claims incurred in year j

${}_jIBNR_{2016}$ = Incurred But Not Reported reserve as of December 31, 2016 attributable to claims incurred in year j

$DBNR_{2016}$ = Dead But Not Reported reserve as of December 31, 2016

EP_j = earned premium in year j, assumed mid-year

j = year of incurral

v = $1/1.0412 = 0.96043$

Annual Loss Ratios are calculated as anticipated incurred claims divided by earned premiums.

Lifetime Loss Ratios as of December 31, 2016 are calculated as the sum of accumulated past experience and discounted future experience where accumulation and discounting occur at 4.12%.

18. Future Rate Increases

Policies to which this premium rate increase filing applies may also be subject to future additional rate increases if future experience exceeds a 10% margin for adverse experience or if the full amount of the rate increase requested in this filing is not approved. We defined “exceeds a 10% margin” as any change that results in a Lifetime Loss Ratio greater than projected in Exhibit II of this memorandum. For this purpose, future claims in Exhibit I have been adjusted upward to the level which increases the Lifetime Loss Ratio by 10%.

19. Maryland Average Annual Premium Based on Exposed Lives (AARP Policies Only)

	Before Rate Increase	After Round 1	After Round 2
Average Annual Premium*	\$2,869	\$3,443	\$4,183

*Note that some previously approved rate increases may have been partially implemented as of December 31, 2016

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20. Proposed Effective Date

This rate increase will apply to policies on their next Anniversary Date of issue or last coverage change, following a minimum 60-day policyholder notification period.

21. Nationwide Distribution of Business as of December 31, 2016 (Based on Exposed Lives. Nationwide Data Includes AARP and non-AARP Polices)

Redacted pursuant to Section 3 above.

22. Number of Exposed Lives (Nationwide Data Includes AARP and non-AARP Polices, Maryland Data Includes AARP Only)

As of December 31, 2016, the number of exposed lives in-force in Maryland and nationwide is:

	Number of Exposed Lives	Inforce Annualized Premium
Maryland	799	\$2,292,336
Nationwide	377,566	\$845,420,941

23. Average Issue Age and Average Attained Age (Nationwide Data Includes AARP and non-AARP Polices, Maryland Data Includes AARP Only)

	Average Issue Age	Average Attained Age
Maryland	59	67
Nationwide	58	67

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24. Actuarial Certification

I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the American Academy of Actuaries' qualification standards for rendering this opinion and am familiar with the requirements for filing for increases in long-term care insurance premiums.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8, 18, 23, 25 and 41.

I have relied on projections completed by GLIC's In-force Actuarial team and peer reviewed by a leading external actuarial firm with strong Long Term Care experience using data, assumptions and methodologies provided by GLIC. All future projections included in this memorandum, while based on GLIC's best estimates, are uncertain and may not emerge as expected.

I have relied on statutory valuations as of December 31, 2016 for Claim Reserves (i.e., Disabled Life Reserves and Pending Claims reserves), Incurred But Not Reported reserves, and Dead But Not Reported reserves provided by GLIC's Long Term Care Valuation team.

I have also relied on actuarial assumptions developed by GLIC's Long Term Care Experience Studies team under the direction of Matthew Keppler, FSA, MAAA, who approved those assumptions in collaboration with other GLIC actuaries. The assumptions present the actuary's best judgement and are consistent with the issuer's business plan at the time of the filing. The assumptions were subsequently analyzed by a leading external actuarial firm with significant Long Term Care experience. The external peer analysis concluded that the assumptions in the aggregate are reasonable and supported by evidence. GLIC's Executive Operating Committee reviewed and formally approved the assumptions.

I have reviewed and taken into consideration the policy design and coverage provided and GLIC's underwriting and claims adjudication processes.

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of Maryland and Section 20 of the Long-Term Care Insurance Model Regulation. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated. In my opinion the rates are not excessive or unfairly discriminatory.



Vanesa L. Barbera, A.S.A., M.A.A.A.
Assistant Vice President & Actuary
Genworth Life Insurance Company

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**Exhibit I: Choice 2 and Choice 2.1 Policy Forms – Nationwide Experience Projection
With Maryland Approved Rate Increase* with MAE**

Redacted pursuant to Section 3 above.

**Exhibit II: Choice 2 and Choice 2.1 Policy Forms – Nationwide Experience Projection
With 20%/21.5% Rate Increase* with MAE**

Redacted pursuant to Section 3 above.

**Exhibit III: Choice 2 and Choice 2.1 Policy Forms – Nationwide Experience Projection
With 20%/21.5% Rate Increase with MAE
Rate Stabilization 58/85 Test**

Redacted pursuant to Section 3 above.