

Rate Filing Decision
May 9, 2018
Jackson National Life Insurance Company

Policy form number: LTC 1/98 OR, QLTC 1/98 OR, HHC 1/98 OR

Number of policyholders: 14

SERFF#: IASL-131255268

Requested rate change: 25% average increase

Approved rate change: 0%. Disapproved.

Effective date of rate change: N/A

After careful actuarial review, the Oregon Department of Consumer and Business Services, Division of Financial Regulation disapproved Jackson National Life Insurance Company's request for a 25% increase on its long term care plans, as the filing is incomplete. The company has not set a reasonable target lifetime loss ratio, and the requested increase would greatly impact the remaining Oregon policyholders. 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.

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 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.

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.