



Deposition of:

Hearing

August 20, 2019

In the Matter of:

Long Term Care Hearing

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1 MARYLAND INSURANCE ADMINISTRATION
2 2019 LONG-TERM CARE HEARING
3 OFFICE OF THE CHIEF ACTUARY
4 TUESDAY, AUGUST 20, 2019
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13 The hearing in Re: MARYLAND LONG TERM CARE
14 was held on Tuesday, August 20, 2019, at 9:00 a.m., at
15 the Maryland Insurance Administration, 200 St. Paul
16 Place, Suite 2700, Baltimore, Maryland 21202, before
17 Susan A. Kambouris, Notary Public.
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21

22 REPORTED BY: Susan A. Kambouris

1 APPEARANCES:

2

3 MARYLAND INSURANCE ADMINISTRATION STAFF:

4 NANCY GRODIN, Maryland Insurance Deputy Commissioner

5 TODD SWITZER, Chief Actuary

6 ADAM ZIMMERMAN, Actuary

7 MARY KWEI, Chief of Life and Health Complaints

8 ALLISON JONES, Complaint Investigator

9

10 COMPANY REPRESENTATIVES:

11 JOHN LEMOINE, Unum Life Insurance Company of America

12 JAKE LUKE, Unum Life Insurance Company of America

13 GUY BERTSCH, Unum Life Insurance Company of America

14 KEITH BURNS, The Prudential Insurance Company of

15 America

16 MARIE ROCHE, John Hancock Life Insurance Company of

17 America

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Long-Term Care Public Informational Hearing

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1 P-R-O-C-E-E-D-I-N-G-S

2 MS. GRODIN: It is 9:00 o'clock. Let's get
3 started. Welcome everyone and thank you for coming
4 today. I am Nancy Grodin. I am the Deputy
5 Commissioner of the Maryland Insurance Administration
6 (MIA) and this is our third public hearing on specific
7 carrier rate increases for Long-Term Care Insurance in
8 2019.

9 Today's hearing will focus on several rate
10 increase requests now before the MIA. In the
11 individual long-term care market, these include
12 requests from John Hancock Life Insurance Company,
13 proposing increases of 12.7% to 52.1%, depending upon
14 policy form.

15 The Prudential Insurance Company of America
16 is proposing increases of 0% to 32.25%, depending upon
17 benefit period and inflation type.

18 In the group long-term care market, these
19 include requests from: Unum Life Insurance Company of
20 American, proposing increases of 0% to 15% depending on
21 inflation type.

22 These requests affect about 31,673 Maryland

1 policyholders. The goal of today's hearing is for
2 insurance company representatives to explain their
3 reasons for the rate increases. We will also listen to
4 comments from consumers and other interested parties.
5 We are here to listen, and ask questions of the
6 carriers and consumers regarding the specific rate
7 increase requests. I would like to take a moment to
8 have the folks who are here with me from the MIA
9 introduce themselves. So, I am going to start with Mr.
10 Switzer.

11 MR. SWITZER: Good morning. Todd Switzer,
12 Chief Actuary.

13 MS. MUEHLBERGER: Nancy Muehlberger.

14 MR. SCARFO: Joe Scarfo, from the Public
15 Affairs Office.

16 MR. ZIMMERMAN: Adam Zimmerman, Actuary.

17 MS. KWEI: Mary Kwei, Chief of Life and
18 Health Complaints.

19 MS. JONES: Alison Jones, Complaint
20 Investigator.

21 MR. PATTY: Michael Patty, Director of
22 Government Relations.

1 MS. GRODIN: I think that's all of the MIA
2 Staff.

3 All right. I am going to go over a few
4 procedures that we would like to follow today. First
5 of all, there is a handout that has all of our contact
6 information on it. Please make sure to pick one up.
7 If you would like to speak today, you will need to sign
8 up on the sheet, and include your name, and contact
9 information. So, if anyone came in and sat down, but
10 you would like to speak, feel free to just come on up
11 and add your name to the sheet. We will only be
12 calling the names of those individuals listed on the
13 sign-up sheet and those who RSVP'd in advance to speak.

14 Second with the exception of the MIA staff,
15 this is not a question-and-answer forum. Comments for
16 interested parties have already been received and
17 reviewed in advance, but we encourage you to continue
18 to submit comments until Tuesday, August 27. The MIA
19 will continue to keep the record open until Tuesday,
20 August 27 for additional written testimony. The
21 transcript of today's meeting, as well as all written
22 testimony submitted will be posted on the MIA's website

1 on the Long-Term Care page, as well as the
2 quasi-legislation hearing page. The Long-Term Care
3 page is found at the MIA Website by clicking on the
4 "Long-Term Care" tab, which is located under the "Quick
5 Links" section on the left-hand side of the Home Page.

6 As a reminder, we do have a court reporter
7 here today to document the hearing. When you are
8 called up to speak, please state your name, and your
9 affiliation clearly for the record. If you are
10 starting too become a little too soft, we will
11 interrupt and ask you to speak a little louder.

12 If you are dialing into the hearing through
13 the conference call line, we ask you please mute your
14 phone. Is there anyone on the conference call line
15 right now? So, Mike is the only person on our
16 conference line.

17 MR. PATTY: Muted.

18 MS. GRODIN: Please place your phone on
19 hold, as this will broadcast music into the call. I
20 can't stress that enough, please do not put this call
21 on hold, your music will disrupt the hearing.

22 Also, any time before speaking, if you

1 could please state your name and organization, it would
2 be of great help. Thank you for that. We will be
3 asking the carriers to come up individually to speak
4 regarding their rate requests. Carriers will be called
5 in alphabetical order, A to Z. Afterwards, interested
6 stakeholders and those dialing in via the conference
7 call line will be invited to speak.

8 I am now going to turn the meeting over to
9 our Chief Actuary, Todd Switzer, who has a few
10 comments.

11 MR. SWITZER: Good morning. Thank you for
12 being here. Shortly, the carriers will outline the
13 reasons for the filings. I would also like to balance
14 that with some of the comments that came in from
15 Marylanders. I am glad at least two and I hope more
16 consumers will be speaking. I would like to hear that
17 along with what the companies have to say. One xxx is
18 from a woman in Odenton. Some of the things that are
19 relayed, she and her husband bought the policy,
20 purchased the policy, "for a product you may or may not
21 need to use in the future. So, we will have out of
22 pocket expenses, too. Every time there is a proposed

1 increase, we consider all of our options. The
2 consideration is all the more difficult because of the
3 lack of frequency and the amount of future increases.
4 There is a saying, 'If you torture the data, you can
5 get it to say anything.' I am requesting that you use
6 whatever tools are at your disposal" to outline a few
7 ideas that we may talk about later.

