MARYLAND

**longtermcare mia -MDInsurance- <longtermcare.mia@maryland.gov>**

# long term care nov6 live stream

**bobcin.house@gmail.com** <bobcin.house@gmail.com>
To: longtermcare.mia@maryland.gov
Mon, Nov 6, 2017 at 11:32 AM

I plan to attend this via facebook and conference call line. I am relearning read/write so if I did this wrong let me know. I would like to add that most people trying to keep long term care insurance or get it are on a fixed income and would like someone to bring that point to light. Obviously the point for insurance companies is to make a profit, increasing the cost that will result in fixed income people having to cancel at a time in their life odds increase of needing the insurance is a sly and cruel means to get that profit.

Al Redmer
Maryland Insurance Commissioner
200 St Paul Place
Suite 2700
Baltimore, Maryland
21202

November 6, 2017

Dear Commissioner Redmer,

First, thank you and the Maryland Insurance Administration staff for the attention you have brought to long term care issues in this state.

I have sent in comments dated Jan 15, Oct 9, and Nov 9, 2016. I will not restate those issues regarding Genworth Financials requests for rate increases. However, I believe they remain valid.

Today, the paradigm in which Genworth is requesting a rate increase is very different from any previous point in their history.

The Maryland Insurance Administration **should not** grant further premium increases to Genworth.

Why? Genworth Financial is currently seeking approval for a buyout from China Oceanwide, a Chinese company.

China Oceanwide has offered to pay $2.7 Billion for Genworth or $5.43 per share.

This will result in an increase in shareholder value of $1.8 Billion.
Insiders hold 28% of the stock, so insiders will have a windfall worth $521 Million.

The agreement includes golden parachutes of $70 Million (in addition to the above increase in stock value) for a list of Genworth executives.

Given the magnitude and significance of the deal, I respectfully suggest that the Maryland Insurance Administration take appropriate action on behalf of the 31,000 Maryland Genworth policyholders.

Before granting approval of the deal with China Oceanwide you should require Genworth to fund all the projected shortfalls within the long term care business and warrant that there will be no further increases requested for current policyholders. There is a lot of cash flowing in this deal - plenty to permanently shore up the business.

All the parties involved are profiting from the transaction:
$1.8 Billion windfall for shareholders
$521 Million for Genworth insiders
$70 Million additional for Genworth executives
Zero relief from premium increases for policyholders - in fact, they are asking for more.

The policyholders are counting on the Maryland Insurance Administration to take the new factors into account and deny any increases now or in the future.

Sincerely,

John G. McLaughlin
7809 Cadbury Ave
Potomac, MD 20854
410-245-9946

Al Redmer
Maryland Insurance Commissioner
200 St. Paul
Suite 2700
Baltimore, Maryland
21202

November 7, 2017

Dear Commissioner Redmer,

Thank you for the opportunity to address you and your staff on Nov. 6.

My comments and letter dated November 6 state the facts - all from public records - surrounding the proposed purchase of Genworth Financial by China Oceanwide.

While the China Oceanwide proposal, I believe, is significant enough basis for your office to reject current and future rate increases from Genworth there are other questions that I see as worthy of further investigation by your staff.

1. The 11/3/17 10-Q states on page 36 the following:

"Our liability for policy and contract claims is reviewed quarterly and we conduct a detailed review of our claim reserve assumptions for long-term care insurance business annually typically during the third quarter of each year. During the third quarter of 2017, we reviewed our assumptions or methodologies relating to our claim reserves of our long term care insurance business but did not make any significant changes to the assumptions or methodologies, other that routine updates to investment returns and benefit utilization rates as we typically do each quarter. These updates in the third quarter of 2017 did not have a significant impact on claim reserves. "

Given this public statement to shareholders and the SEC, one has to question the need for further increases if after review they found the reserves adequate.

2. One of the stated primary influences of the long term care business are the yields on investments. I did not find any mention of investment yields in Genworth's Actuariual Memorandum dated August 2017. Given the growth in the equity markets over the past eight years Genworth must be reaping the benefit and be in an improved financial position. Of course this would not help there argument for higher premiums.

3. On page 94 of the 11/3/17 10-Q under ongoing priorties they state:

"Stabilizing our long-term care insurance business continues to be our long-term goal. We will continue through our multi-year long-term care insurance rate action. Increasing premiums and/or benefit modifications on our legacy long-term care insurance policies are critical to our ability to increase capital levels needed to support the business."

So, their only stated action to improve their long-term care business is to keep asking for rate increases. There is no mention of trying to reduce their operating costs as most businesses would do, and no mention of managing their investments to improve yields. Why? It is just easier to get increases granted.

4. In Genworth's Proxy statement dated Nov 3, 2017 they outline their "key financial objectives". Their target to increase "Gross incremental premiums approved for LTC in-force rate actions" for 2016 was $160 Million and they exceeded their target by $44 Million for a total of $204 Million. So they were actually granted larger premium increases for the year than they expected.

The reported 2016 compensation (amended 10K/A 4/3/2017) for the five highest paid executives was based in part on their achieving the "key financial objectives" including the target above.

So, while Genworth continues to ask for higher premiums the top five executives paid themselves a total of $25.75 Million for their total 2016 compensation in part because they successfully raised premiums. To continue this cycle of financially rewarding individuals for raising premiums should be troubling to the Maryland Insurance Administration.

Commissioner Redmer, thank you for protecting the interest of the policyholders.

If you should have any questions please let me know.

Best regards,

John G. McLaughlin
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410-3245-9946

MARYLAND

**longtermcare mia -MDInsurance- <longtermcare.mia@maryland.gov>**

## Maryland rate increases- LTC

**Mark Gage** <MGage@northeastbrokerage.com> Sun, Oct 8, 2017 at 2:06 PM
To: "longtermcare.mia@maryland.gov" <longtermcare.mia@maryland.gov>
Cc: Mark Gage <MGage@northeastbrokerage.com>

Dear Nancy;

I have been an insurance broker for the past 31 years in Maryland and long term care insurance has been one of the product lines that I actively serve. I own a brokerage agency providing advice and guidance to independent insurance agents and their clients. I have worked with all of the companies that are now seeking rate increases.

The insurance industry has known for years the morbidity, persistency and investment experience for long term care. There were corrections early on for mistakes on persistency assumptions but the other two risk factors were well defined. The consumers in Maryland have repeatedly taken the hit for insurance companies poor judgement. Now insurance companies are making claim settlement more difficult and rate increases more regular.

The insurance department needs to stop letting the insurance industry pass the buck on to consumers to keep every line of coverage profitable for the insurance industry. All of these carriers are multiline. If need to use assets from other lines to sustain the losses from this marketplace, I believe it should be done verses continuous rate increases to policyholders that upheld their end of the contract by continually paying for coverage.

Long term care is quite a bit different in that policyholders can't just drop one market to move to another like they can with auto or homeowners protection. The age changes along with a very limited number of carriers still in the marketplace really handcuff an insured to their initial choice. Long term care has been sold by agents that it is coverage you keep with that carrier until either death or claim so rate increases are more impactful upon the policyholder who has no choice. If they take the recommended alterations of their policy, they are being forced to self-insure. This self-insurance can result in hundreds of thousands of dollars to the policyholder just to keep the premiums the same or close to the same.

We need to review the uniqueness of this product line before enabling unilateral rate increases. From my perspective, even the current late that allows more minimum rate increases every year without consent is a disservice to our citizens.

If I can provide any other information to support my representations, please don't hesitate to reach out to me.

Mark R. Gage, CLU

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