

State: Pennsylvania Filing Company: Lincoln Benefit Life Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: SENIOR LINC
Project Name/Number: /

Filing at a Glance

Company: Lincoln Benefit Life Company
Product Name: SENIOR LINC
State: Pennsylvania
TOI: LTC03I Individual Long Term Care
Sub-TOI: LTC03I.001 Qualified
Filing Type: Rate - M.U. (Medically underwritten)
Date Submitted: 08/30/2018
SERFF Tr Num: LFCR-131633774
SERFF Status: Assigned
State Tr Num: LFCR-131633774
State Status: Received Review in Progress
Co Tr Num: PA LB-6301 2015 RATE INCREASE REFILING

Implementation: On Approval
Date Requested:
Author(s): Scarlett Nazari, Anoush Chngidakyan, Darlene Smith
Reviewer(s): Jim Laverty (primary)
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:
Proposed 20% increase on 655 PA policyholders of Lincoln Benefit forms LB-6301-P-PA(Q)&(NQ), Form LB-6302-P-PA(Q)&(NQ), Form LB-6303-P-PA(Q)&(NQ), Form LB-6304-P-PA(Q)&(NQ), Form LB-6305-P-PA(Q)&(NQ), Form LB-6306-P-PA(Q)&(NQ).

State: Pennsylvania Filing Company: Lincoln Benefit Life Company
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General Information

Project Name: Status of Filing in Domicile: Authorized
Project Number: Date Approved in Domicile: 03/23/2016
Requested Filing Mode: Review & Approval Domicile Status Comments:
Explanation for Combination/Other: Market Type: Individual
Submission Type: New Submission Individual Market Type:
Overall Rate Impact: Filing Status Changed: 08/30/2018
State Status Changed: 08/31/2018
Deemer Date: Created By: Darlene Smith
Submitted By: Darlene Smith Corresponding Filing Tracking Number:
State TOI: LTC03I Individual Long Term Care

Filing Description:
Please see Transmittal Letter in Supporting Documentation

Company and Contact

Filing Contact Information

Scarlett Nazari, Manager Product Filing scarlett.nazari@lifecareassurance.com
P.O. Box 4243 818-867-2453 [Phone]
Woodland Hills, CA 91365-4243 818-867-2508 [FAX]

Filing Company Information

(This filing was made by a third party - LCA01)
Lincoln Benefit Life Company CoCode: 65595 State of Domicile: Nebraska
Long Term Care Administrative Group Code: 4815 Company Type:
Office Group Name: State ID Number:
P.O. Box 4243 FEIN Number: 47-0221457
Woodland Hills, CA 91365-4243
(818) 867-2450 ext. [Phone]

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

State: Pennsylvania Filing Company: Lincoln Benefit Life Company
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Rate Information

Rate data applies to filing.

Filing Method: SERFF
 Rate Change Type: Increase
 Overall Percentage of Last Rate Revision: 20.000%
 Effective Date of Last Rate Revision: 03/03/2017
 Filing Method of Last Filing: SERFF
 SERFF Tracking Number of Last Filing: LFCR-130710048

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Lincoln Benefit Life Company	20.000%	20.000%	\$509,362	655	\$2,546,810	20.000%	20.000%

SERFF Tracking #:

LFCR-131633774

State Tracking #:

LFCR-131633774

Company Tracking #:PA LB-6301 2015 RATE INCREASE
REFILING**State:**

Pennsylvania

Filing Company:

Lincoln Benefit Life Company

TOI/Sub-TOI:

LTC03I Individual Long Term Care/LTC03I.001 Qualified

Product Name:

SENIOR LINC

Project Name/Number:

/

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		LB-6301 Rate Increase Act Memo Exhibits PA	Form LB-6301-P-PA(Q)&(NQ), Form LB-6302-P-PA(Q)&(NQ), Form LB-6303-P-PA(Q)&(NQ), Form LB-6304-P-PA(Q)&(NQ), Form LB-6305-P-PA(Q)&(NQ), Form LB-6306-P-PA(Q)&(NQ)	New		LB-6301 Rate Increase Act Memo Exhibits PA.xlsx,

SERFF Tracking #:	LFCR-131633774	State Tracking #:	LFCR-131633774	Company Tracking #:	PA LB-6301 2015 RATE INCREASE REFILING
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State:	Pennsylvania	Filing Company:	Lincoln Benefit Life Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	SENIOR LINC		
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Attachment LB-6301 Rate Increase Act Memo Exhibits PA.xlsx is not a PDF document and cannot be reproduced here.