8 Another woman in Edgewater had a real
9 tragedy in her life where the need for protecting
10 yourself came up. Some of the thoughts are in a very
11 thoughtful 5-page submission. "I planned for this type
12 of situation so as not to be a burden to my family or
13 the State of Maryland and Medicare. In the sense of
14 trying to be priced out and being covered, the increase
15 so far is 145% lifetime. I respectfully request to put
16 a stop to this. How many clients pay premiums for
17 years and never use their benefits? At this rate, no
18 one will be able to afford minimum benefits, much less
19 ones that I contracted for." There is a three-page
20 numerical spreadsheet accentuating how this affects
21 real people in a real way.

22 As an introduction, we have had several of

1 these meetings, and trying to find solutions, trying to
2 get different facts out each time so that we can have a
3 good discussion, and benefit from each others' vantage
4 points, and along those lines, the last quarter's
5 meeting in May, we talked a little bit about hybrid
6 products. I wanted to expand on that briefly by
7 starting with an exhibit from the NAIC that looked at
8 long-term care information nationwide, and for some of
9 the reasons we are here today, some of the increases
10 put forward have led to this graph or contributed.
11 This is a graph of New Business Premiums for long-term
12 care throughout the country. It shows in 2002, it
13 reached a height, but, since then, it has dropped off.
14 There has been a loss of confidence. People aren't
15 buying. They have heard about what's happened, what
16 has unfolded. All of the product's representatives are
17 closed to new sales.

18 In yellow -- I will read it to you. Bear
19 with me because I think it is worth reading. About the
20 hybrid products, it will be defined.

21 "One area of continued growth in the market
22 is with a combination or hybrid products. These

1 products combine long-term care benefits with either
2 life insurance or an annuity." So, it spreads the
3 risks, kind of addresses some of the issues raised
4 here. You are not sure you are going to use the
5 benefit. This insures that your premiums will be
6 utilized. "They can pay out if long-term care is
7 needed, but if it is not needed, there is a death
8 benefit and annuity payout. In cases where an
9 individual uses some, but not all of LTC benefits, the
10 remainder will be payable as a death benefit. This is
11 one of the principal appeals of combo products. If LTC
12 is never needed, there is still a return on the money
13 invested in the premium." That is one thought.

14 We want to be circumspect of people that
15 are thinking about buying, as well as people who have
16 already bought. This is a little towards the former,
17 but trying to get --

18 This next exhibit is from an actuarial
19 consulting firm, Oliver Wyman. This shows that versus
20 traditional long-term care products, the hybrid
21 products, this is how much premium volume is over time.
22 Then, in 2015, 92% of the premium is in hybrid

1 products. Hybrid products are a single premium, being
2 up-front premiums that aren't necessarily successful
3 for everyone, but it gained in popularity. This is
4 just another fact of the picture. This is from the
5 Society of Actuaries. This is a study quantifying the
6 fact that the insurance companies were asked to price
7 very far in the future. Not easy to do. When
8 incidents raised, the numbers of claims were offset in
9 this example by 15%. It showed how much that affected
10 their financial condition, and for the standalone
11 traditional products, 15% deviation adverse in the
12 number of claims affected finances by 61%, but for
13 life -- products with life and coupled with long-term
14 care, half that, 30%. Long-term care, coupled with
15 annuities, 7%. So, again, the hedging of the risk of
16 broader coverage, highlighted in yellow, the society
17 actually says, "Long-term care Combos, products that
18 combine the long-term care benefits with either life
19 insurance or annuities are the most promising product
20 solution for this consumer need."

21 Due to, "The Pension Protection Act of 2006
22 contains provisions favorable to LTC Combos. Under the

1 Pension Protection Act, funds can be used to pay for
2 qualified long-term care premiums without creating a
3 taxable event to the policyholder."

4 Some other thoughts. In the last -- it is
5 more towards the products we are talking about today.
6 It is another study by the Society of Actuaries. This
7 light blue shows how much data the companies had
8 available to them to price. Back in 2000, they had
9 about two million life years. That doesn't mean a lot.
10 Not a lot of real data. They had other sources to go
11 to, but not specifically long-term care. In 2014, it
12 is \$28 million, so the point being there is a lot more
13 information, and while consumer confidence in these
14 products has been eroded, it seems based on what we
15 have seen that there is reason to think that given
16 there is a lot more information, empirical hard
17 numbers, that the pricing is better going forward
18 again. This is the opinion of the Society of
19 Actuaries. It is not the opinion of the MIA. We are
20 still evaluating the market. That is one opinion.
21 What this translates into is, again, according to the
22 Society of Actuaries Nationwide data, for business sold

1 in 2000, there is a 40% probability they had need of an
2 increase of about 38%. The business sold in 2007,
3 there is a 30% probability of needing an 18% increase.
4 They are a lot smaller than some of the increases that
5 people in the room have dealt with.

6 For business sold in 2014, there is a 10%
7 chance of a rate increase of above 10%. So, we hope
8 this is true and that confidence can be restored,
9 because when the benefit is needed, it is a very good
10 benefit, in my opinion.

11 On the other side, the increases are very
12 difficult and we are all trying to find answers. So,
13 before turning it over to John Hancock, you have my
14 email in the sign-up list. I also have business cards.
15 Any time you would like to contact me, your thoughts
16 are very valuable. They put a real face to --

17 MS. LAGUNDO: Can I get a copy of that?

18 MR. SWITZER: I don't see why not.

19 THE SPEAKER: Just of the presentation.

20 MR. SWITZER: When we go to Annapolis when
21 we speak to insurance groups and consumers, it is very
22 valuable to bring it home. Thank you very much for

1 your attention and John Hancock is ready.

2 MS. ROCHE: Good morning, everyone. Thank
3 you to the Maryland Office of Insurance Administration
4 for providing us an opportunity to speak at this
5 important hearing. My name is Marie Roche. I am
6 Assistant Vice-President of Government Relations and
7 Long-Term Care at John Hancock.

8 First, we truly regret having to take rate
9 increase actions and we recognize that premium
10 increases are extremely difficult for our
11 policyholders, in many instances, to afford. In order
12 to address this situation, we have tried to develop
13 some non-invasive mitigation options, and to provide
14 our policyholders with choices that will reflect later
15 that can impact or mitigate the impact of the rate
16 increase.

17 First, I would like to summarize the two
18 submissions currently pending before the MIA. The
19 policies that were sold were sold during the period of
20 1991 and 2007. Both submissions were submitted on July
21 16th, 2009. The first filing consists of 13 policy
22 forms. We were requesting a rate increase of 87.3% and

1 the range is 48.3 to 109%. The other filing consists
2 of three policy forms where we request an average
3 increase of 22.4%. The range of individualized
4 increases requested would be 12.7 to 26.1. These
5 filings will impact, approximately, 15,400 Maryland
6 Insureds.

