

**Rate Filing Decision**  
**April 27, 2017**  
**Equitable Life & Casualty Insurance Company**

Policy form number: 2002+ OR, 2002+ (97) OR  
Number of policyholders: 1,525  
Requested rate change: 139.1%  
SERFF#: ELCC-130795808  
Approved rate change: 40%

Effective date of rate change: Renewals on and after 6/30/2017

After a thorough actuarial analysis, the Division of Financial Regulation approved an increase of 40.0% on the company's long-term care policies.

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. With the requested rate, the company projects an 18% loss on this business.

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.

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.

Although the rate increase is significant, the company is offering ways 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.