State: Pennsylvania Filing Company: Lincoln Benefit Life Company
 TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
 Product Name: SENIOR LINC
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Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	LB-6301 Filing Cover Letter PA.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification (A&H)
Bypass Reason:	Please see Actuarial Memorandum
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Explanatory Information (A&H)
Comments:	
Attachment(s):	LB-6301 Rate Increase Act Memo PA.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Advertisements (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Authorization to File (A&H)
Comments:	
Attachment(s):	LB-6301 authorization letter - 2016.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Insert Page Explanation (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

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Satisfied - Item:	Rate Table (A&H)
Comments:	Rate Table is attached in the Rate/Rule Schedule
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Replacement Form with Highlighted Changes (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Reserve Calculation (A&H)
Bypass Reason:	Please see Rate/Rule Schedule
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Variability Explanation (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Policyholder Notice
Comments:	
Attachment(s):	Customer Notice and Election Form.pdf
Item Status:	
Status Date:	

August 24, 2018

Commissioner Jessica Altman
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Lincoln Benefit Life Company
NAIC No: 65595
Policy Forms: LB-6301-P-PA, LB-6302-P-PA, LB-6303-P-PA, LB-6304-P-PA, LB-6305-P-PA,
LB-6306-P-PA, (Q)&(NQ)
Guaranteed Renewable Long Term Care Policy

Dear Commissioner Altman:

This rate filing is submitted on behalf of Lincoln Benefit Life Company for your review.

The above forms are existing individual policy forms providing benefits for confinement in a qualified Nursing Facility, Assisted Living Facility, or for Home Health Care. These forms were approved in 1998 and issued between 1998 and 2004. It is no longer being marketed in any state.

The company is requesting the approval of a 20% rate increase on the base rates for lifetime pay policies. The details of the rate increase are in the actuarial memorandum.

The company will provide the following options to the policyholders to reduce the impact of the rate increase:

- Reduce the daily benefits, subject to a minimum of \$20
- Change benefit options to lower the premium
- Offer a paid up option which provides a benefit pool equal to the premiums paid

The following items are included in this submission:

- This cover letter
- A letter from Lincoln Benefit Life Company authorizing us to submit this filing on their behalf
- An actuarial memorandum and rate schedules
- Policyholder Notice of Rate Increase Letter & Coverage Change Request Form
- Plus any other state required forms

The contact person for this filing is:

Xiaoyan Song, FSA, MAAA, FLMI, LTCP
Consulting Actuary
21600 Oxnard Street, Suite 1500
Woodland Hills, CA 91367
800-366-5463 ext. 2232
Xiaoyan.Song@LifeCareAssurance.com

Thank you for your assistance in reviewing this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Xiaoyan Song', written over a light gray rectangular background.

Xiaoyan Song, FSA, MAAA, FLMI, LTCP
Consulting Actuary

Lincoln Benefit Life Company

Company NAIC No. 65595

Home Office: 2940 South 84th Street, Lincoln, NE 68506-4142

Administrative Office: Post Office Box 4243, Woodland Hills, CA 91365-4243

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Nursing Care Only Policy:	Form LB-6301-P-PA(Q)&(NQ)
Comprehensive Long Term Care Policy:	Form LB-6302-P-PA(Q)&(NQ)
Home and Community Based Care Policy:	Form LB-6303-P-PA(Q)&(NQ)
Franchise Nursing Care Only Policy:	Form LB-6304-P-PA(Q)&(NQ)
Franchise Comprehensive Long Term Care Policy:	Form LB-6305-P-PA(Q)&(NQ)
Franchise Home and Community Based Care Policy:	Form LB-6306-P-PA(Q)&(NQ)

The above referenced individual Long Term Care (LTC) policy forms were issued in Pennsylvania from 1998 to 2004 under the product name “Senior Linc”. Midway through this issue period, certain contracts (referred to as “enhanced”) were issued with additional benefits and different rates for the benefit increase riders. Both pre-enhanced and enhanced policies are included in the scope of this filing. These policy forms are no longer being marketed.

