

MEMORANDUM

E mail irvcohen41@gmail.com  
Phone 301.661.1766 (Cell)  
Fax 301.847.9269

To: Allan Zimmerman                      adam.zimmerman@maryland.gov  
Maryland Insurance  
Administration

From: Irving P. Cohen

Re: Hearing August 28, 2017

Date: August 21, 2017

I intend to attend the hearing in Baltimore on Monday afternoon, August 28, 2017. An outline of my comments are being provided and I asked that if I am not present that the enclosed document be placed on the Record.

Please note that I have moved since our last communication. However, my mailing address of #611. [REDACTED] Veirs Mill Road, Rockville, MD 20848-0611 and my e mail address both the same. Also note that faxes are to be sent to a new phone number 301.847.9269.

PO Box 611  
[REDACTED] Veirs Mill Road  
Rockville, MD 20848-0611

OUTLINE OF COMMENTS  
IRVING P. COHEN

BACKGROUND INFORMATION

I have addressed the MIA in this type of forum several times. I specifically incorporate by reference and request that they be made a part of the Record (i) the attached Outline of My Comments from January 16, 2016 and (ii) the memorandum of March 27, 2017 sent to the MIA on or about March 26, 2017.

SUMMARY OF POLICY ISSUES INADEQUATELY OR IMPROPERLY ADDRESSED

1. In its latest pronouncements the MIA continues to ignore the prime important issue at hand. That is, who is bearing the risks and rewards of policy design performance; and actual performance with respects to the various elements of the total structure of the policy's economics?
2. In light of MIA's mission to protect the policy holder, I suggest that its failure to provide any meaningful guidance as to its answer to this question and its application to the rate setting process, is an abandonment of its core mission as defined by the law.
3. Item Number 6 "Study of Company Financial Data" (the "Study") sets out a process that is inadequate. The Study totally fails to address the issue of the use of premiums paid by policyholders and the actual use of those premiums by the carrier in planning for future claims. There is no mention of considering if those funds had been handled by the carrier with concern to providing reserves for future claims and within a quasi-fiduciary relationship to the investment of those funds in a manner consistent with the carrier's anticipated very long term relationship to the policy holder.
4. It appears that the larger issue of the handling of all funds related to LTC policies is ignored. The focus in Number 6 is much too narrow of an inquiry of future claims; and ignores past history as if it never existed. It fails to meet even minimum requirements that are needed and I have described above in Paragraph 1.

5. The MIA Study document does not address the apparent business policy of transferring the LTC book of business to affiliated companies and/or unrelated third parties for significant consideration. These transactions have significant impact on the LTC policy dynamics; yet there is no regulatory intervention to determine if the transfer is consistent with the public policy of fair treatment to the policy holder. In light of the Legislature's definition of the MIA's mission, MIA certainly has the responsibility to undertake such an inquiry and to seek the facts in order to be able to have a meaningful evaluation of the current premium structure and/or future requests for increases.
6. The other issues I raise in my March 27<sup>th</sup> memo to MIA are also important. However, I want again to highlight these most critical and complex matters once again.

### Concluding Statement

There is clearly a concern be voiced in prior meetings, both on and off the record that among a number of policyholders the carriers are abusing their privilege and have adopt a very adversary position with respect to some business practices. From the changes I see in a second reading of House Bill 493, one might conclude that the insurance lobby worked very hard to eviscerate House Bill 493.

The MIA it seems to me and others is not fulfilling its obligation to protect the policyholders by ensuring fair and reasonable insurance costs to the consumer. For that is their main mission. Its failure to address the key issue of allocation of the main individual elements of an LTC policy among those interested in its outcomes is abandonment of MIA core mission.

Saturday, August 19, 2017

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

RECEIVED  
AUG 23 2017  
Maryland Insurance Administration  
Life & Health Complaints

Subject: Northwestern Mutual Life Long Term Care Rate Increase

Dear Commissioner Redmer,

Please find enclosed copies of the letters my wife and I recently received from Northwestern Mutual Life on the upcoming rate increases we will be receiving. The immediate approved rate increase we will be seeing is something we are prepared to pay. It would present a serious problem for us to absorb the additional 15% increase Northwestern Mutual Life is seeking should the MIA approve it.

