



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

Opposed to Ltd rate hikes

David Beers <djbeers@live.com>

Mon, Apr 8, 2019 at 12:12 PM

To: "longtermcare.mia@maryland.gov" <longtermcare.mia@maryland.gov>

I am astounded at the games being played with LTC plans. While I understand that many insurance companies failed to accurately underwrite their plans, opting for highly optimistic claims projections and high policy turnover, this "error" on their part resulted in artificially low premiums paid by many. These people were strongly advised by the insurance companies and the financial planning community to buy early, when young, because the premiums would be cheaper.

Many did. Paying tens of thousands of dollars in policy premiums for decades.

No worries. Once the insurance companies had garnered significant market share, in part by offering policies that were unrealistically low in price, they wanted to correct this "error" of offering premiums too low by raising rates. And not insignificantly. After all, they could count on compliant state insurance commissions to help them out. The result: Premiums have doubled or more for many policyholders, sometimes in the space of a single year. Policies that were once affordable, suddenly became very unaffordable for many. They dropped their plans. Some obtained nothing more than a refund of premiums paid - no interest. They essentially gave the insurance industry a free 0% loan for ten years or more.

The Maryland Insurance Commission acted in complicity with the insurance industry by routinely approving all rate request increases with little changes. It seemed every consideration was given to ensure that the insurance company's bad underwriting and planning, or their too aggressive marketing programs, were the only issue to address - getting them "well" was the only concern. Doing so on the backs of existing long standing policy holder was the only source solution they jointly agreed upon. Why?

Why is it that policyholders have to bear the full brunt of the insurance companies careless underwriting and their quest for market share? Were the plans sold decades ago essentially "loss leaders?" The get well plan all along? Work with the insurance commissions in each state to raise rates so egregiously that claims experience will soften because so many dropped their plans and of those who remain had to pay MUCH higher premiums to cover remaining claims experience.

I think the conduct of the insurance commission and the insurance companies has been disgusting. They clearly work together at the expense of the consumer and their only remedies are to charge the consumers more.

Why are the insurance companies not required to absorb at least most of the cost for their "miscalculation?" Why are rate increases far more limited in amount and extended over a much longer time horizon? Why should ANYBODY who had the good sense, the moral responsibility and the care for others, who took out a policy long be put in a position where their policy will be lost simply because their premiums were raised in such alarmingly significant amounts?

I find the working "relationship" between the LTC insurance companies and the Maryland Insurance Commission way too cozy and convenient. I am against allowing any further rate increases until the commission negotiates an agreement wherein the insurance companies agree to pay for a portion of the increases and the remaining increase to the consumer is spread out over a minimum of five years. I also believe that anyone who cannot afford to keep their policy because of a major rate increase should be allowed a full refund of all interest paid OR the right to convert their policy to a lesser amount of coverage with a fixed for life premium.

LTC insurance is about protecting people from the devastating consequences of very expensive care later in life. But the way it has been "worked" by the insurance industry and The Maryland Insurance Commission, the financial devastation begins well before any claims can be made - it begins with the egregiously unfair rate increases that were allowed to happen by the Maryland State Insurance Commission.

Sent from my iPhone

Requested Long Term Care Policy Rate Increase by Allianz Life Insurance Company of North America

David Felzenberg <itsaboutthekidseducation.org@verizon.net>

Attachments

2:34 PM (1 minute ago)

to me

Ms. Muehlberger –

I am writing to vigorously protest a requested Long Term Care (LTC) Policy rate increase by Allianz Life Insurance Company of North America.

Due to a scheduling conflict, I am not able to attend the public hearing on May 14, 2019 from 2:00 p.m. – 5:00 p.m. in person or to participate in the conference call concerning the requested Long Term Care Policy rate increase.

Although I have several concerns, my overriding objection to the requested rate increase is that that the Maryland Insurance Administration approved a fifteen percent (15%) rate increase just last year!!

The premium for my wife, Janice Felzenberg, increased from \$3,046.81 in 2017 to \$3,503.84 in 2018. My premium increased from \$1,258.24 in 2017 to \$1,446.97 in 2018.

To verify my statement, I have attached page 1 of the cover letters that Janice and I received from Allianz Life Insurance Company of North America last year.

