Unum Testimony
Hearing Date – August 20, 2019

Anne M. Konrad
UNUM Group Number TQGLTC95

I am a retired State of Maryland employee who, in 2003 and 2004, purchased Long Term Care policies from Unum Provident for my husband and me as part of the State of Maryland benefit package.

I am appealing to the Maryland Insurance Administration and Commissioner Redmer to deny the request from UNUM to increase my premium by 26.7% for the following five reasons.

As indicated in the following statement of Richard Paul McKenney, CEO of Unum, the company's financial position is strong and they are increasing dividends to shareholders and repurchasing shares.

"With those margins, we have continued to deliver strong statutory earnings and cash generation. This has enabled us to maintain strong and stable capital metrics, while consistently returning capital to our shareholders. This quarter that means that along with the $100 million of share repurchases, we also raised our dividend by just under 10%."

UNUM Second Quarter Earnings Call, July 31, 2019

Who is the Maryland Insurance Administration protecting – UNUM's institutional investors or senior citizens who purchased and have held these Long Term Care Policies?

The majority of UNUM shareholders are institutions as reported on the UNUM website https://investors.unum.com/InstitutionalOwnership. Compare the ability of Vanguard, Blackrock or Fidelity to understand the complexity of insurance reserves, claims and premiums to the knowledge of the ordinary policy holder.

My premium has already increased 60% since 2013.

Our premium has risen 60% from 2013 to 2019. An astonishing increase in 6 years! According to the Bureau of Labor Statistics consumer price index, today's prices in 2019 are 9.95% higher than average prices throughout 2013.
Source: http://www.in2013dollars.com/us/inflation/2013?amount=1

UNUM does not notify its policyholders that they are requesting a rate increase.

I was aware of this hearing because I requested notifications from the Maryland Insurance Administration. Consequently, I got a hearing notice on July 31, 2019 with a deadline of August 13 for testimony and RSVPs. The State should require that the company notify affected policyholders of the requested rate increases, the amount of the requested increase, and hearing dates no less than 60 days prior to the hearing. The State should also provide their notice 60 days prior to the hearing. Policyholders frequently need to consult with financial advisors regarding these types of matters and the notice that I received from MIA on July 31 for the hearing on August 20 does not provide adequate notice. Both the State and the company need to be accountable and transparent.

UNUM has not provided its policyholders with the assumptions that they have made for future rate increases.

The Second Quarter 2019 UNUM Earnings Report stated that the company updated the reserve assumptions for Long Term Care policies in the Third Quarter of 2018 and also made assumptions for future rate increases. Before approving any more increases, the State should require Unum to disclose to its policyholders the projected increases and the dates those increases are forecasted. Policyholders are blind about the intentions of this company and cannot reasonably decide whether they can afford this policy in the future or should choose options offered by the company to decrease coverage or to elect the contingent non-forfeiture benefit.

Testimony of Steve Zabel, Chief Financial Officer, in the Second Quarter 2019 Earnings Call on July 31,2019
"The results of the long-term care business line for the second quarter reflect the updated reserve assumptions, which we adopted in the third quarter of 2018. On this updated reserve basis, the interest adjusted loss ratio for long-term care was 87.4% in the quarter, in line with our expected range of 85% to 90%. The interest adjusted loss ratio in the year ago quarter is not comparable given the reserve basis change. We are now 4 quarters past the update to our long-term care reserve assumptions we recorded in the third quarter of 2018. Over those 4 quarters, the interest adjusted loss ratio was 86.7%, well within the 85% to 90% long-term range we outlined.

In addition, we're making good progress against the assumption for future rate increases, and we've received approvals for just under half of the $1.4 billion assumption. We remain encouraged about our ability to achieve this goal over the coming years."

Complete Transcript of the UNUM Second Quarter Earnings Call on July 31, 2019 can be found at: https://investors.unum.com/

Betty L. Lagundo, 3309 Pocahontas Drive, Edgewater, Maryland 21037 8/13/2019
John Hancock LTC Policy #[redacted]3 – Rate Increases

To whom it may concern:

My name is Betty Lagundo. I was born in Annapolis and am fortunate enough to live in the same home I grew up in. On November 28, 2000, I became a widow at the age of 43. My husband Joe of 15 years accidently drowned while fishing near Thomas Point Light House with our 18-year old son, my stepson. At that time, we had 4 children, ranging in age from 18 to 27. Three children were my step children and Joe had adopted my son, age 22 at the time. Joe was only 51 years old. This changed our lives forever.

This tragic experience proved to me that things can happen in an instant that are totally unexpected. It left me wanting to get all of my affairs in order to ensure that I would not be a burden if something were to happen and to ensure that my estate was protected and in order.