We have a great deal of faith in the credit worthiness of Northwestern Mutual Life to fulfill its commitment to pay future claims. Having said that, should we as consumers have to absorb an additional 15% requested rate increase based on erroneous pricing assumptions by a major insurance company (particularly at our ages of 73 and 70). It is also interesting to note, that past costs of our annual premiums were reduced through annual dividend distributions – shouldn't Northwestern Mutual Life had the actuarial sense to withhold annual dividend distributions if it had any indication their long term care policies were underpriced to support future claims?

My current business commitments prohibit me from being at this Thursday's public hearing on long term care, so this letter is in substitution for what I was going to raise at the meeting.

Sincerely,

  
Charles W. Harlan  
 Meadowood Road  
Baltimore, Maryland 21212  
Phone: 443-629-0244  
E-Mail: [charles.harlan@verizon.net](mailto:charles.harlan@verizon.net)



# Northwestern Long Term Care Insurance Company™

A Northwestern Mutual Company

118089 8/15/17

August 15, 2017

84007L22270000254

CHARLES W HARLAN  
5917 MEADOWOOD RD  
BALTIMORE, MD 21212

RECEIVED

AUG 23 2017

Maryland Insurance Administration  
Life & Health Complaints



Re: Charles W Harlan LTC [REDACTED] ISA [REDACTED]

Dear Charles W Harlan:

Northwestern Long Term Care Insurance Company (NLTC) is committed to ensuring that long-term care insurance benefits will be available when our policyowners need them. After careful consideration, we have made the difficult but necessary decision to increase the premium on your long-term care insurance (LTC) policy. We value you as a policyowner and understand that a premium increase may be unsettling. Please know that we are committed to helping you understand your options so that you can make the best decision for you. Please read this letter carefully and in its entirety. It contains important information about your coverage and the benefit options available to you.

### About this Increase

Thanks to medical advances, people are living longer today than ever before. While this is something we are thankful for, it has increased the anticipated cost of future LTC claims for the industry as a whole and NLTC. Our analysis shows that unfortunately, claims are now anticipated to be significantly higher than we originally projected when we determined the premium for your policy.

Important information about the premium increase for your policy is provided in the following chart.

### Premium and Benefit Breakdown

CURRENT ANNUAL PREMIUM	NEW ANNUAL PREMIUM	PREMIUM INCREASE AMOUNT	EFFECTIVE DATE
\$2,994.21	\$3,443.65	\$449.44	December 12, 2017

Across most of the country we have requested premium rate increases of up to 30%, but the state of Maryland approved an increase of 15%. We intend to request the remaining portion of the increase and will provide you with a notice of any further premium increase at least 65 days prior

to the increase taking effect. The earliest effective date for further premium increases would be December 12, 2018



It is important to know that no individual has been singled out for an increase, nor is the increase due to a change in your age, health, claims history, or any other individual characteristic. We are increasing premiums for all similarly-situated policyowners who purchased their policy in Maryland, as authorized by the Maryland Insurance Administration. While we hope it does not become necessary, premium rates are not guaranteed and may be increased again in the future under the terms of your policy.

### **Understanding your Options**

If you do not want to or cannot pay the increased premium, you have several options available to help reduce the impact of the increase.

- **Policy Change Options:** We've included a detailed list of policy change options that are available to help offset the premium increase. These options involve reducing the level of benefits available under your policy with a corresponding reduction in your premium.
- **Personalized Options Form:** We've also provided you with an illustration of your current key policy benefits that shows how your premium would change if you elect to reduce one of these benefits.
- **Need Assistance:** If you would like to see what your premium would be if you made more than one change to your policy, or you want to consider changing a benefit not illustrated in the Personalized Options Form, **please contact our customer care team at (855) 236-3861**. We will be happy to provide you with this information and answer questions about these options.

