Memorandum May 2, 2018

Maryland Insurance Administration

Submitted by Michele and Stephen Edwards, Policy holders

Regarding: Public Hearing May 7, 2018: Concerning rate increase for long term care policy holders proposed by Genworth Life Insurance

We request that the filing of Genworth Life Insurance (Long Term Care) be **denied**. In the event the Company's request is not denied we request the Company be required to **include a "buy out" option** that includes interest accrued on premiums paid for all policyholders.

Our request for **denial** is based on:

1. Cumulative rate increases of 310% to 410% over five years is punitive and will have substantial negative impact on the wellbeing of elderly policyholders on fixed incomes.
2. Realistic budget planning would not be possible for policyholders because the company deliberately withholds information about their intent to request exorbitant rate increase.
3. These incredibly steep increases in policy rates will inordinately impact older policyholders on fixed incomes. Triple digit increases over 4 to 5 years will force large numbers of policyholders to default, because they simply cannot afford to pay the increased premiums.
4. All policyholders entered into a contract with Genworth, under which the company would deliver an array of specified services for which they paid premiums for years. These rate increases constitute an abrogation of the contract.
5. The rate increase is so high, is seen as a strategy to force policyholders to cancel their policies designed to reduce the company's exposure; to avoid meeting their obligations under the commitment that they made.
6. The age-based bias reflected in this premium increase request is punitive to policyholders and provides a manipulated windfall to the company.

If any aspect of the Genworth request is granted a buy-out option should be offered to all policyholders. The Company, Genworth, notes that accumulated policy payments could be frozen and used to purchase a reduced level of service. This option fails to mention that reduction in services would be ongoing and at the discretion of the company.

The Company could provide a "buy-out" under which they would return all policy payments minus any paid claims. Genworth would retain the interest gained from policies bought out to offset the servicing of policies. A buy-out that returns 100% of the premiums paid would allow policyholders to: a) purchase another Long Term Care Plan, or b) invest in other instruments to provide for thei long-term care.

Northwestern Long Term Care Insurance Company

Long Term Care Insurance Rate Increase Testimony

Maryland Insurance Administration

May 7, 2018

Good afternoon, and thank you for holding today's hearing and inviting Northwestern Long Term Care Insurance Company (NLTC) to participate. Also, thank you to the consumers who are here today. We appreciate your comments and participation.

My name is Greg Gurlik, and I'm an actuary with NLTC, and responsible for pricing our long-term care (LTC) products. I'm going to provide some background on our LTC product line, and our approach to the LTC business. Then I'll share some information on our consumer research and our communications plans associated with our rate increases.

NLTC is wholly owned by its mutual parent company, Northwestern Mutual. NLTC embraces the mutual values of its parent by selling participating policies and focusing on long-term policyowner value. We try to keep the cost of our long-term care policies low through consistent underwriting, prudent investments, and diligent expense management.

NLTC came relatively late to the LTC market, having sold its first policies in 1998. Especially with our high anticipated persistency, based on the experience from Northwestern Mutual's life insurance policies, we initially had much higher premiums than most of our competitors. Unfortunately, however, we are not immune to the challenges in the LTC marketplace.

Our recent experience evaluations indicated that sizable rate increases are appropriate on our policies sold from 1998-2013. However, after gathering input from our financial representatives, we decided to take a more measured approach. Late in 2016, we began filing our first LTC rate increases nationwide for amounts primarily ranging from 10-30%. With the rate increase annual limits in Maryland, we requested and received approval for increases of 10-15%. In 2017, we followed up with this rate increase request to keep the premium rate increases for Maryland policyowners in alignment with the rest of the nation.

As part of our rate increase filing, we are providing a paid-up Non-Forfeiture Option to all affected policyowners, even though our requested increase is smaller than the thresholds which require it for most policies. Under this feature, a policyowner choosing to not pay the increased premiums within 120 days of the premium increase effective date will receive a paid-up benefit equal to the total amount of all premiums paid since they first bought the policy.

As I indicated earlier, the 2016 filing was the first rate increase ever for Northwestern on inforce LTC policies in our now 20 years in the long-term care insurance business. We heard loud and clear from consumers that communication and transparency are of utmost importance. As such, we held consumer focus groups as well as engaged in an ongoing dialogue with our financial representatives, to help inform our processes and decision-making. We learned the importance of explaining to policyowners why this rate increase is needed, as well as the importance of providing clients with a wide variety of options if they choose to not pay the full increase.