I realize that we had five options concerning last year's rate increase. However, an Elder Law Attorney and a Certified Financial Planner believed that paying the increased premium would be the most prudent option for Janice and me. Can the Maryland Insurance Administration appreciate the adverse impact that another rate increase – of whatever amount – would impose on us?

Clearly, insurance companies are in the business to make money, and their business model is to take in more funds in premiums than they pay out in claims.

Janice and I have each been paying our LTC Policy premiums for more than ten (10) years. Allianz has made plenty of money from us.

Be fair to policy owners like Janice and me. Two LTC Policy increases in two consecutive years is outrageous!

Thank you for taking my comments into consideration in making your decision.

David Felzenberg

410-719-1405

410-218-3329

P.S. I will be sharing my thoughts with my State Senator and State Delegates to keep them informed.

#BWBBFY



o JANICE FELZENBERG

BALTIMORE, MD 21207-4868



05/15/2018

RE: 

Important notice of increase in your long term care insurance premium with time-sensitive options

Dear JANICE FELZENBERG,

We are writing to inform you of an upcoming 15.00% premium increase for our long term care policies which will impact your current policy with our company.

Your premium increase

Based on your current benefits, the premium rate increase will raise your current premium of \$3,046.81 annually to \$3,503.84 annually, effective with your first premium due date on or after July 27, 2018.*

Your options

We understand that this premium increase may significantly impact you, that's why we're offering the flexibility to choose among the following options:

- A. Maintain your current benefit amounts by paying the increased premium.
- B. Avoid the rate increase and reduce your current premium by cancelling your policy's Benefit Increase Rider, sometimes known as Cost of Living Adjustment (COLA).
- C. Lessen the impact of the rate increase on your premiums through benefit reduction(s), rider cancellation(s), or rider exchange.
- D. In connection with this rate increase, we are offering a paid-up option with the Premium Increase Contingent Benefit Upon Lapse Rider at no charge. If you elect this option, you would no longer pay premiums and your lifetime benefit amount is typically reduced to the total of premiums you have paid. There is a time limit in which you must elect this option. See the attached rider for details.
- E. If you already have an active Non-Forfeiture Rider or Return of Premium Rider on your policy, you may exercise benefits under that rider. Under these riders, you would no longer pay premiums, and your lifetime benefit amount is typically reduced to the total of premiums you have paid. There is no time limit in which you must elect this option. Your existing rider benefits may be different than those above in Option D. Please refer to the specific rider attached to your policy for additional details regarding the rider terms.



**Allianz Life Insurance Company
of North America**

PO Box 59060
Minneapolis, MN 55459-0060
800.789.6896



#BWBBFY



DAVID FELZENBERG
[REDACTED]
BALTIMORE, MD 21207-4868



05/15/2018

RE: [REDACTED]

Important notice of increase in your long term care insurance premium with time-sensitive options

Dear DAVID FELZENBERG,

We are writing to inform you of an upcoming 15.00% premium increase for our long term care policies which will impact your current policy with our company.

Your premium increase

Based on your current benefits, the premium rate increase will raise your current premium of \$1,258.24 annually to \$1,446.97 annually, effective with your first premium due date on or after July 27, 2018.*

Your options

We understand that this premium increase may significantly impact you, that's why we're offering the flexibility to choose among the following options:

- A. Maintain your current benefit amounts by paying the increased premium.
- B. Avoid the rate increase and reduce your current premium by cancelling your policy's Benefit Increase Rider, sometimes known as Cost of Living Adjustment (COLA).
- C. Lessen the impact of the rate increase on your premiums through benefit reduction(s), rider cancellation(s), or rider exchange.
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- E. If you already have an active Non-Forfeiture Rider or Return of Premium Rider on your policy, you may exercise benefits under that rider. Under these riders, you would no longer pay premiums, and your lifetime benefit amount is typically reduced to the total of premiums you have paid. There is no time limit in which you must elect this option. Your existing rider benefits may be different than those above in Option D. Please refer to the specific rider attached to your policy for additional details regarding the rider terms.



(6/2017)



The Prudential Insurance Company of America
751 Broad St
Newark, NJ 07102

Written Testimony of
Keith Burns, ASA, MAAA
Vice President & Actuary
The Prudential Insurance Company of America
Before the
Maryland Insurance Administration
Maryland Long Term Care Rate Increase Hearing – May 14, 2019

The Prudential Insurance Company of America (Prudential) is currently seeking approval for 15%, 15% and 10% rate increases on our Group GLTC2, GLTC3 and GLTC4 products respectively. The current requested rate increase requests are in accordance with the 15% cap stated in Maryland Regulation COMAR 31.14.01.04A(5). Based on emerging experience, we believe a higher rate increase is needed and justified as shown below. Prudential is seeking premium rate parity across all states.

