Rate Filing Decision
July 6, 2016
Genworth Life Insurance Company

Policy form number: 7021CB, 50000, 50001, 50003, 50020N, 50023C, 60394, 6484, 7000AN, 7020AF, 7030AN, 7031AN, 7035AV
Number of policyholders: 4,775
Requested rate change: 31% to 130% depending on policy form and type.
SERFF#: GEFA-130363174, GEFA-130363186, GEFA-130363191, GEFA-130363201
Approved rate change: 42% maximum. Your insurer will notify you in writing of your plan's specific rate change.

Effective date of rate change: Renewals on and after August 20, 2016.

The Oregon Department of Consumer and Business Services, Division of Financial Regulation has analyzed the rate filing and approved a rate increase on these policies. However, the rate that was approved was reduced from the rate that the company initially requested. The division considers many pieces of information (called "factors") when reviewing a rate request, including whether the increase is supported by accurate data and actuarial analysis.

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. This uses more benefits than the company anticipated when the policies were originally sold. Additionally, the cost of providing long-term care is increasing at a rate much higher than anticipated.

In making this decision, the division considered the amount of benefits to be paid versus projected profit to the company. In addition, the company projected "mortality" (how long a policyholder is expected to live) and "lapse" (how likely policyholders will cancel their policy). Finally, the company made projections regarding interest earnings which are intended to help pay benefits. The division determined that all of these projections ("actuarial assumptions") were within a reasonable range. The division has concern, however, that with the requested increases, the company would be in a position to recover past premium deficiencies.

The division also considered the financial impact this rate increase would pose to consumers. The division considered how long policyholders have had their policies, past rate increases policyholders have faced, the availability and type of options to limit the rate increase by reducing benefits, and how the company has responded to changes in Oregon rules to alleviate the burden on policyholders. The division determined that the increase requested would present a considerable financial burden to policyholders.

Although the rate increase is significant, the company is offering a way for policyholders to either completely avoid or limit the rate increase by reducing benefits. The company will let you know your options when they contact you directly about this premium increase.

With the approved rate, a loss of 32 percent is estimated to these blocks.

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 division's rate review.

Before a company can begin selling or increase a rate on long-term care policies, it must receive the division's approval of the rates it plans to charge. Oregon law requires that the rate the division approves must be adequate to cover projected costs, not too large as to provide excessive profit for the company, fairly applied to policyholders, and reasonable in relation to the benefits provided under the policy. In that light, the division reviews multiple factors related to proposed rate changes, including the company's revenues, actual and projected profits, and past rate changes, as well as the affect the change will have on Oregon consumers. An insurer cannot increase your rates more than once in a 12-month period.