

## **MedAmerica Insurance Company & Blue Cross of Northeastern PA**

### **Sept 22, 2017**

**SERFF #s:** MILL-130951675, MILL-130951718, MILL-130951717, and MILL-130925276

MedAmerica Life Insurance Company is requesting approval to increase the premium on four blocks of Long Term Care policy forms. MedAmerica, an affinity partner with Blue Cross of Northeastern Pennsylvania, developed the products in these four blocks, administers them, reinsures them, and adjudicates claims on the policies.

The companies are requesting a 69% increase on policies with non-lifetime benefits periods and 187% on policies with lifetime benefits. The Department approved a 20% increase on all policies.

#### **Filing Summary:**

- There are 68 policyholders with MedAmerica group LTC form GRP11-342-MA-PA-601.
- There are 11 policyholders with Blue Cross of Northeastern PA group LTC form GRP11-342-PA-1100.
- There are 108 policyholders with Blue Cross of Northeastern PA individual LTC forms NTQ11-337-PA-998, LTQ11-Revised-336-PA-998, FLQ11-336-PA-998, and HTQ11-338-PA-998.
- There are 290 policyholders with MedAmerica individual LTC forms LTC-LBP-2PA, LTC-LBP8-MA-PA, LTC-CD5-2PA, LTC-CD8-MA-PA, LTC-CD9-MA-PA, NTQ11-337-MA-PA-601, NTQ11-337-MA-PA-998, LTQ11-336-MA-PA-601, LTQ11-336-MA-PA-998, FLQ11-336-MA-PA-601, HTQ11-338-MA-PA-601, and HTQ11-338-MA-PA-998.

**Effective date of rate change:** Renewals on and after 9/22/2017.

The current policies in place are not generating sufficient premium to pay future claims to policyholders. This is a common problem for a number of insurers nationwide because policyholders are keeping their policies longer than expected and are living longer than projected. As a result, policyholders are using more benefits on average than the company anticipated when the policies were originally sold. This means the company has to pay out more for benefits than it originally projected.

In making this decision, the Department considered the projected loss ratio for each block of policy forms, that is, the projected total amount of benefits paid out versus the total amount of premium collected, the reasonableness of the assumptions the company used in its projections, and the company's financial situation. The Department also considered the financial impact this rate increase would pose to consumers, the past rate increases policyholders have faced, and the availability of options to limit the rate increase by reducing benefits.

The company is offering ways for policyholders to limit the rate increase by reducing benefits. The company will let you know your options when they contact you directly about this premium increase.

This Rate Filing Decision Summary is a tool to help explain the rate filing and does not describe all the factors considered as part of the Department's rate review.