7 I wanted to make sure that it is clear that
8 we are not trying to recover any past losses with these
9 submissions. Rather, the increases are needed to cover
10 projected future losses.

11 And I just want to take a brief moment to
12 explain why premium rate adjustments are and have been
13 needed. Long-term care is a long-duration product.
14 Most people buy in their early 50's, but most don't
15 claim until their late 80's. Long-term care services,
16 usage, and expenses are difficult to predict for many
17 decades in the future. Most of your earliest premium
18 increases in the industry were due to lower than
19 expected long-term lapses, while current premium
20 increases are driven by claims and mortality
21 experience. What we are seeing today is that people
22 are expected or are living much longer than originally

1 expected. This means that there is a higher likelihood
2 that long-term care events are happening, and what we
3 are doing, we are seeing the claims lasting a lot
4 longer than originally anticipated.

5 What I would like to do now is talk about
6 some of the mitigation options that we try to make
7 available. Again, we think it is very important that
8 our policyholders keep their coverage because of the
9 likelihood that they will need long-term care services
10 or care in the future. We do understand that every
11 mitigation option is, in fact, a benefit reduction,
12 but, again, we think it is very important that our
13 policyholders have choices in the face of a rate
14 increase.

15 John Hancock offers the standard benefit
16 reductions that are common in the industry, including
17 reducing the daily benefit from benefit care,
18 increasing the elimination period, and dropping
19 occasional riders.

20 In addition to these typical ones, in 2010,
21 we pioneered a mitigation option that could completely
22 offset the rate increase for those individuals with

1 fixed compound or simple inflation. What we did is, we
2 lowered the future inflation increases on a perspective
3 basis. We called this the Future Inflation Reduction
4 Landing Spot or Landing Spot, for short. Just, again,
5 how this works is for people who have inflation, their
6 index, whether it be 5% or 3% is lowered to a lower
7 amount in the future. So, past inflation are accruals
8 that are retained, and, again, only future increases
9 would be impacted. This option allows policyholders to
10 obtain the core value of their coverage and plan
11 design, while maintaining their current premium level.
12 This change only, again, impacted future benefit
13 increases, and does not decrease the current benefit.

14 Again, putting our customers first, many
15 regulators have asked, what is next? All right. What
16 are the next time of mitigation options that can be
17 offered? So, again, we develop the next generation of
18 actuarially equivalent mitigation options called Shared
19 Cost. Like the Landing Spot, the Shared Cost is
20 actuarially equivalent. That means there is no gain or
21 partial surrender in the reduction of benefits. An
22 election of the Shared Cost Option will also, like the

1 inflation of Landing Spot, set the rate increase. This
2 option is particularly beneficial for older
3 policyholders who may have paid years of premiums.
4 That's because the ratio of future benefits to future
5 premiums is higher for the individual. The Shared
6 Option or Shared Cost Option has two components. The
7 first is the current benefit -- maximum benefit amount
8 will be reduced by a shared cost percentage. Then, the
9 customer agrees to pay the Shared Cost percentage,
10 similar to co-insurance, for every claim in the future.
11 Again, this option has the ability to greatly reduce
12 the customers out-of-pocket expenses so they can retain
13 the value of the policy.

14 Again, we recognize that these options are
15 a reduction in benefits, but we do believe they provide
16 our customers with viable options for those individuals
17 who can't afford the premium increase or do not want a
18 lapse in coverage. In addition, if an individual does,
19 in fact, want to lapse their coverage, and stop paying
20 the premium, we will provide them with a new paid-up
21 policy, and the new paid-up policy will have a policy
22 limit equal to 150% of premiums paid less any benefits

1 received.

2 In order to make the Landing Spot and
3 Shared Cost Option available to our Maryland customers
4 and satisfy the Maryland annual 15% premium limitation,
5 we have recently proposed annual phase-in for two to
6 three years based upon public experience. While this
7 isn't quite enough, it is substantial enough for us to
8 offer these options. Note, when small increases are
9 approved compared to the needed increases, we aren't
10 able to make these options available due to the
11 complexity of administering and pricing several
12 innovations.

13 So, with that, again, I want to thank you
14 for allowing me to speak today and addressing the
15 filings, and I will be happy to answer any questions
16 that the administration might have.

17 MS. GRODIN: Thank you.

18 MR. SWITZER: We very much appreciate you
19 have been active trying to find alternatives that you
20 have outlined. You have drafted most options out
21 there. Some of these that we heard from consumers, one
22 that outlines benefits is hopeful, but it's not what

1 they bought, obviously, and there is some reluctance.
2 No one is saying it's an ideal solution. We have also
3 heard it is a little different. When rate increases
4 are put forward, that a high percentage take the
5 increase and renew. That's a little bit -- in
6 considering that, I think they do have some hardship,
7 and there is a reluctance to walk away from premiums.
8 So, my question is: You mentioned that you do not
9 recoup past losses, only future losses. I think it's
10 important for buyers to know inasmuch detail as
11 possible how the company is sharing the pain of this.
12 So, my question is: When you said you only recoup for
13 future losses, can you give a little more information
14 as specific as you are able to along the lines of, does
15 that mean for the life of these policies, the
16 expectation is to lose money, or to -- including
17 investment income over the long term of the product, is
18 it a break even? Is there anything you can build on
19 along those lines as far as consumers dealing with
20 premiums and sharing this product going forward?

21 MS. ROCHE: Mr. Switzer, I apologize, I am
22 not an actuary, so I hope I get this correctly. Again,

1 as indicated, we are not trying to recoup past losses.
2 In fact, we have exhausted voluntarily numerous losses
3 over time. We voluntarily apply the NAIC Rate
4 Stabilization Tenants, including new business caps, so
5 that, for example, no individual who would obtain a
6 rate increase would pay higher than what a new business
7 person would be paying if they were writing new
8 business. The other thing is, I think that we can
9 provide the MIA a more-detailed response on this in
10 writing that can be added to the filing, but I do think
11 that the information could vary based upon policy
12 theory. I think there is far less expectation that we
13 would ever break even on the older policy series, but
14 that may not be as true in the newer policy series, but
15 what I want to assure the MIA, long-term care is not a
16 profitable business. Generally, we would not expect to
17 make, you know -- I would even say marginal,
18 significant profits on even the newer policies.

