

**Physicians Mutual Insurance Company**  
**Aug 3, 2017**

**SERFF #s:** PHYS-130967859, PHYS-130966673, PHYS-130967780, PHYS-130961887, and PHYS-130966614

Physicians Mutual Insurance Company was requesting approval to increase the premium an aggregate 91% on 205 LTC policies. This decision summary covers five Physicians Mutual blocks: Gen 2 Comp (PHYS-130961887), Gen 3 Comp (PHYS-130966614), Gen 4 Comp (PHYS-130966673), Gen 4 Stand (PHYS-130967780), and Gen 5 (PHYS-130967859).

The requested increases vary based upon the length of the benefit period and the inflation rider status.

**Filing Summary:**

- The requested aggregate increase for the 8 policyholders of Form P125 (Gen 2 Comp) was 110%.
- The requested aggregate increase for the 16 policyholders of Form P131 (Gen 3 Comp) was 201%.
- The requested aggregate increase for the 121 policyholders of Forms P103 and P104 (Gen 4 Comp) was 102%.
- The requested aggregate increase for the 16 policyholders of Form P105 (Gen 4 Stand) was 75%.
- The requested aggregate increase for the 44 policyholders of Forms P145, P146, P147, and P148 (Gen 5) was 25%.

The Department approved a capped 20% increase on all policies. In other words, policies with requested increases of 20% or less will receive the full requested increase while policies with requested increases over 20% will be limited to 20%.

**Effective date of rate change:** Renewals on and after 8/3/2017.

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.