Although Joe's life insurance was minimal, I was fortunate to have a secure position with the federal government and was able to afford to continue on independently. I began seeking financial and estate advice and was able to get my affairs in order within about 1-1/2 years. I purchased additional life insurance and long term care insurance based on advice from my financial advisor and retitled my home into a revocable trust to ensure that if something happened to me, my assets would be protected and pass to those I designated without probate.

The long term care insurance was important to me, as I did not want my children to have to sell my home, liquidate my assets to pay for in home or nursing home care if I were to require it during my lifetime, as it can be quite expensive. When I purchased the policy, my plan was to pay $170/day for lifetime, with a 5% annual compounded inflation rate and a 60-day elimination period. My original annual premium was $2,126.53. My thinking was that at age 43, with a life expectancy of 85 and an annual cost of $2,126.53, even if something didn't happen until I was 83, my premiums would not be more than 1 year of care in a nursing home. ($2,126.53 x 40 years = $85,061.20 versus an average of $7,000 to $10,000 a month which would be $84,000 to $120,000 per year) It also ensured that I could chose to do in-home care or care in a nursing home of my choice if there was availability. If I only needed a short stay, I could use the benefits for the short stay and then use them again down the road if necessary. It was a very good policy at the time and wasn't offered through the federal government.

My premium remained the same from 2002 to 2009, at which time it increased by 13% to $2,403.00 annually. It remained at that level from 2009 through 2016, at which time it increased 15% to $2,763.45 and has increased 15% every year since then – to $4,202.86 which is a 97.64% increase from the original premium. Each year they offer options to keep my premium at the then current rate – either shorten my benefit period from lifetime to 10 years; or reduce my daily benefit to a lower amount or lower both. (See attached charts for options and premiums). They also stated that in addition to this latest increase, they will be requesting an additional 30% increase. I suppose that will be the purpose of this hearing on 8/20/2019. I would guess that means that the additional 30% would be split between 2020 and 2021. My respective premiums would be $4,833.29 in 2020 and $5,558.28 in 2021 and thereafter. This would be a total increase of 161.38% over my original premium of $2,126.53.

I have not taken any of the other options and have kept my policy with the original stipulations and have currently paid them a total of $45,505.64 in premiums over the last 17 years. My current benefit period is still lifetime as I feel at the age of 62 I still have a good 25 years even if I would require nursing home care, so reducing my benefit period to 10 years is not beneficial yet! My daily benefit is currently $389.64/day x 365 days = $142,218.60 per year or $11,851.55 per month. My friends' father was in a nursing home for several years. He shared a room with 2 other gentlemen and his monthly care, not including medications and doctor visits paid by his health insurance, was $11,000 to $13,000 a month, all of which was paid from his life-long savings. Another friend and neighbor of mine slipped and fell on the ice in early 2018. This resulted in one stroke from a blood clot and then 3 more from brain bleeds. The only permanent damage from the strokes - he has no memory at all – lives in the moment in a nursing home. His daughter has had to liquidate all of his tangible assets, cars, tools, motorcycles, etc., and is now having to sell his home to pay for his care as all assets have to be exhausted before Medicare will pay for his care. He is relatively healthy except for the stroke damage could live this way for a long time. Neither of these gentlemen planned for these situations.

I have planned for this type of situation so as not to be a burden to my family or the State of Maryland and Medicare. Now I feel that the John Hancock Insurance Company is trying to price me out of being covered. I understand that they failed to anticipate how the coverage would be used and how long it would be used as stated in their letter accompanying my notice of rate increased attached, but these increases are becoming unreasonable.

The original 13% Increase in 2009 was a one-time increase.

The next increase in 2016, was only 15% of the 76.99% requested from the MIA based on analysis from 2010

The next increase in 2017, was only 15% of the 84.92% requested from the MIA based on analysis from 2010

The next increase in 2018, was only 15% of the 114.92% requested from the MIA based on analysis from 2013
(This represents an additional 30% increase over the original increase – 84.92% + 30% = 114.92 %.)

The next increase in 2019, was only 15% of the 144.92% requested from the MIA based on analysis from 2016
(This represents an additional 30% increase over the original increase – 114.92% + 30% = 144.92%)

This would require additional increases from 2020 thru 2023 to reach their requested increases or a new premium in 2023 of $6,768.24 annually, or 144.92% increase over the original premium of $2,126.53. By then, they will say that "recent analysis" requires even more. I'm not sure if they are basing their annual increase requests based a percentage of the original premium or a percentage of the current premium. They aren't clear and what is the final total premium they are asking for. This could go on forever.