19 MR. SWITZER: Thank you very much.

20 MS. GRODIN: Anything else? Thank you very
21 much. Next, we have Prudential, with Keith Burns.

22 MR. BURNS: I am Keith Burns, with

1 Prudential Insurance Company. I am the Vice-President
2 and Actuary. Thank you very much for having me and the
3 opportunity to share the reasons for the long-term care
4 rate increases.

5 So, Prudential is currently seeking
6 approval for a number of rate increases on our
7 Individual Forms. I will mention these and I just want
8 you to know that the first increase is expected to
9 be -- upon approval, it would expected to be
10 implemented shortly thereafter, and followed by a
11 second increase as listed.

12 For example, we have varied this by four
13 different buckets. Our first bucket is considered No
14 Automatic Inflation. It goes with a lifetime or
15 unlimited benefit period or a 10-year benefit period,
16 and, for that, there are ILTC1 and 2 products. We are
17 asking for two 15% increases. Then, for ILTC3, as
18 well, and our product that is referred to as ILTC3R, we
19 are not seeking rate increases for that at this time.

20 For No Automatic Inflation, but with less
21 than a 10-year benefit period, we are seeking two 50%
22 increases for ILTC1. For ILTC2, it is 15%, followed by

1 6.9%. For ILTC3, it is 10% and for the first year, 0%.
2 For ILTC3R's, we are not seeking increases.

3 For our last two buckets, we are seeking 15
4 and 15 for older products, and that's for products with
5 Automatic Inflation regardless of what period.

6 Prudential is bearing the rate increase
7 amounts by the presence or absence of inflation
8 benefits and by the length of the benefit period. This
9 is intended to better match our emerging experience and
10 our loss ratio expectations with the requested amounts.
11 So, based on the merging experience, we believe that
12 the larger rate increases are needed. We do believe
13 that larger increases than what we are asking for are
14 needed; however, the increases are limited as required.

15 Prudential is seeking premium rate parity
16 across all states. So, for example, our ILTC2 no
17 inflation with less than 10-year benefit period, we're
18 asking for 15% followed by 6.9% to get a total of 22.9%
19 over two years. So, that's intended there to get to
20 the national rate level. That's why the second one was
21 capped at 6.9. That will get us to the same we are
22 seeking nationwide. For other examples where we are

1 seeking two 15% increases, those are some examples
2 where we are not reaching the national level
3 anticipated. We would come back and ask for additional
4 increases.

5 So, then, I will talk a little bit, too,
6 about some of the needs. I just mentioned in some
7 cases, we will need to seek future rate increases. As
8 an example, for our ILTC1 product, which is our oldest
9 individual product, the cumulative rate increases that
10 we are speaking nationwide is, roughly, 350%. What has
11 previously been approved in Maryland is 75. So, we are
12 still in need of a 158% increase. For this filing, we
13 are asking for 32%. This impacts 614 policyholders.
14 The Inforce Annualized Premium for that block is about
15 \$1,990K. The ILTC2 increase is roughly 237%, which we
16 have received 51% previously in Maryland, and are still
17 in need of 123%. I should mention these are averages.
18 We have about 215 policyholders in that product line
19 representing \$691K Inforce Annualized Premiums. For
20 ILTC3's, the proposed increase is 146%. We received
21 the nationwide, of which 31% has been previously
22 approved in Maryland. There is still a need of 88%.

1 There is about a little over a thousand of
2 policyholders for that product, representing about
3 \$3.2K in premiums. Then, for our ILTC3R Product, we
4 are seeking about a 76% nationwide, of which 15% has
5 previously been approved. Additionally, we need about
6 53%. That represents 46 policies. That represents
7 about \$126K in Inforce Annualized Premiums.

8 So, that these cumulative rate increases
9 are consistent with increases nationwide, as mentioned.
10 They total 1,892 policyholders in Maryland that have
11 been impacted.

12 Prudential's justified rate increases
13 reflect the company's experience with voluntary lapse
14 rates, mortality, and morbidity.

15 Current policyholder experience reflects
16 that the ultimate voluntary lapse rates are between
17 0.5-1.25% for most of Prudential's Individual business.
18 That compares to what was originally assumed in pricing
19 between 1.5%-6.0%. In addition, mortality experience
20 is also lower than originally expected. Due to the
21 lower voluntary lapse rates and mortality, it is
22 projected that a significant number of policyholders

1 will remain inforce during their older attained ages,
2 when they are more likely to go on claim.

3 Morbidity experience for Prudential's
4 Individual business is also higher than expected. Our
5 deep dive studies of experience were conducted in 2017
6 and late in 2018, which identified a significant need
7 to strengthen the claim costs, which impacts the active
8 life reserves. We also needed to increase the claim
9 termination rates on our Individual products due to
10 lower claim termination rates, and this resulted in a
11 strengthening of our disabled life reserves.

12 Prudential understands that premium
13 increases can be challenging for policyholders. In an
14 effort to ease the situation, Prudential's
15 policyholders notification letters for the first time
16 will offer an inflation landing spot that will offset
17 the 32.25% increase experienced. But those
18 policyholders with automatic inflation, the landing
19 spot will offer policyholders automatic inflation
20 riders to keep the current inflated benefits, but
21 decrease the going forward inflation rate between 1.0%
22 and 1.8% depending on the policyholders' product and

1 the period option they have. Approximately 90% of the
2 Maryland policyholders will have an inflation landing
3 spot offer.

4 The 10% of Maryland policyholders that do
5 not currently have automatic inflation will be given
6 options of notification letters to reduce other policy
7 benefits, that which will be the standard options of
8 reducing the benefit periods or eliminating riders.
9 All policyholders will have the option to stop paying
10 premiums and exercise their paid-up non-forfeiture
11 benefit that is available to all insureds regardless of
12 their issue age or the size of the rate increase.

13 All policyholders are given the option to
14 pay the increased premium and maintain their existing
15 benefits.

16 The notification letter will include a
17 toll-free number to ask questions or request additional
18 benefit reduction options not shown in the notification
19 letter. The customer service representatives in the
20 call center have been trained to handle rate increase
21 situations. The call center is 100% dedicated to
22 Prudential Long Term Care matters.

1 Prudential is committed to evaluating our
2 experience on an annual basis. The process to review
3 experience and set assumptions at Prudential is not
4 taken lightly. It starts with gathering detailed
5 policy by policy experience data, voluntary lapse
6 rates, mortality and morbidity, and comparing to
7 pricing expectations. The actual to expected results
8 are analyzed for trends and compared to current
9 assumptions. Industry data is analyzed as well where
10 applicable and available. The assumptions are
11 discussed within internal management for an overall
12 review and actuarial soundness of methodology, judgment
13 and experience updates. Once management is in
14 agreement, an approval process begins starting within
15 our business unit management and goes through several
16 levels of assumption and insurance risk oversight
17 committees within the company. All actuarial
18 assumptions are ultimately approved by the company's
19 Chief Actuary.