	Cumulative Requested Increases Nationwide	Previously Approved in MD	Current Need in MD	Current Request	Inforce Policy Count	Inforce Annualized Premium
GLTC2	106%	NA	106%	15%	1,222	\$1,881K
GLTC3	67%	25%	33%	15%	1,710	\$2,790K
GLTC4	10%	NA	10%	10%	1,353	\$2,278K

There are 4,285 policyholders in Maryland that own an impacted policy. The average amount of the increase is \$18 per month.

GLTC3 is the only product that has prior increases as approved by the MIA. Prior increases for this product were 15% approved on February 6, 2015 and 8.7% approved on January 9, 2018 providing a cumulative increase of 25%. The increase previously requested for GLTC3 was 40%. Experience has continued to deteriorate, which is why we are currently seeking an additional 33% increase that includes 19% that is meant to recover revisions that were not fully approved previously. This results in a cumulative rate increase total of 67%.

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

The primary drivers to the rate increases are the differences in voluntary lapse rates and mortality. Current policyholder experience reflects that the ultimate voluntary lapse rate is 0.6% for most of Prudential's Group business which compares to 1.5% - 4.0% that was assumed



The Prudential Insurance Company of America
 751 Broad St
 Newark, NJ 07102

in the original pricing. In addition, mortality experience is also lower than originally expected. Due to lower voluntary lapse rates and mortality it is projected that a significant number of policyholders will remain inforce during their older attained ages when they are more likely to go on claim.

Prudential understands that these rate increases can be challenging for some policyholders. In an effort to ease the situation for policyholders and to help mitigate the impact of a rate increase, Prudential’s policyholder notification letters will offer a number of alternative options to the rate increase and an 800 number to ask questions and request more information. The customer service representatives in this call center have been trained to handle rate increase situations. The call center is 100% dedicated to Prudential Long Term Care matters.

Policyholders will have voluntary options to help mitigate the rate increase. Policyholder options will be clearly identified in the policyholder notification letter which include:

- Reduce policy benefits such as the daily or lifetime maximums and/or remove riders that currently provide additional benefits, subject to available plan design options chosen by the group at the initial contract date.
- Stop paying premiums and exercise the non-forfeiture benefit (available for all insureds regardless of the policyholder issue age or the size of the increase)

An impacted policyholder can also elect to pay the increased premium and maintain all their existing benefits.

Historical experience at Prudential shows:

	Nationwide GLTC3/3.5	MD GLTC3/3.5
Accept rate increase, no benefit changes	85.6%	87.8%
Reduce Benefits	10.9%	7.5%
Lapse \ Exercise non-forfeiture	3.5%	4.7%
	100%	100%

Prudential is currently modifying our administration system and actuarial projection tools to handle inflation landing spots for our Individual business. Only 14% of our Group policyholders have automatic inflation protection, thus there are currently no plans to make the inflation landing spot available to our Group products.



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Newark, NJ 07102

In conclusion, Prudential is committed to evaluating our experience on an annual basis. The process to review experience and set assumptions at Prudential is not taken lightly. It starts with gathering experience data and running policy data to get actual to expected results. The actual to expected results are analyzed for trends and experience and compared to current assumptions. Industry data is analyzed as well where applicable and available. The assumptions are discussed within internal management for overall review and actuarial soundness of methodology, judgment and experience updates. Once management is in agreement, an approval process begins starting within our business unit management and goes through several levels of assumption and insurance risk oversight committees within the company. It is ultimately approved by the company Chief Actuary.

The valuation basis change in 2018 resulted in a \$946 million increase in the active life reserves. This reflected the increase in the morbidity margin as a result of the 2018 experience studies. In addition, the disabled life reserves were increased in 2Q2018 by \$36 million. The asset adequacy testing reserves were also increased by \$1B.

Prudential is also committed to doing as much as we can to help protect the policyholder's financial futures in Maryland and Nationwide. We appreciate the Administration's time and attention to this matter and are available for further discussion.