

**State:** Pennsylvania **Filing Company:** The Prudential Insurance Company of America  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Individual LongTerm Care Insurance  
**Project Name/Number:** ILTC-2 Re-Rate LS/8I-2019

## Filing at a Glance

Company: The Prudential Insurance Company of America  
Product Name: Individual LongTerm Care Insurance  
State: Pennsylvania  
TOI: LTC03I Individual Long Term Care  
Sub-TOI: LTC03I.001 Qualified  
Filing Type: Rate - G.I. (Guaranteed Issue)  
Date Submitted: 06/19/2019  
SERFF Tr Num: PRUD-131980358  
SERFF Status: Assigned  
State Tr Num: PRUD-131980358  
State Status: Received Review in Progress  
Co Tr Num: IIGHILTC2RATE-LS-RP-PA

Implementation  
Date Requested:  
Author(s): Laura Hughes, Raenonna Prince, Hina Ahmad, Ritu Jain, Arun Paul, John Timmerberg, Meong Kwak  
Reviewer(s): Jim Laverty (primary), Benjamin Irwin  
Disposition Date:  
Disposition Status:  
Implementation Date:

### State Filing Description:

Proposed aggregate 51.6% increase on 333 PA policyholders of Prudential LTC forms GRP 112687 and GRP 112685 (i.e. forms known as ILTC-2).

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**Product Name:** Individual Long Term Care Insurance  
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## General Information

Project Name: ILTC-2 Re-Rate LS	Status of Filing in Domicile: Pending
Project Number: 8I-2019	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments: File Concurrently.
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact: 51.6%	Filing Status Changed: 06/20/2019
	State Status Changed: 06/25/2019
Deemer Date:	Created By: Raenonna Prince
Submitted By: Raenonna Prince	Corresponding Filing Tracking Number: PRUD-131980357
	State TOI: LTC03I Individual Long Term Care

### Filing Description:

Please refer to the Filing Cover Letter attached to the Supporting Documentation Tab.

## Company and Contact

### Filing Contact Information

John Timmerberg, Vice President and Actuary	john.timmerberg@prudential.com
751 Broad Street	973-802-6596 [Phone]
11th Floor, Plaza	
Newark, NJ 07102	

### Filing Company Information

The Prudential Insurance Company of America	CoCode: 68241	State of Domicile: New Jersey
751 Broad Street	Group Code: 304	Company Type: Life
Newark, NJ 07102-3777	Group Name:	State ID Number:
(973) 802-6000 ext. [Phone]	FEIN Number: 22-1211670	

## Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

SERFF Tracking #:

PRUD-131980358

State Tracking #:

PRUD-131980358

Company Tracking #:

IIGHILTC2RATE-LS-RP-PA

State:

Pennsylvania

Filing Company:

The Prudential Insurance Company of America

TOI/Sub-TOI:

LTC03I Individual Long Term Care/LTC03I.001 Qualified

Product Name:

Individual LongTerm Care Insurance

Project Name/Number:

ILTC-2 Re-Rate LS/8I-2019

## Correspondence Summary

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Excel	Note To Filer	Jim Laverty	06/25/2019	06/25/2019

**State:** Pennsylvania **Filing Company:** The Prudential Insurance Company of America  
**TOI/Sub-TOI:** LTC03I Individual Long Term Care/LTC03I.001 Qualified  
**Product Name:** Individual Long Term Care Insurance  
**Project Name/Number:** ILTC-2 Re-Rate LS/8I-2019

## Note To Filer

**Created By:**

Jim Laverty on 06/25/2019 07:59 AM

**Last Edited By:**

Jim Laverty

**Submitted On:**

06/25/2019 07:59 AM

**Subject:**

Excel

**Comments:**

Please provide Appendix A through F in an Excel workbook.

State: Pennsylvania Filing Company: The Prudential Insurance Company of America  
 TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified  
 Product Name: Individual LongTerm Care Insurance  
 Project Name/Number: ILTC-2 Re-Rate LS/8I-2019

**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: 05/01/2018  
 Filing Method of Last Filing: SERFF  
 SERFF Tracking Number of Last Filing: PRUD-13155517

**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):
The Prudential Insurance Company of America	51.600%	51.600%	\$501,290	333	\$972,050	100.000%	0.000%

**SERFF Tracking #:**

PRUD-131980358

**State Tracking #:**

PRUD-131980358

**Company Tracking #:**

IIGHILTC2RATE-LS-RP-PA

**State:**

Pennsylvania

**Filing Company:**

The Prudential Insurance Company of America

**TOI/Sub-TOI:**

LTC03I Individual Long Term Care/LTC03I.001 Qualified

**Product Name:**

Individual LongTerm Care Insurance

**Project Name/Number:**

ILTC-2 Re-Rate LS/8I-2019

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Appendix D - Rate Pages (PA ILTC-2 All)	GRP 112687, GRP 112685	Revised	Previous State Filing Number: PRUD-131555517 Percent Rate Change Request: 51.6	Appendix D - Rate Pages (PA ILTC2 All).pdf,