20 I should note that the evaluation basis
21 change in 2018 resulted in a \$946 million increase in
22 the active life reserves. This reflected the increase

1 primarily because of the increase in morbidity as a
2 result of the 2018 experience, as I mentioned earlier.
3 In addition, the disabled life reserves were increased
4 in 2018 by \$36 million. The asset adequacy testing
5 reserves were also increased by \$1 billion.

6 In conclusion, Prudential is committed to
7 doing the best it can to help protect the
8 policyholders' financial futures in Maryland and
9 nationwide by responsibly pricing and reserving for our
10 products. We appreciate the Administration's time and
11 attention to this matter. Are there questions?

12 MS. GRODIN: Thank you.

13 MR. SWITZER: Another consumer letter that
14 came in -- I will summarize -- the Governor's office
15 and the percent has reached 42% so far. They say, "If
16 people in Maryland are being hurt by the insurance, so
17 there doesn't seem to be much protected from such
18 outrageous increases. It appears what your answer
19 would be to that. You mentioned a lot of points. Is
20 there anything you can add, it will be appreciated.

21 MR. BURNS: We recognize it's a very
22 difficult time for everybody, and nobody wants to be

1 here, and going through this, especially the
2 policyholders. We understand the frustration is
3 obviously very well known industry wide.
4 Policyholders, there are definitely a lot of losses
5 along the way from the original, as we pointed out
6 earlier, primarily due to the lack of information. We
7 are committed to sharing in the losses. We could be
8 asking for higher rate increases, but we don't have a
9 specific formula necessarily, but we do look at that,
10 and we get senior management's buy into what the
11 requested increases should be, but they are definitely
12 lower than what are actuarially justified. We are
13 doing the best we can to make sure we understand what
14 is going on. As we mentioned, Prudential has put forth
15 a lot of reserves. We don't expect to get all of that
16 back in increases by, any stretch, but I guess one
17 things I should point out, the effort that we gave in
18 2017-2018 was to really try to the get a much better
19 understanding what our experience is showing us. We
20 feel very -- never say never. We do feel very
21 confident in those assumptions and we hope that we that
22 we have a much better understanding.

1 MR. SWITZER: Thank you.

2 MR. ZIMMERMAN: When were these products
3 offered?

4 MR. BURNS: When were they offered?

5 MR. ZIMMERMAN: Yes.

6 MR. BURNS: Between 1999 and 2012.

7 MR. ZIMMERMAN: Okay. Do you have any
8 information related to the original assumptions related
9 to the voluntary lapse? I see a note between 1.5 and
10 6.0%. 6% seems high. So, I assume, is that based on
11 the early pricing of the 1999 Policies?

12 MR. BURNS: Correct. That was the highest.
13 It did vary by things, like, inflation. So, I think
14 the lapse rate for that particular product was between
15 4.0 and 6.0%.

16 MS. GRODIN: Thank you very much. We have
17 three representatives from Unum, two are going to be
18 speaking.

19 MR. LEMOINE: Good morning, everyone. On
20 behalf of Unum, we want to thank the Maryland Insurance
21 Administration for holding this hearing. We want to
22 thank each of you listening in and participating today.

1 My name is John Lemoine and I am the Assistant
2 Vice-President and Legal Counsel to Unum's Closed Block
3 Business Unit. Also with me today is Jake Lucas, Chief
4 Long-Term Care Pricing Actuary, also in our Closed
5 Block Business Unit. That unit is comprised of
6 products that Unum no longer markets, including our
7 long-term care business. Unum exited the individual
8 long-term care market in 2009 and exited the group
9 long-term care market in 2012. The vast majority of
10 our policies were issued between 1989 and 2000. Today,
11 Unum has just under 900,000 long-term care insureds
12 nationwide. This includes, approximately, 3,600
13 Maryland Individual Long-Term Care Policyholders, and,
14 approximately, 13,000 insureds covered under group
15 long-term care policies issued to Maryland employers.

16 As context for today's hearing, this
17 pending rate increase is focused on our group long-term
18 care business. That business is divided into two
19 segments. One segment is made up of group policies
20 sold prior to 2004 or so. The other segment is made up
21 of other policies sold after 2004, up through 2012,
22 when we discontinued marketing long-term care business.

1 We, at Unum, take our commitment to our long-term care
2 policyholders very seriously. We have a team of 180
3 professionals dedicated to providing customer service,
4 and administering benefits for these policies. Our top
5 priority is to meet our obligations to each of our
6 customers, including providing benefits in their time
7 of need. During 2018, we paid over \$426 million
8 dollars in long-term care benefits nationwide and over
9 \$11 million dollars in long-term care benefits to
10 Maryland policyholders.

11 Another priority of our's is to manage all
12 of our insurance products to insure the financial
13 stability of our operating company both for the
14 short-term arising and for long-term sustainability.
15 It is extremely important not only for our long-term
16 care policyholders, but all of our policyholders.

17 When Unum entered the long-term care
18 business in the late 1980's, we determined our prices
19 using the best available data at that time, applying
20 assumptions and predictions about how the future
21 experience can develop. Unfortunately, like many in
22 the industry, our actual experience in the years and

1 even decades since we issued these policies has turned
2 out to be significantly different than the actuarial
3 assumptions used to set original prices. The examples
4 include the individuals covered under our long-term
5 care policies are living longer, and holding onto their
6 coverage longer than originally anticipated, leading to
7 more claims being made than had been said in our
8 original assumptions. Once individuals are on claim,
9 they are staying on claim longer than expected and
10 investment returns on the reserves to pay claims
11 continue to be significantly lower than originally
12 projected given the sustained low interest rate. Due
13 to the adverse development of these factors, we have
14 suffered significant overall losses in our long-term
15 care business. We continue to monitor and evaluate the
16 experience of our long-term care business and take
17 appropriate steps to support that business as we are
18 charged to do under regulatory and actuarial standards.

19 Most recently, in late 2018, Unum completed
20 a comprehensive review for our reserves and
21 assumptions, which resulted in Unum taking a pre-tax
22 reserve strengthening under generally-accepted

1 accounting principals of \$750 million dollars and a
2 pre-tax statutory reserve accounting of \$170,000.00.
3 We are making significant contributions to support this
4 business.