1. Purpose of Filing

This is a rate increase filing for existing Long-Term Care (LTC) policy forms. This actuarial memorandum has been prepared for the purpose of documenting a proposed rate increase and demonstrating that the rates meet the requirements in the statutes of Pennsylvania. It may not be suitable for other purposes.

2. Scope of Filing

This filing applies to the Company’s LTC policy forms as specified above. These forms provide daily benefit for qualified long-term care services in various settings, as summarized in Exhibit A, when the insured meets policy benefit qualification requirements.

All forms included in this filing are individual LTC policies that are guaranteed renewable for life, subject to the Company’s right to change premium rates.

These policy forms were issue age rated and fully underwritten. The issue ages were from 40 to 84 on an age nearest birthday basis, except for endorsed groups where the issue age range was 18 to 84. Strict underwriting criteria were administered with frequent utilization of medical records and paramedical

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functional assessments, personal history interviews and MIB searches.

These policy forms were marketed by individual agents of Lincoln Benefit Life Company.

The proposed rate increase is applicable to all inforce policies as these forms are no longer being marketed.

Paid-up policies will not receive a rate increase. Single pay and 10 pay policies are not included in the scope of this filing.

The number of policyholders and the annual inforce premium, as of December 2017, are displayed in Exhibit B, which also shows the average annual premium before and after proposed rate increase.

3. Reason for the Increase

A rate increase is necessary at this time due to significantly higher anticipated future and lifetime loss ratios. The higher loss ratios are a result of a combination of lower lapse, lower death, and longer claim continuance.

The Company has been evaluating this LTCi block and updating assumptions based on the actual experience as well as the LTCi industry experience. For the policy forms specified above, projected experience is now worse than what original pricing assumptions were projecting. Ultimate lapse rates and mortality rates have had the most significant deviation from original pricing. The combined effect of changing the underlying claim costs to better reflect actual experience, as well as industry data, and updating the mortality and lapse assumptions resulted in the need for a rate increase.

The current premium levels are inadequate. Therefore, the Company is requesting a rate increase in order to maintain the viability and financial stability of the policy forms. Implementing a necessary rate increase earlier reduces the amount of the rate increase.

4. Requested Rate Increase

The Company is requesting the approval of a flat increase of 20% on the current base rates. The increase does not vary by issue age or other policy characteristics. The new premium for any contract is equal to the

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product of the contract's current premium and one plus the base premium increase percentage. Paid-up policies will not be affected by the rate increase.

Please see Exhibits B1–B3 for rate tables reflecting the rate increase:

- B1 LB-6301-P-PA, LB-6304-P-PA proposed rates
- B2 LB-6302-P-PA, LB-6305-P-PA proposed rates
- B3 LB-6303-P-PA, LB-6306-P-PA proposed rates

Please note that the actual rates implemented may vary from those in rate pages slightly due to implementation rounding algorithms.

5. History of Previous Rate Revisions

Average rate increases of 22.1% for LB-6301-P-PA and LB-6304-P-PA, 22.5% for LB-6302-P-PA and LB-6305-P-PA, and 21.7% for LB-6303-P-PA and LB-6306-P-PA were approved on November 16, 2007.

Two 11.8% increases each implemented one year apart were approved on January 25, 2011 for these policy forms.

A flat rate increase of 20% was approved on December 6, 2016 for these policy forms.