Our approach to providing this information to policyowners is three-pronged:

First, after our company's Board of Directors made the decision to request increased rates in 2016, as we began the filing process we mailed a letter to all impacted inforce long-term care policyowners, 2,100 of whom were Maryland policyowners. This letter was in addition to the required policyowner notification letter. This letter informed policyowners that we expect to implement a premium rate increase and described the challenging LTC environment. In this letter, we also provided financial representative contact information as well as an 800 number for our home office dedicated service center.

Second, due to our exclusive agency structure, we have financial representatives who often have developed deep life-long relationships with their clients, where they develop a financial plan taking into account the specific circumstances of their clients. For instance, over half of our long-term care policyowners also own other Northwestern Mutual products as part of a comprehensive financial plan. As such, our financial representatives are in a fairly unique position to discuss the rate increase with their clients and to provide options so that their clients can make well-informed decisions. Toward this end, we provide our financial representatives with lists of impacted clients so that they can proactively work with their clients to provide client-specific options.

Third, as I mentioned, we have a dedicated home office service center where the sole focus of the service reps is to answer policyowner questions and to provide options related to this rate increase.

Then, because we heard from consumers that it is important that they have enough time to make a more-informed decision on how to proceed, we decided to send the specific policyowner notifications 60-120 days prior to the policy anniversary, depending on the timing of state approval, generally providing more time than the minimum required notice. These notifications provide specific information regarding the amount of the increase and the range of available options to reduce benefits in order to maintain the premium or reduce the amount of the increase. We have heard from consumers that having options is extremely important, so in addition to the options in the letter, we provide contact information for our dedicated service team to discuss the other options available to policyowners' specific circumstances.

While being faced with a rate increase is certainly not ideal, we are striving to be transparent and to make the client experience as positive as possible, allowing consumers to make sound decisions for their particular circumstances.

Thank you again for holding today's hearing, and for inviting us to participate.

Maryland Insurance Administration
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Baltimore, MD 21202

ATT: Deputy Commissioner Nancy Grodin

RE: Follow-up Questions from Long-Term Care public hearing of May 7, 2018

May 11, 2018

Dear Deputy Commissioner Grodin:

Per your guidance, here are some questions I would appreciate having answered following comments made during the May 11, 2018 Long-Term Care public hearing. I understand that I have until May 14th to get these submitted.

Question 1) During the question and answer period following UNUM's presentation, a representative from UNUM stated something to the affect that "group policies that were the most recently issued had no rate increases.... And then stated there "is a block of the group policies that they {UNUM} have not seeked a rate increase to date.". May I ask what group policy he was referring to?

Question 2) My second question for UNUM is simply, does UNUM see a point in time in the future where they may actually be able to request a premium decrease for their policyholders?

In addition to those two questions, I wish to reiterate the fact that the low interest rate affects everyone. This is not something only affecting the insurance companies. I implore MIA to side with consumers. The insurance companies typically have access to larger, lower cost pools of investments. Consumers typically are assessed higher fees on their investment while also enduring the low interest rate environment. Furthermore, an insurance company could use profitability from one line of insurance products to subsidize losses in another line of business. The same is not true for the majority of policyholders. We don't have that flexibility.

Finally, offering a consumer the chance to "hold premiums" by giving up coverage options is annoying. It's like the commercial that says "you would not buy half a car". Many of us bought a plan that provided the coverage we believe we needed. Now we are being offered less coverage while paying the same cost, until the insurers come before MIA for another increase.

Thank you for your kindness in letting me provide comments on Monday, May 7, 2018. It was appreciated.

Respectfully yours,
signature on original [redacted]

Andrew and Kathleen Orndorff
UNUM Policyholders - GLTC95
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cc: Nancy Muehlberger (PDF by email)
Jessica Cuches, Executive Director of Human Resources, AACPS

Thomas Scott <tho929mas@hotmail.com> Mar 3

Nancy, I am unable to dial in as we will be traveling.

Comments for Chief Actuary:
1) I would ask that the claims history be based on a national scale due to small number of Maryland policies.
2) Consideration be given to GLIC marketing that no increases were filed while they were still trying to sell folks on the economic value of these policies.
3) The alternatives suggested by GLIC should be consumer costed for your evaluation. When we received a quote, it would only reduce cost by small amount compared to keeping policy as is.

I apologize for this method of response. Normally I would send a Word doc, but power is out (no WIFI)

Tom Scott