I respectfully request the MIA to put a stop to this. In their "analysis", how many clients pay these high premiums for years and never use the benefits? At this rate of increases – no one will be able to afford minimum benefits, much less ones like I contracted for.

I plan to attend and testify at the scheduled hearing on 8/20/2019. If I cannot attend in person, I will definitely dial into the meeting and hopefully be able to still testify. I have all of my rate increase letters as mentioned above and can provide copies if necessary. I am attaching a 3-page spreadsheet as backup to this letter. If you have any questions, please call me on 301-873-6974, or email me at blagundo@verizon.net.

Respectfully,

Betty L. Lagundo
Resident and LTC policy holder
301-873-6974

Date	Current Daily Rate	plus 5%	New Daily Rate	Premium	% of Increase	% of Increase from Original Amt	Analysis year	Requested Increase	Adjusted Premimum
3/11/2002	$170.00	$8.50	$178.50	$2,126.53					
Mar-03	$178.50	$8.93	$187.43	$2,126.53					
Mar-04	$187.43	$9.37	$196.80	$2,126.53					
Mar-05	$196.80	$9.84	$206.64	$2,126.53					
Mar-06	$206.64	$10.33	$216.97	$2,126.53					
Mar-07	$216.97	$10.85	$227.82	$2,126.53					
Mar-08	$227.82	$11.39	$239.21	$2,126.53					
Mar-09	$239.21	$11.96	$251.17	$2,403.00	113.00%	113.00%			
Mar-10	$251.17	$12.56	$263.73	$2,403.00					
Mar-11	$263.73	$13.19	$276.91	$2,403.00					
Mar-12	$276.91	$13.85	$290.76	$2,403.00					
Mar-13	$290.76	$14.54	$305.30	$2,403.00					
Mar-14	$305.30	$15.26	$320.56	$2,403.00					
Mar-15	$320.56	$16.03	$336.59	$2,403.00					
Mar-16	$336.59	$16.83	$353.42	$2,763.45	115.00%	129.95%	**2010**	76.99%	$4,253.07
Mar-17	$353.42	$17.67	$371.09	$3,177.96	115.00%	149.44%	**2010**	84.92%	$4,443.63
Mar-18	$371.09	$18.55	$389.64	$3,654.66	115.00%	171.86%	**2013**	114.92%	$5,164.53
Mar-19	$389.64	$19.48	$409.13	$4,202.86	115.00%	197.64%	**2016**	144.92%	$6,768.24
Mar-20	*$409.13*	*$20.46*	*$429.58*	*$4,833.29*	*115.00%*	*227.29%*			
Mar-21	*$429.58*	*$21.48*	*$451.06*	*$5,558.28*	*115.00%*	*261.38%*			
Mar-22	*$451.06*	*$22.55*	*$473.61*	*$6,392.03*	*115.00%*	*300.58%*			
Mar-23	*$473.61*	*$23.68*	*$497.29*	*$6,768.24*	*105.89%*	*318.28%*	**Is this the end of the increases?**		
				$69,057.48					

Year	Coverage	Keep Current Coverage	Reduce Benefit Period to 10 years	Reduce Daily Benefit - Lifetime	Reduce Daily Benefit & Benefit Period
2002	Daily Benefit (DB)	$170.00	N/A	N/A	N/A
	Benefit Period (BP)	Lifetime			
	Inflation Option	5% compounded			
	Current Premium	$2,126.53			
	New Premium				

Year	Coverage	Keep Current Coverage	Reduce Benefit Period to 10 years	Reduce Daily Benefit - Lifetime	Reduce Daily Benefit & Benefit Period
2009	New Premium	$2,403.00	Options offered but you had to ca		
			to determine affect on premium		

Year	Coverage	Keep Current Coverage	Reduce Benefit Period to 10 years	Reduce Daily Benefit - Lifetime	Reduce Daily Benefit & Benefit Period
2016	Daily Benefit (DB)	$336.59	$336.59	$292.00	$322.00
	Benefit Period (BP)	Lifetime	10 years	Lifetime	10 years
	Inflation Option	5% compounded	same	same	same
	Current Premium	$2,403.00			
	New Premium	$2,763.45	$2,507.57	$2,405.57	$2,406.33

Year	Coverage	Keep Current Coverage	Reduce Benefit Period to 10 years	Reduce Daily Benefit - Lifetime	Reduce Daily Benefit & Benefit Period
2017	Daily Benefit (DB)	$354.00	$354.00	$307.00	$338.00
	Period (BP)	Lifetime	10 years	Lifetime	10 years
	Inflation Option	5% compounded	same	same	same
	Current Premium	$2,763.45			
	New Premium	$3,177.96	$2,883.71	$2,760.55	$2,766.05