6. Actuarial Assumptions

a. Interest

The maximum valuation interest rate for contract reserves, 4.5%, has been used for accumulating historical experience and for discounting projected future experience.

b. Lapse

The current best estimate ultimate lapse rate is assumed to be 1.0%, formulated by analyzing the trend in lapse rates of later durations. Exhibit C shows the Company's actual lapse experience by duration.

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c. Mortality

The current best estimate mortality assumptions are based on experience from the reinsurer's entire similarly underwritten and administered block of LTC policies. The attained age mortality is assumed to be 85% of the 1994 Group Annuity Mortality Table for ages 85 and younger and graded to 100% of the 1994 Group Annuity Mortality Table at age 90 and older, with duration selection factors, varied by single vs. joint, shown in Exhibit D1. Mortality selection factors for Single grade from 16.5% to 100% over 21 years while selection factors for Joint grade from 9.5% to 100% over 25 years. No mortality improvement is assumed in the projection.

Exhibit D2 shows the comparison of actual deaths and expected deaths based on best estimate assumptions for the combined reinsurer's block of LTC policies.

d. Morbidity

The current best estimate morbidity assumptions are also based on the reinsurer's combined experience. Studies are performed for incidence, continuance, recovery, and utilization from claim data.

Incidence rates by gender, marital status, and attained age have been developed. Claim termination rates are derived from reinsurer data that has been credibility blended with the latest industry data. Recovery and return to active status is based on the attained age at the time the claim is incurred, grading down from 60% of all claims at incurral age 40, to 6% at incurral age 101, and then 0% at incurral age 120. Utilization factors are applied to the claim costs, which are as follows: 70% for COLA reimbursement policies and 85% for non-COLA reimbursement policies. No underwriting selection durational factors or morbidity improvement are assumed in the projection.

Policy design features have been taken into consideration. Benefit provisions, elimination periods, benefit periods, number of units, benefit growth, etc. have been accounted for either in the development of claim costs or projection model formulas.

Exhibit E1 shows the best estimate incidence rates by gender and partner status. Exhibit E2 demonstrates the best estimate length of stay for lifetime benefit period, 90-day elimination period policies with and without 5% Compound Inflation Protection.

Exhibits E3 and E4 contain the analysis of actual to expected incidence and termination, with expected based on best estimate assumptions, for the combined reinsurer block of LTC policies.

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e. Expenses

Expenses have not been explicitly projected. It is assumed that the originally filed expenses assumptions remain appropriate.

f. Rate Increase Impact on Policyholder Behavior

Premium rate increases on long-term care policies may induce some policyholders to seek a reduction in benefits or to lapse their policy. Similarly, policyholders who accept the rate increase and remain in force or retain their full benefits may exhibit some morbidity anti-selection, understanding that they may need the long-term care benefits in the future. All else equal, additional lapses or benefit reductions on a long-term care block of policies is financially favorable to the Company, while anti-selection is unfavorable to the Company.

The projections in Exhibits F1 and F2 do not include either the assumption of additional lapses and reduction in benefits or the assumption of anti-selection. We assume for the purpose of this rate increase that the two impacts offset each other.

The above discussed current best estimate assumptions are based on the experience of the Company, reinsurer and industry experience, and judgement. The best estimate assumptions reflect an estimate of the most likely outcome and do not reflect an explicit margin for conservatism.

7. Area Factors and Trend Assumptions

Area factors were not used in pricing for the above-listed policy forms. As this is not medical insurance, an explicit medical cost trend is not included in the projections.

8. Claim Liability and Reserves

Active life reserves have not been used in this rate increase analysis. Claim reserves as of December 31, 2017 have been discounted to the incurral date of each respective claim and included in historical incurred claims. Incurred but not reported reserve (IBNR) balances as of December 31, 2017 have been allocated to a calendar year of incurral and included in historical incurred claims. Paid claims have been discounted to the

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incurral date and included in historical incurred claims. Claim reserves are calculated for active and pending claimants as present value of benefit payments discounted by interest and terminations. The IBNR is based on lag factors which are applied to the claim reserves and survivor payments based on the difference between the incurral date and the valuation date.

