

**Rate Filing Decision**  
**January 31, 2017**  
**Continental Casualty Company**

Policy form number: P1-43636-A, SR-LTCP-36, GLTC-3-P-OR-01

Number of policyholders: 1,604

SERFF#: CNAB-130771813

Requested rate change: 95.5% flat increase

Approved rate change: 95.5% flat increase

Effective date of rate change: Renewals on and after 6/1/2017.

The Oregon Department of Consumer and Business Services, Insurance Division has analyzed the rate filing and approved a rate increase on these policies. 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, thus using 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 following items: the amount of benefits to be paid versus projected profit to the company; the company’s assumptions in projecting “mortality” (how long a policyholder is expected to live) and “lapse” (how likely policyholders will cancel their policy); and the company’s 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.

With the approved rate, the company projects a profit of 5.3% on this block of business.

The division also considered the financial impact this rate increase would pose to consumers. On average, this increase amounts to roughly \$46 per policy per month. 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.

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 inform policyholders of their options when they contact them 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 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.