5 Another component of managing this business
6 is our responsibility to seek rate increases based on
7 our experience in actuarial analysis. As a result, we
8 are seeking rate increases on our long-term care
9 nationwide, including our long-term care policies in
10 Maryland. Here in Maryland, because of the state's 15%
11 per year rate increase cap, this current rate increase
12 request is for 15% on coverages that include inflation
13 numbers and 6.8% on coverages under our older cohort of
14 launching group long-term care policies that do not
15 include inflation. We anticipate returning to ask for
16 additional increases in the future. Assuming no
17 changes to our current actuarial analysis, as Maryland
18 15% annual cap remains in expect, we expect to ask for
19 15% increases for multiple future years on inflation
20 coverages which may range from 3 to 9 additional
21 increases depending on various matters, including the
22 type of inflation, coverage, and funding.

1 Going forward, we will continue to monitor
2 and evaluate the experience on our long-term care
3 business. If experience develops adversely to our
4 current projections, we may not need to return to
5 Maryland for adjusted increase requests beyond those we
6 currently anticipate.

7 We, at Unum, recognize that long-term care
8 rate increases present many of our customers with a
9 significant challenge in maintaining their coverage.
10 Insureds base the rate increase on group long-term care
11 coverage have the option to adjust their coverage on a
12 go forward basis to mitigate the impact. These
13 adjustments are available in the overall plan
14 parameters of the group policy under which the insured
15 has coverage. It includes, for example, changing level
16 of care, reducing the benefit period, or adjusting
17 daily benefits. Also, we provide each of our impacted
18 insurers with the ability to select a non-forfeiture
19 option, where they may choose to no longer pay premiums
20 going forward, but, nevertheless, maintain long-term
21 care coverage in an amount equal to total premiums
22 paid. We understand that many long-term care insureds

1 are going to maintain coverage despite the necessity of
2 rate increases and we believe these options offer
3 reasonable alternatives to our insureds at various
4 levels of coverage.

5 In closing, we do acknowledge how difficult
6 long-term care rate increases can be to our
7 policyholders. We will continue to serve our customers
8 as effectively as possible by continuing to monitor and
9 manage the financial condition of our long-term care
10 business by offering reasonable alternatives to
11 insurance, manage affordability as to those rate
12 increases, and by providing quality service during the
13 life of the policy, including, most importantly, at the
14 time of claim. Thank you. We would be happy to answer
15 any questions the administration has.

16 MS. GRODIN: Thank you.

17 MR. SWITZER: If you would respond to the
18 following consumer?

19 MR. LEMOINE: The excerpt is, they are
20 drawing from second quarter earnings, July 31st, where
21 statements along these lines were shared. "We have
22 continued to deliver strong statutory earnings and cash

1 generation. This has enabled us to maintain strong and
2 table capital metrics, while consistently returning
3 capital to our shareholders. This quarter that means
4 that along with the \$100 million of share repurchases,
5 we also raised our dividend by just under 10%."

6 MR. SWITZER: Noted that for 5,000 of these
7 members, this is the first increase in 14 years. I was
8 just looking at the 2018 Risk-Based Capital Position at
9 832%. That seems strong, and the dividends that were
10 paid in, the benefit context, and how would you respond
11 to the thought expressed by one of our Marylanders and
12 why, now, for an increase? I know it is a hard
13 question. If you could just answer that?

14 MR. LEMOINE: Thank you for the question.
15 We do special appreciate the question and concern
16 raised. So, the numbers that were quoted from the
17 quarterly and annual statements are at the enterprise
18 level. These policies are at the individual trade
19 entity level. We are charged statutorily and
20 financially accounting standards to manage our
21 businesses at the line of business level, and, so, this
22 block of business has been put into loss recognition

1 status. We don't anticipate future profits on the
2 block as a whole. Historically, we have lost over \$2
3 million dollars in statutory earnings, and the rate
4 increases that we are requesting for us across the
5 whole block are 43% of what we could ask for under the
6 standard accepted actuarial principles. So, we are
7 making adjustments to try to mitigate what we need to
8 ask for, but at the end of the day, we are responsible
9 for the premiums that we charge are neither excessive,
10 or inadequate, or unfairly discriminatory. We have
11 done studies of the premiums to be provided are
12 responsible.

13 MR. SWITZER: Thank you.

14 MS. GRODIN: Thank you very much. On the
15 list, I have two more individuals who would like to
16 speak, both policyholders. I am going to apologize in
17 advance. Miss Lagundo?

18 MS. LAGUNDO: So, I think that my
19 submission was given to all of the long-term care
20 companies or, at least, my company prior to the
21 meeting. I am not going to go through reading the
22 thing.

1 I had a tragedy in my life that made me
2 want to get long-term care. Back in 2002, I signed on
3 for long-term care with John Hancock. I had a rate
4 increase in 2009 of \$2,126 and some odd cents. Then, I
5 stayed there until 2016, I think, but in the end, the
6 most important thing is --

7 MR. SWITZER: Can you rotate it?

8 MS. LAGUNDO: So, overall, since the time I
9 bought it, the rate has increased by 197.4% in addition
10 to my original premium. It is almost, like, triple the
11 amount. I don't really understand when you give these
12 options to lower your premium back down -- every year,
13 I get one of those statements saying, if you want to
14 keep your current coverage, that is what the increase
15 is going to be. But if you reduce your benefit period
16 to 10 years -- mine is lifetime, by the way -- we will
17 keep it down to \$3,800.00. It will go up, but not as
18 much. If I reduce the daily benefit, which is how much
19 it pays out per day, then, it will go up a little bit
20 more, but if you reduce both, it will be this. So, if
21 I would have reduced that, what would happen next year
22 when I get my letter? Is it going to be another

1 reduction I have to pay to keep the rate next year down
2 or am I going to get charged 15% more next year? I
3 mean, it can go on, and on, and on forever. I am
4 trying not to be a burden to anybody, my children, or
5 anybody. I don't know the law as far as -- I think in
6 Maryland, you have to exhaust all of your assets to pay
7 for nursing home care prior to anything kicking in with
8 Medicare. Is that true? My neighbor is in that
9 situation now. His daughters had to liquidate all of
10 his assets, because Medicare will not cover or
11 Medicaid, whatever it is, until all of his assets are
12 gone. I mean, he just happened to slip on the ice, and
13 get a bruise, and, then, get a blood clot to his brain.
14 He was still a very active person. Things can happen.
15 That is why we get the coverage. I feel like reducing
16 my benefit period to 10 years isn't an option. I am
17 still only 62 years old. So, if something happened to
18 me tomorrow, like that, I could remain in a nursing
19 home for 20 more years. So, then, not only would I
20 have spent 10 years worth of policy, but, then, after
21 that, I have to still liquidate to stay in there
22 longer. When does it all end? When is the increases

1 going to stop? If you have not made this policy with
2 these particular terms for years, then, the amount of
3 people holding this type of policy out of the total
4 number of Maryland, we have to be a very small
5 percentage. This was almost 20 years ago this policy
6 was issued. I guess I am just trying to understand
7 when you say we are going to ask for additional
8 increases in the future, one you wanted at 76%, the
9 next year you wanted 83% more. Is that 83% more on top
10 of the increases you have already gotten or 83% more
11 total? There is a lot I just don't understand. As you
12 can see, I do my math. If this keeps going up by 2023,
13 my premiums will be almost \$7,000.00 a year, which is
14 318% increase, not just 318% of the original amount,
15 but it's a increase of that much. So, when do the
16 increased stop for my type of policy? I have a lot of
17 questions.