9. Past and Future Policy Experience

Earned premiums and incurred claims for projection years 2018 through 2057 are developed from an active lives model representing actual contracts in force as of December 31, 2017. The best estimate assumptions described above for morbidity, voluntary lapse, and mortality are used to project earned premiums and incurred claims.

Nationwide and statewide historical experience and projections without and with proposed rate increase are shown in Exhibits F1 and F2 respectively.

Historical experience is shown by claim incurral year with the loss ratio for each loss year calculated by the following formula:

$$LR_j = \frac{\sum_{t=j}^{2017} Pmt_t^j \times v^{t-j} + {}_jCR_{2017} \times v^{2017-j+0.5} + {}_jIBNR_{2017} \times v^{2017-j+0.5}}{EP_j}$$

LR_j = loss ratio for year j

Pmt_t^j = claim payments in year t on claims incurred in year j , assumed to occur mid-year

${}_jCR_{2017}$ = claim reserve held on December 31, 2017 for claims incurred in year j

${}_jIBNR_{2017}$ = incurred but not reported reserve as of December 31, 2017 attributable to claims incurred in year j

EP_j = earned premium in year j , assumed mid-year

j = year of incurral

$v = 1 / 1.045 = 0.956938$

Future anticipated loss ratio is calculated, with and without interest, as anticipated incurred claims divided by earned premiums. Lifetime loss ratio as of December 31, 2017 is calculated as the sum of accumulated past experience and discounted future experience where accumulation and discounting occur at maximum valuation interest rate 4.5%.

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10. Analysis Performed

The initial originally approved premium schedule was based on pricing assumptions believed to be appropriate, given industry experience available when the initial originally approved rate schedule was developed. The original pricing assumptions for voluntary lapse, mortality and claim costs were as follows:

- a. Original Pricing Ultimate Lapse: 5%
- b. Original Pricing Mortality: 1975-80 Select and Ultimate
- c. Original Pricing Morbidity

Original pricing claim costs for skilled, intermediate and Facility Care Benefits are derived from The Reports of the Society of Actuaries based on the 1985 National Nursing Home Survey Utilization Data in Transactions, Society of Actuaries, 1988-89-90 Reports; and the Long Term Care Intercompany Study: 1984-1991 Experience in Transactions, Society of Actuaries, 1993-94 Reports. Claim costs factors shown in the original actuarial memorandum are applied to the inforce lives and represent the expected cost per life of incurred benefits.

Original pricing claim costs for Home and Community Based Care are decreasing percentages of Facility Care claims costs derived from information provided by a reinsurer.

Underwriting selection durational factors are 10%, 20%, 40%, 60%, 80%, 100% for durations 6 and later.

- d. Original Pricing Interest

Pre-enhanced policies: 7.5%

Enhanced policies: 7.0%

As part of the inforce management of the business, the reinsurer and administrator on the business monitor the performance of the business by completing periodic actual-to-expected analysis for voluntary lapse, mortality, claim incidence, and claim length of stay. The findings from these analyses were used in projecting the inforce business to determine the effect of experience on the projected lifetime loss ratio. An analysis of the projected lifetime loss ratio based on current best estimate assumptions compared to that

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assumed at the time of original pricing revealed that experience has deteriorated significantly.

The best estimate assumptions used in this filing (described in Section 6) are based on actual inforce experience of the Company, experience of reinsurer's similarly underwritten and administered LTC products, industry experience, and judgement. Actual persistency has been higher than that assumed in original pricing.

11. Loss Ratio Requirement Compliance Demonstration

Projected experience using current best estimate assumptions is shown in Exhibits F1 (nationwide) and F2 (statewide).

In all projections, the expected lifetime loss ratios with and without the requested rate increase exceed the minimum loss ratio requirements.

Exhibit H provides a demonstration that the sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

- a. Accumulated value of the initial earned premium times 58%,
- b. 85% of the accumulated value of prior premium rate schedule increases,
- c. Present value of future projected initial earned premiums times 58%, and
- d. 85% of the present value of future projected premiums in excess of the projected initial earned premiums.