Year	Coverage	Keep Current Coverage	Reduce Benefit Period to 10 years	Reduce Daily Benefit - Lifetime	Reduce Daily Benefit & Benefit Period
2018	Daily Benefit (DB)	$372.00	$372.00	$322.00	$355.00
	Benefit Period (BP)	Lifetime	10 years	Lifetime	10 years
	Inflation Option	5% compounded	same	same	same
	Current Premium	$3,177.96			
	New Premium	$3,654.66	$3,316.27	$3,181.05	$3,181.41

Year	Coverage	Keep Current Coverage	Reduce Benefit Period to 10 years	Reduce Daily Benefit - Lifetime	Reduce Daily Benefit & Benefit Period
2019	Daily Benefit (DB)	$391.00	$391.00	$338.00	$373.00
	Benefit Period (BP)	Lifetime	10 years	Lifetime	10 years
	Inflation Option	5% compounded	same	same	same
	Current Premium	$3,654.66			
	New Premium	$4,202.86	$3,813.71	3656.63	$3,650.84

Rising Cost of Long Term Care Insurance

Inbox

Phillip Edgin <pedgin@aol.com>

1:12 PM (10 minutes ago) Reply

to longtermcare.mia, me

To Whom It May Concern,

I am writing today to express concern about the rising cost of long term care insurance and to request any action on your part to slow the frequency and amount of increases in the future.

Regarding long term care insurance premiums, my husband and I purchased individual custom care long term care policies from John Hancock in 2002. From 2002-20012, the premiums did not increase. From 2012 to present (2019), the premiums have increased by 130% with no end in sight. As a matter of fact, they have advised policy holders of their intention to increase premiums by another 30% in the the near future. We knew when we purchased the policies that rate increases were possible but certainly did not expect the frequency and amount that is occurring. The insurance company stated the increases were necessary based on actual and projected claims experience. With each increase, the insurance company offered to reduce the premium in return for reducing benefits. However, the benefits are greatly reduced in return for very little in the way of premium reduction. Moreover, we purchased policies that would cover a portion of, but not all, expenses in order to keep the premiums at a reasonable level for a product we may or may not need to use in the future. So, we will have out of pocket expenses, too. Every time there is a proposed increase, we consider all our options. The consideration is all the more difficult, because we lack information about the frequency and amount of future increases.

There is a saying, "If you torture the data, you can get it to say anything." I am requesting that you use whatever tools are at your disposal to scrutinize these rate increase requests and assure that future increases are necessary and reasonable based on claims experience rather than profits and exorbitant executive salaries and bonuses or other factors. From what I can determine, the State of Maryland limits the rate of increase to no more than 15% per year, but I'm not sure what else can be done. Can you verify the information on which the rate increase is based? Can you justify the increases? Can you deny rate increases? Can you implement a life time cap on increases? Can you protect consumers in any other way?

Thank you for your consideration of this matter.

Very truly yours,

Christine Rice Edgin
[redacted]
Odenton, MD 21113

I want to thank the Maryland Insurance Administration affording me the opportunity to provide input for the Long-Term Care hearing regarding the proposed rate increases that many Long-term Care Providers operating in the state of Maryland continue to request. I may have missed the specific hearing involving the Continental Casualty Company's CNA LTC's premiums, but the issue will not go away and I am hoping this letter will somehow be considered the next time they come before you.

I have had a long-term care insurance policy with CNA since 2002 I took out the policy because my dad had a stroke and he did not have long-term care. My dad survived for four years with in-house care. My mother had to go back to work to pay for his care that just about bankrupted her.

My husband is in the same situation with Security Mutual Insurance for his LTC policy that he took out in 2003. We are in our seventies. We have Medicare with supplemental insurance and Social Security but neither of us has a pension or other income source. Both CNA and Security Mutual have raised our premiums 15% in 2018 and now they have raised our premiums another 15% this month. This is a 30% increase in two years and their respective requests to increase premiums will no doubt continue.

My premium has jumped to almost 4 thousand dollars each year; my husband's is even higher. We cannot afford the premium increases that these LTC insurance companies are levying on us and probably will continue to request due to their admitted "miscalculation by their actuaries".

My husband and I understand CNA's and Security Mutual's obligations to ensure that their shareholders are afforded dividends, and perhaps salary increases for their employees and management. However, residents of the state of Maryland should not have to pay the price and bear the brunt of their miscalculations on our policy premiums.

Options are being offered to us for electing reduced coverage, significantly decreased amounts available for affordable care, or no annual cost of living adjustment price-increases. These choices significantly reduce our ability to take care of each other, especially when there is no family to help defray cost of care.

I urge this board to seriously consider the consequences of these "class" rate increases and deny them, or slow them down so that they are not allowed every year.