**Appendix D**  
**The Prudential Insurance Company of America**  
**Individual Long Term Care Insurance Plan**  
**Base Rates and Adjustment Factors**

**GRP 112687 & GRP 112685**  
Page 1 of 5

Pennsylvania Rates Before Adjustments							
Gross Annual Standard Unmarried (Single) Premium Per \$10.00 of Institutional Care Daily Benefit							
Home Care Daily Benefit: 100% of Institutional Care Daily Benefit							
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)							
90 Day Elimination Period							
Lifetime Premium Payment Option							
Inflation Option							
Issue Age	None	Guaranteed Purchase Option	5% Automatic Simple	5% Automatic Compound (2x Maximum)	5% Automatic Compound (No Maximum)	5% Automatic Simple Reduced to 2.6% Automatic Simple	5% Automatic Compound Reduced to 2.6% Automatic Compound (No Maximum)
18-30	65.82	70.77	156.53	97.54	222.08	107.95	153.16
31	66.55	71.56	158.27	101.60	224.55	109.15	154.86
32	67.27	72.35	160.02	105.66	227.03	110.36	156.57
33	68.00	73.12	161.76	109.71	229.46	111.56	158.25
34	68.74	73.91	163.50	113.80	231.94	112.76	159.96
35	69.46	74.70	165.24	117.86	234.41	113.96	161.66
36	70.19	75.48	166.97	121.92	236.87	115.15	163.36
37	70.93	76.27	168.71	125.98	239.35	116.35	165.07
38	71.65	77.05	170.45	130.02	241.79	117.55	166.75
39	72.38	77.83	172.19	134.08	244.27	118.75	168.46
40	73.12	78.62	173.93	138.17	246.73	119.95	170.16
41	74.98	80.63	180.38	145.01	256.39	124.40	176.82
42	76.85	82.64	186.93	152.00	266.25	128.92	183.62
43	78.71	84.65	193.58	159.08	276.23	133.50	190.50
44	80.60	86.66	200.27	166.29	286.45	138.12	197.55
45	82.46	88.67	207.09	173.59	296.83	142.82	204.71
46	84.33	90.68	214.03	180.97	307.41	147.61	212.01
47	86.19	92.69	221.04	188.50	318.19	152.44	219.44
48	88.08	94.70	228.14	196.14	329.11	157.34	226.97
49	89.94	96.71	235.32	203.87	340.24	162.29	234.65
50	91.81	98.73	242.63	211.73	351.55	167.33	242.45
51	98.28	105.69	257.35	227.33	365.86	177.48	252.32
52	104.78	112.67	271.96	242.80	379.96	187.56	262.04
53	111.25	119.63	286.43	258.13	393.81	197.54	271.59
54	117.73	126.61	300.73	273.30	407.44	207.40	280.99
55	124.22	133.57	314.91	288.33	420.85	217.18	290.24
56	130.70	140.55	328.93	303.21	434.04	226.85	299.34
57	137.17	147.51	342.79	317.93	446.99	236.41	308.27
58	143.67	154.48	356.56	332.50	459.68	245.90	317.02
59	150.14	161.44	370.13	346.90	472.16	255.26	325.63
60	156.64	168.42	383.58	361.15	484.45	264.54	334.10
61	169.95	182.74	411.83	394.31	515.24	284.02	355.34
62	183.26	197.05	435.45	423.70	540.05	300.31	372.45
63	196.57	211.37	458.52	452.53	564.40	316.22	389.24
64	209.88	225.68	477.14	477.73	582.97	329.06	402.05
65	223.21	240.00	518.68	519.90	631.85	357.71	435.76
66	249.70	268.48	576.65	578.52	686.50	397.69	473.45
67	276.20	296.99	634.64	637.17	740.02	437.68	510.36
68	302.69	325.47	692.61	695.84	792.35	477.66	546.45
69	329.19	353.98	750.59	754.49	843.52	517.65	581.74
70	355.70	382.46	808.56	813.15	893.53	557.63	616.23
71	404.78	435.25	910.27	921.53	995.72	627.77	686.70
72	453.87	488.05	1,011.94	1,029.94	1,097.85	697.89	757.14
73	502.97	540.84	1,113.64	1,138.35	1,200.02	768.03	827.60
74	552.07	593.63	1,215.32	1,246.77	1,302.17	838.15	898.05
75	601.17	646.42	1,317.02	1,355.17	1,404.34	908.29	968.51
76	684.15	735.65	1,482.65	1,525.57	1,564.90	1,022.52	1,079.24
77	767.13	824.89	1,648.29	1,695.96	1,725.46	1,136.75	1,189.97
78	850.11	914.12	1,813.92	1,866.34	1,886.00	1,250.98	1,300.69
79	933.10	1,003.34	1,979.55	2,036.73	2,046.56	1,365.21	1,411.42
80	1,016.08	1,092.59	2,145.22	2,207.12	2,207.12	1,479.46	1,522.15
81	1,156.34	1,243.38	2,409.93	2,459.48	2,459.48	1,662.02	1,696.19
82	1,296.58	1,394.18	2,674.67	2,711.80	2,711.80	1,844.60	1,870.21
83	1,436.84	1,544.99	2,939.40	2,964.16	2,964.16	2,027.17	2,044.25
84	1,577.08	1,695.80	3,204.14	3,216.52	3,216.52	2,209.75	2,218.29