Present and accumulated values in the lifetime projections in Exhibit H are determined at 4.5%, the maximum valuation interest rate for contract reserves applicable to long-term care business issued in the years in which the applicable business of this filing was issued.

12. Proposed Effective Date

The rate increase will apply to policies on their policy anniversary date following at least a 60-day policyholder notification period after approval.

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13. Nationwide Distribution of Business as of December 31, 2017

As of December 31, 2017, the number of policies in force that will be affected by this increase by policy form is shown in Exhibits G1 (nationwide) and G2 (statewide).

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14. Actuarial Certification

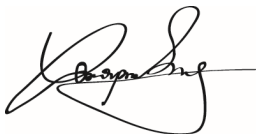
I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings.

I believe this rate filing is in compliance with the applicable laws of the State of Pennsylvania and with the rules of the Department. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

The data used to develop this actuarial memorandum was provided by LifeCare Assurance Company, the administrator of the policies, and Employers Reassurance Corporation, the reinsurer of the business. I have reviewed the data for reasonableness.

To the best of my knowledge and judgement, I hereby certify that:

- this rate submission is in compliance with the applicable laws and regulations of the state where it is filed;
- policy design, underwriting, and claims adjudication practices have been taken into consideration;
- the rates are not unfairly discriminatory and the gross premiums are not excessive and bear reasonable relationship to the benefits, based on the lifetime loss ratio exceeding the minimum loss ratio requirement; and
- the relationship between renewal premium rate schedules and new business premium rate schedules is not applicable because the company is no longer marketing new business in any states.



Xiaoyan Song, FSA, MAAA, FLMI, LTCP
Consulting Actuary

Resolution Life

5600 North River Road
Suite 300 Columbia Center I
Rosemont, Illinois 60018

Telephone: 847-527-6700
Website: www.ResolutionLife.com

September 6, 2016

Mr. Jay R. Peters, FSA, MAAA
Executive Vice President and Chief Actuary
LifeCare Assurance Company
21600 Oxnard Street, Suite 1500
Woodland Hills, CA 91367

Re: LINCOLN BENEFIT LIFE COMPANY
NAIC # 65595
FEIN # 47-0221457

Dear Mr. Peters,

This letter gives LifeCare Assurance Company the authorization to submit the rate filing for review and approval for the LBL-6301 series LTC products, as well as all associated forms and materials, for, and in the name of, Lincoln Benefit Life Company.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Rafson', with a long horizontal flourish extending to the right.

Joseph Rafson
Vice President & Appointed Actuary
Lincoln Benefit Life Company

LINCOLN BENEFIT LIFE

DATE

OWNER NAME
ADDRESS
ADDRESS

POLICY NUMBER

Notice of Premium Rate Increase

Re: Lincoln Benefit Life Company Long-Term Care Insurance Policy POLICY NUMBER

The purpose of this letter is to advise you that premiums are being raised on all policies like yours. The premium for your long-term care insurance policy will increase effective Month XX, 20YY, your next policy anniversary date. As a result, your [modal] premium payment will increase from \$xxx.xx to \$yyy.yy, beginning with the premium payment that is due Month XX, 20YY. As an alternative to paying a higher premium, however, you may choose among policy adjustment options, which are explained below.

Please be assured that this premium increase in no way affects the integrity of your policy, nor is it based on any individual claims history, age, health status, or any other factor related to you personally. Unfortunately, the need for rate increases on long-term care policies is widespread in the insurance industry. However, Lincoln Benefit Life Company remains committed to meeting your long-term care protection needs. In order to lessen the impact of this rate increase on our customers, Lincoln Benefit Life has sought state approval for the smallest increase necessary. We will continue to monitor experience on policies such as yours and will implement future rate actions only if experience proves this to be necessary.

Because we realize that paying an increased rate may not be financially feasible for all of our customers, we are providing options to help you maintain coverage. A long-term care policy represents an important component of a sound financial plan, so you should carefully consider which option best suits your individual circumstances and anticipated future needs. Before you adjust your benefits or decide to forgo this coverage completely, you should discuss options with your financial advisor. Please keep in mind if you reduce your benefits, you may be unable to increase them in the future.