18 MS. GRODIN: So, I was wondering, Miss
19 Roche, if you would be available after the meeting to
20 spend a few minutes --

21 MS. ROCHE: We can chat.

22 MS. LAGUNDO: I don't want to reduce my

1 benefits. I don't want my children's inheritance to
2 get -- I have worked hard to maintain what I have for
3 them. This is not the only thing I have gotten to get
4 my affairs in order. I have a lot of life insurance
5 and everything to make sure my house is paid for. I
6 don't want to take up a bunch of time.

7 MS. GRODIN: We will make time for you
8 after the meeting. If you will stay a little
9 afterwards, Miss Roche.

10 MS. LAGUNDO: Do I minimize or X out?

11 MS. GRODIN: Ma'am, thank you.

12 MR. SWITZER: Thank you.

13 MS. GRODIN: Our last speaker today is Miss
14 Konrad. Welcome.

15 MS. KONRAD: Thank you. Good morning,
16 Deputy Commissioner and Mr. Switzer, and, certainly,
17 the gentlemen that are here from Unum, thank you very
18 much.

19 I am a long-term care policyholder with
20 Unum. I bought that policy for my husband -- actually,
21 two policies, one for my husband, one for me in
22 2003-2004. I am a retired State of Maryland employee.

1 I worked for the State Treasurer for the Department of
2 Housing and Community Development, and legislative
3 auditor. I bought those policies through the State of
4 Maryland's Employee Benefits. The policies were not
5 subsidized like our health insurance policies. I
6 certainly felt at the time that the budget and
7 management had vetted this company, and that I would
8 find something that would protect me, like you, in the
9 future. So, I am appealing today for you to consider
10 this increase. I understood that you initially came in
11 for a 26.7% increase. Now, it is 15%. I don't quite
12 understand that, but I am really asking that you
13 consider this, and understand the burden that I think
14 it's putting on policyholders. I am surprised this
15 room is not filled with policyholders. I was the one
16 who looked at those Earnings Call Reports for the
17 second quarter, and your CEO, Richard Paul McKenney,
18 says your financial position is strong, and you are
19 increasing dividends to the shareholders, and not only
20 that, you are repurchasing shares, \$100 million dollars
21 in just that one quarter. So, I am asking Deputy
22 Commissioner, and, certainly, Commissioner Redmer, who

1 are you protecting? Are you protecting their
2 shareholders or are you protecting the policyholders?
3 I say that because I then look at your Unum Website and
4 noted who your shareholders are. They are large
5 constitutional investors who should understand this
6 risk of these kinds of policies better than anybody,
7 certainly any of your policy holders. I don't quite
8 understand it all, the reserves and the risks.

9 Interestingly, today, in the Washington
10 Post, they are reporting the business round table
11 report of 192 CEO's, and they are saying that big
12 businesses of this country are saying that their focus
13 can no longer be solely on shareholders, their focus
14 has to be on -- or they have to balance the needs of
15 the shareholders, their customers, employer, suppliers
16 and local community. I ask that you please consider
17 their customers and not just their shareholders.

18 My premium has increased 60% since 2013, 6
19 years. All of you State employees understand how much
20 your salaries have increased. Take a look at how much
21 my pension has increased. It is infinitesimal compared
22 to these increases. Again, I point back to 2003-2004,

1 when I bought that policy, because it was part of the
2 benefit package that the State of Maryland offered.

3 My last two comments really has to do more
4 with the procedures of all of this. I got a notice on
5 July 31st, 2019. I had signed up for these
6 notifications with the Maryland Insurance
7 Administration. I got a notice on July 31st about this
8 hearing, and asking if I wanted to make a comment, to
9 have those comments submitted by August 13th. I am
10 retired, but I do have other things that I do. That is
11 not a long period of time, and, particularly, if you
12 are, as a policyholder, you are trying to consult with
13 and financial advisor, and understand what it is that
14 you should be thinking about. It doesn't give much
15 time. I honestly think, at least, 30 days. In my
16 comments, I said 60. I think, at least, 30 days notice
17 should be given to policyholders so they have a chance
18 to figure stuff out, and look at stuff, and Google
19 things. I also feel that Unum -- you know, I get
20 really concerned, and I think one of the reasons why I
21 am speak here today, I just get these notices of
22 increases until I signed up for this on your website

1 for these notification. I just get these notices of
2 increase just appear in my mailbox. What happened?
3 What is going on? Which leads me -- so, I think you,
4 too, are obligated, and I will go back to the CEO's of
5 the business round table, and the obligation not just
6 to shareholders, but the customers to, at least, say to
7 your customers, we are going to the State of Maryland
8 and we are going to be asking for a rate increase.
9 This is the process that you need to do if you want to
10 appeal that. I think that's only fair, not just get a
11 bill.

12 So, the other thing that I have heard a
13 little bit about this today, and I read, again, in the
14 Earnings Report and the testimony of Steve Zabel, the
15 Chief Financial Officer, who said that the second
16 quarter in the Second Quarter Earnings Report, the
17 company updated the reserve assumptions for Long-Term
18 Care Policies in the third quarter of 2018, and, also,
19 made assumptions for future rate increases. Where is
20 that? I don't know that. How can I honestly make a
21 decision in the next few months about what to do with
22 this policy and I have no ideas what is going to happen

1 in the next 5 or 10 years? How can I decide, really,
2 at this point, I can't afford it anymore, and, so, I am
3 going to have to take the non-forfeiture benefit. I am
4 blind. You know all of the assumptions that have been
5 made. You know, apparently, from what I gathered
6 today, you do understand how many increases there were.
7 You said 15% creases for multiple years, 3 to 9 years.
8 That hadn't been provided to the policyholders. It is
9 not right. Anyway, thank you for the time.