We recommend that you review all options available to you, including paying the increased premium and reducing your available benefits, with your family members and financial advisor to determine the approach that is most appropriate to your needs. You may also wish to contact the State Health Insurance Assistance Program (SHIP) located in your state if you need additional counseling to determine how to proceed. Please go to [www.shiptalk.org](http://www.shiptalk.org) to find the nearest SHIP to you. You may also wish to contact the Maryland Insurance Administration at [insurance.maryland.gov](http://insurance.maryland.gov).

### **Next Steps - Decision required by December 12, 2017**

***NO ACTION is needed if you decide to accept the premium increase.*** If we do not hear from you about electing a policy change option by **December 12, 2017**, we will assume that you have accepted the new premium rate. Your premium bill will be adjusted to reflect the increased premium amount. If you pay by automatic deduction from a designated account, please be aware that the transfer from that account will be at the new premium amount. If your payment is made via a third-party account or online banking, please make appropriate arrangements, if necessary, prior to **December 12, 2017** to revise the payment amount.

***ACTION IS NEEDED BY December 12, 2017 if you elect to reduce benefits to offset the impact of the premium increase:***



- Use the enclosed Personalized Options Form to elect one of the illustrated options by checking the applicable box next to the desired change, then sign and return it in the enclosed envelope by **December 12, 2017**. You will receive a premium notice reflecting the increased premium prior to your anniversary date unless you make a change before **November 17, 2017**. However if we receive your change request by **December 12, 2017** we will make the change and send you a revised premium notice.
- Or, contact our customer care team to discuss policy change options not illustrated in the Personalized Options Form, such as electing a combination of changes to your available benefits. We are here to help Monday through Friday 8:00 AM to 5:00 PM CST at (855) 236-3861.
- Please note that if we do not hear from you and you do not pay the increased premium by the premium due date, we will assume you have selected the Contingent Non-Forfeiture Option as described in the Personalized Options Form.

### **Importance of LTC Insurance**

The need for care can be one of the most significant challenges a person can face, both personally and financially. We have seen the difference this insurance has made in the lives of our customers and their family members. Although the cost for this insurance is increasing, it provides valuable coverage that may not be available from health insurance or government programs.

### **For Further Assistance**

We are committed to ensuring that long-term care benefits will be available to you when you need them. Our dedicated customer care team at (855) 236-3861 is here to help you understand this increase and your options Monday through Friday, 8:00 AM to 5:00 PM CST . You may also visit [www.northwesternmutual.com/ltc](http://www.northwesternmutual.com/ltc) for more information.

Sincerely,

A handwritten signature in black ink that reads "Kamilah Williams-Kemp".

Kamilah Williams-Kemp  
President and Chief Executive Officer  
Northwestern Long Term Care  
Insurance Company

Enclosures: Policy Change Options and Personalized Options Form



# Northwestern Long Term Care Insurance Company™



A Northwestern Mutual Company

August 15, 2017

84007L22270000253

MARY DELL HARLAN  
MEADOWOOD RD  
BALTIMORE, MD 21212

Re: Mary Dell Harlan LTC [REDACTED] ISA [REDACTED]

Dear Mary Dell Harlan:

Northwestern Long Term Care Insurance Company (NLTC) is committed to ensuring that long-term care insurance benefits will be available when our policyowners need them. After careful consideration, we have made the difficult but necessary decision to increase the premium on your long-term care insurance (LTC) policy. We value you as a policyowner and understand that a premium increase may be unsettling. Please know that we are committed to helping you understand your options so that you can make the best decision for you. Please read this letter carefully and in its entirety. It contains important information about your coverage and the benefit options available to you.

### About this Increase

Thanks to medical advances, people are living longer today than ever before. While this is something we are thankful for, it has increased the anticipated cost of future LTC claims for the industry as a whole and NLTC. Our analysis shows that unfortunately, claims are now anticipated to be significantly higher than we originally projected when we determined the premium for your policy.

Important information about the premium increase for your policy is provided in the following chart.