- **Benefit Reduction:** By reducing your daily maximum benefit from \$xxx.xx to \$yyy.yy, your [modal] premium would be \$zzz.zz. This is approximately the same rate you are currently paying for your policy. If your policy provides home and community based care benefits, that daily benefit is reduced accordingly.
- **Benefit Adjustment:** By adjusting other policy features, you may be able to reduce your premiums. These adjustments include lengthening your elimination period or shortening your overall maximum benefit period. The elimination period is the time after you would be otherwise eligible for benefits but before you begin to receive payments. Depending on

your needs, these adjustments may provide a better alternative than reducing your daily maximum benefit.

- **Non-Payment Option:** If you find that you are unable or unwilling to pay any further premiums on your policy, Lincoln Benefit Life is offering a non-payment option to our long-term care customers. Under this option, if you choose not to pay any future premiums, instead of your policy lapsing and providing no future coverage, it will continue under its current terms, but benefits payable under the policy will be limited to an amount equal to the premiums you have paid into your policy, or 30 times the daily benefit on the rate increase effective date, whichever is greater. No further benefit increases will occur under any Benefit Increase Rider, if attached to the policy. This option will automatically be provided if your policy lapses for non-payment of premium within 120 days of the rate increase effective date. Claim benefits already paid before the date of lapse would be deducted from this amount.

If you would like information on alternatives to the policy changes specified on the enclosed Coverage Change Request Form, contact customer service at the number listed at the end of this letter. They will be able to provide you with more information on possible benefit adjustment alternatives and the premium impact.

If you choose to modify your coverage at this time, please complete the enclosed Coverage Change Request Form and return it to the indicated address by Month XX, 20YY. In doing so, you will ensure your requested changes are processed prior to Month XX, 20YY, the date on which the premium increase for your policy takes effect. If your Coverage Change Request Form is not received prior to Month XX, 20YY, your benefits will remain unchanged and your coverage will lapse if the increased premium is not received by the end of the grace period provided by your policy.

Should you wish to continue your policy at its current coverage level at the increased premium, you only need to pay the indicated premium when you are billed. No further action is required.

If you have questions about this letter, the premium increase, the attached Coverage Change Request Form or the options available to you, please contact our customer service associates at 888-503-8110, Monday through Friday, from 7 a.m. to 5 p.m. Pacific time.

Sincerely,

Lincoln Benefit Life Company

enc

LINCOLN BENEFIT LIFE

DATE

POLICY NUMBER

OWNER NAME
ADDRESS
ADDRESS

Coverage Change Request Form

If you elect to modify your existing coverage in order to offset the upcoming premium increase on your policy, please indicate as such below and return this form in the enclosed postage paid envelope to:

Lincoln Benefit Life Company
Long-Term Care Administrative Office
P.O. Box 4243
Woodland Hills, CA 91365-4243

To ensure that your requested changes are received and processed prior to the date upon which your premium increase takes effect, please return this form postmarked by Month XX, 20YY. If your Coverage Change Request Form is not received prior to Month XX, 20YY, your policy benefits will remain unchanged and your coverage will lapse if the increased premium is not received by the end of the grace period provided by your policy.

It is important that you make any policy changes after careful consideration of your personal needs and circumstances as you may not be able to increase your coverage in the future.

Please indicate your choice by checking one of the options below. If you do not check either option or do not return this form, there will be no changes to your policy other than the premium rate increase described in the attached letter. If you wish to discuss other options, please contact your agent or our office at 888-503-8110.

- Reduce my current daily benefit amount from \$xxx.xx to \$yyy.yy which will result in a [modal] premium of \$zzz.zz beginning with the premium payment which is due Month XX, 20YY. If your policy provides home and community based care benefits, that daily benefit is reduced accordingly.
- Exercise the Non-Payment Option. I understand renewal notices will still be sent to me.

Signature of Policyholder

Date Signed