10 MS. GRODIN: Thank you. Miss Conrad, would
11 you like to have a few minutes after the meeting is
12 over?

13 MS. KONRAD: Sure, I would love to.

14 MR. SWITZER: First of all, thank you.
15 Along the lines of what is being done, I just want to
16 go over a few things. We get these 500-page filings,
17 some of the things. There are variances. One is,
18 there is a lot of national dialogue among actuaries and
19 others about what to do. We are trying to stay plugged
20 in to that. There is one in Texas that has a
21 restricted present value. They want to drag it
22 through. It is a method to say what is fair going

1 forward. Minnesota has one that is called, "The If You
2 Make Up Approach," if you knew what you know today. It
3 has a scale of how much companies should shoulder of
4 the deviation. We don't agree with all of that. We
5 don't think it goes far enough. That's one thing we
6 are trying to do.

7 Another is some questions voluntarily have
8 said -- people knew that the regulators knew that
9 things were going ary quite a while ago, the '80's,
10 '90's. Some didn't take action for quite a while after
11 that. Some have voluntarily said, yeah, we delayed, so
12 we will reduce what we are asking for. We consider
13 that. I bring this up.

14 Another at the top of the list for me is
15 the life of these policies in 50 years. For people who
16 bought in the past, those premiums aren't used for
17 years, as you know. They are sitting there and they
18 are invested. In the '80's or so, bonds were yielding
19 8% or so. So, we would like to know where the money is
20 when earnings were good and they are not or 3% or 4%.
21 Bring that money into the picture, because there is a
22 lot of gravitation looking towards the claim. In my

1 opinion, not enough looking at the investment earnings.
2 We also have to see in numbers, not just words, and
3 kind of material ideas. What is the company expecting?
4 Where are they expecting to land in terms of the life
5 of this policy, in terms of not just claims, but
6 investment income, are you expecting to break even?
7 Break even is used pretty loosely. Are you going to
8 loose money? Are you going to make a little? I think
9 everybody -- I will leave it at that. But exactly
10 what, because we need to know whether it is important
11 for us to determine. I will wrap it up. We can talk
12 later if you would like. In the case of correction, if
13 you get a huge increase, there is a cap, but you can't
14 get it all at once. There needs to be gradation. We
15 talked about that. Some companies will say file, they
16 want equity for two policyholders that really needed to
17 have those conversations. That leads to some of the
18 things. We go through every assumption and try to get
19 a full view, and consider all of the perspectives.
20 Does that answer your question of what protection is?

21 MS. KONRAD: I do have one follow-up
22 question. That is, so, these companies go to all of

1 the states with their rate increases and are all of the
2 states experiencing the same level of increase that
3 Maryland is?

4 MR. SWITZER: I would say, yes. There are
5 not many states that have a cap. Some states, in one,
6 filing the request is for -- it is an outlier. The
7 request is 200% and it is approved. I think the answer
8 is, yes. Anything different, Adam?

9 MR. ZIMMERMAN: No. I agree. If we go to
10 every state in our cap at 15%, oftentimes, if you look
11 at the amount approved in every state, Maryland is
12 generally in the lower 50%, given our cap. It is not
13 pointed out that not many states have any kind of cap
14 in regulation or anything like that. So, they could go
15 in for the full request, 200 or 300%. The full request
16 may not be approved, but some states may approve way
17 larger than what Maryland has approved.

18 MS. LAGUNDO: I have a follow-up question.
19 When these companies come in and ask for the rate
20 increase, you cap it at 15%. They want 80-some percent
21 or whatever. Do you approve it for more than one year
22 or is it just a one-year increase you are approving 15%

1 and they are asking for 83%?

2 MR. SWITZER: Well, one, it is not a
3 guaranty that we will approve. In 2018, the increase
4 we approved was over a two-year period, something like
5 12%. The most that --

6 MS. LAGUNDO: Because I have got charged
7 15% more every year, '16, '17, '18, and '19. If you
8 capped it at 12, somebody is not billing me correct.

9 MR. SWITZER: Yes, that's for specific
10 carriers. That was for 2018. You are right.
11 Sometimes, we do approve 15. The most that we have
12 found support to approve in terms of a time span is two
13 years. Typically, you are asking for 32%, two 15's.
14 We will approve \$275, we will approve a 10 and a 5,
15 something along those lines, so that there is some
16 predictability for the consumers. That's how it goes.

17 MS. LAGUNDO: In order to know what you
18 approved for my long-term care company, I just have the
19 letter that states, you know, we are going to ask -- I
20 know we have said 83%. Now, we are going to ask for an
21 additional 30% in future years. I don't know what that
22 means.

1 MR. ZIMMERMAN: So, the issue that arises
2 because Maryland is capped, they ask for 50%. The cap
3 is 15. So, then, next year or two years down the road,
4 if they do a new assumption study that shows their
5 assumptions are worse than before, people are still
6 continuing to hold onto this policy, the 50% they ask
7 for now deteriorates to something else. It is like
8 trying to get caught up. So, that's one issue with the
9 cap, potential issue. The obvious issue is that it
10 provides 15% max increase, but you could get stuck in
11 this rut where you had just discussed where it seems
12 indefinite.

13 MS. GRODIN: We will stay after the
14 hearing.

15 MS. LAGUNDO: You guys are going to stay.
16 I do have a question based on that.

17 MR. SWITZER: We also have a website, as
18 you know, where you can see the rate filings, if you
19 want to, all of the back and forth, once it is
20 approved, see what was decided, whether it was one year
21 or two year.

22 MS. LAGUNDO: I have tried to go on and

1 look at the testimony and decisions, but, I mean, there
2 are pages, and pages, and pages. I don't know what
3 class number my policy falls into, and it is, like --

4 MR. SWITZER: The last legislative session
5 in Annapolis before the bill that got passed where the
6 carriers would provide you your form number so that you
7 don't have to fight for whether the hearing applies to
8 you.

9 MS. LAGUNDO: Right, okay.

10 MS. GRODIN: I want to thank everybody for
11 coming today and for those of you on the phone. As I
12 said earlier, we are going to keep the record open
13 until Tuesday, August 22nd for additional written
14 testimony. Thank you again.

15 (Hearing concluded at 10:17 a.m.)

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1 State of Maryland:

2 County of Baltimore, to wit:

3 I, Susan Kambouris, a Notary
4 Public of the State of Maryland, County of Baltimore,
5 do hereby certify that the within-named witness
6 personally appeared before me at the time and place
7 herein set out, and after having been duly sworn by
8 me, according to law, was examined by counsel.

9 I further certify that the examination was
10 recorded stenographically by me and this transcript is
11 a true record of the proceedings.

12 I further certify that I am not of
13 counsel to any of the parties, nor in any way
14 interested in the outcome of this action.

15 As witness my hand this 6th day of
16 September, 2019.

17 *Susan A. Kambouris*

SUSAN A. KAMBOURIS

Notary Public

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19
20 My Commission Expires:

21 May 17, 2021

22

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