### Premium and Benefit Breakdown

CURRENT ANNUAL PREMIUM	NEW ANNUAL PREMIUM	PREMIUM INCREASE AMOUNT	EFFECTIVE DATE
\$2,771.47	\$3,186.87	\$415.40	December 12, 2017

Across most of the country we have requested premium rate increases of up to 30%, but the state of Maryland approved an increase of 15%. We intend to request the remaining portion of the increase and will provide you with a notice of any further premium increase at least 65 days prior



to the increase taking effect. The earliest effective date for further premium increases would be December 12, 2018



It is important to know that no individual has been singled out for an increase, nor is the increase due to a change in your age, health, claims history, or any other individual characteristic. We are increasing premiums for all similarly-situated policyowners who purchased their policy in Maryland, as authorized by the Maryland Insurance Administration. While we hope it does not become necessary, premium rates are not guaranteed and may be increased again in the future under the terms of your policy.

### **Understanding your Options**

If you do not want to or cannot pay the increased premium, you have several options available to help reduce the impact of the increase.

- **Policy Change Options:** We've included a detailed list of policy change options that are available to help offset the premium increase. These options involve reducing the level of benefits available under your policy with a corresponding reduction in your premium.
- **Personalized Options Form:** We've also provided you with an illustration of your current key policy benefits that shows how your premium would change if you elect to reduce one of these benefits.
- **Need Assistance:** If you would like to see what your premium would be if you made more than one change to your policy, or you want to consider changing a benefit not illustrated in the Personalized Options Form, **please contact our customer care team at (855) 236-3861**. We will be happy to provide you with this information and answer questions about these options.

We recommend that you review all options available to you, including paying the increased premium and reducing your available benefits, with your family members and financial advisor to determine the approach that is most appropriate to your needs. You may also wish to contact the State Health Insurance Assistance Program (SHIP) located in your state if you need additional counseling to determine how to proceed. Please go to [www.shiptalk.org](http://www.shiptalk.org) to find the nearest SHIP to you. You may also wish to contact the Maryland Insurance Administration at [insurance.maryland.gov](http://insurance.maryland.gov).

### **Next Steps - Decision required by December 12, 2017**

***NO ACTION is needed if you decide to accept the premium increase.*** If we do not hear from you about electing a policy change option by **December 12, 2017**, we will assume that you have accepted the new premium rate. Your premium bill will be adjusted to reflect the increased premium amount. If you pay by automatic deduction from a designated account, please be aware that the transfer from that account will be at the new premium amount. If your payment is made via a third-party account or online banking, please make appropriate arrangements, if necessary, prior to **December 12, 2017** to revise the payment amount.

***ACTION IS NEEDED BY December 12, 2017 if you elect to reduce benefits to offset the impact of the premium increase:***



- Use the enclosed Personalized Options Form to elect one of the illustrated options by checking the applicable box next to the desired change, then sign and return it in the enclosed envelope by **December 12, 2017**. You will receive a premium notice reflecting the increased premium prior to your anniversary date unless you make a change before **November 17, 2017**. However if we receive your change request by **December 12, 2017** we will make the change and send you a revised premium notice.
- Or, contact our customer care team to discuss policy change options not illustrated in the Personalized Options Form, such as electing a combination of changes to your available benefits. We are here to help Monday through Friday 8:00 AM to 5:00 PM CST at (855) 236-3861.
- Please note that if we do not hear from you and you do not pay the increased premium by the premium due date, we will assume you have selected the Contingent Non-Forfeiture Option as described in the Personalized Options Form.

### **Importance of LTC Insurance**

The need for care can be one of the most significant challenges a person can face, both personally and financially. We have seen the difference this insurance has made in the lives of our customers and their family members. Although the cost for this insurance is increasing, it provides valuable coverage that may not be available from health insurance or government programs.

### **For Further Assistance**

We are committed to ensuring that long-term care benefits will be available to you when you need them. Our dedicated customer care team at (855) 236-3861 is here to help you understand this increase and your options Monday through Friday, 8:00 AM to 5:00 PM CST . You may also visit [www.northwesternmutual.com/ltc](http://www.northwesternmutual.com/ltc) for more information.

Sincerely,

A handwritten signature in cursive script that reads "Kamilah Williams-Kemp".

Kamilah Williams-Kemp  
President and Chief Executive Officer  
Northwestern Long Term Care  
Insurance Company

Enclosures: Policy Change Options and Personalized Options Form