



Long-Term Care Insurance Rate Decision
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Mutual of Omaha Insurance Company
April 27, 2016

SERFF #s: MUTA-130415826

Policy forms affected: LT50, 0DX5M, NH50, 0DX6M, HCA, HCAQ, LTA, LTAQ, NHA, and NHAQ

Effective date of rate change: Renewals on and after 4/27/2016.

Mutual of Omaha is requesting no increase on 478 policies with non-lifetime benefit periods, a 36.5% increase on 175 policies with lifetime benefits if the policy was issued before 12-1-2003, and a 24.6% increase on 37 policies with lifetime benefits that were issued on or after 12-1-2003.

Note that Mutual of Omaha filed new rate scales in 2002 for future issues on or after 12-1-2003. These new rates were higher than the old rate scale but were used only for new business.

The Department approved a 20% increase for the 175 policies with lifetime benefits issued before 12-1-2003 and a 20% increase for the 37 policies with lifetime benefits issued on or after 12-1-2003.

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.

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 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.