Due to variations in rounding, actual premium may vary.

**Appendix D**  
**The Prudential Insurance Company of America**  
**Individual Long Term Care Insurance Plan**  
**Base Rates and Adjustment Factors**

**GRP 112687 & GRP 112685**  
Page 2 of 5

Pennsylvania Rates Before Adjustments							
Gross Annual Standard Unmarried (Single) Premium Per \$10.00 of Institutional Care Daily Benefit							
Home Care Daily Benefit: 100% of Institutional Care Daily Benefit							
Unlimited Daily Benefit Lifetime Maximum Benefit							
90 Day Elimination Period							
Lifetime Premium Payment Option							
Inflation Option							
Issue Age	None	Guaranteed Purchase Option	5% Automatic Simple	5% Automatic Compound (2x Maximum)	5% Automatic Compound (No Maximum)	5% Automatic Simple Reduced to 1.1% Automatic Simple	5% Automatic Compound Reduced to 1.1% Automatic Compound (No Maximum)
18-30	140.91	151.51	318.77	198.65	452.28	159.39	226.14
31	142.48	153.20	322.32	206.91	457.30	161.16	228.65
32	144.02	154.89	325.89	215.18	462.35	162.95	231.17
33	145.58	156.54	329.43	223.42	467.31	164.72	233.65
34	147.17	158.23	332.98	231.75	472.36	166.49	236.18
35	148.71	159.93	336.52	240.02	477.38	168.26	238.69
36	150.27	161.60	340.03	248.29	482.40	170.02	241.20
37	151.85	163.29	343.58	256.55	487.45	171.79	243.72
38	153.40	164.96	347.12	264.79	492.41	173.56	246.20
39	154.96	166.63	350.67	273.06	497.46	175.33	248.73
40	156.54	168.32	354.21	281.39	502.48	177.10	251.24
41	160.53	172.62	367.35	295.33	522.14	183.67	261.07
42	164.53	176.92	380.70	309.56	542.23	190.35	271.11
43	168.51	181.23	394.22	323.97	562.54	197.11	281.27
44	172.56	185.53	407.86	338.65	583.36	203.93	291.68
45	176.54	189.83	421.74	353.53	604.50	210.87	302.25
46	180.54	194.14	435.89	368.56	626.06	217.94	313.03
47	184.52	198.44	450.15	383.89	648.00	225.08	324.00
48	188.57	202.74	464.62	399.45	670.24	232.31	335.12
49	192.55	207.05	479.24	415.19	692.92	239.62	346.46
50	196.56	211.37	494.12	431.19	715.95	247.06	357.97
51	210.41	226.27	524.09	462.97	745.09	262.05	372.55
52	224.32	241.22	553.86	494.48	773.80	276.93	386.90
53	238.18	256.12	583.33	525.69	802.00	291.67	401.00
54	252.05	271.06	612.45	556.58	829.76	306.22	414.88
55	265.94	285.96	641.33	587.20	857.07	320.66	428.54
56	279.82	300.90	669.88	617.50	883.94	334.94	441.97
57	293.67	315.81	698.11	647.47	910.31	349.06	455.16
58	307.58	330.73	726.14	677.15	936.15	363.07	468.08
59	321.44	345.63	753.78	706.47	961.58	376.89	480.79
60	335.35	360.57	781.18	735.50	986.59	390.59	493.29
61	363.85	391.23	838.70	803.03	1,049.31	419.35	524.65
62	392.34	421.87	886.81	862.89	1,099.84	443.40	549.92
63	420.84	452.52	933.79	921.59	1,149.42	466.89	574.71
64	449.33	483.16	971.71	972.92	1,187.24	485.85	593.62
65	477.87	513.82	1,056.31	1,058.79	1,286.79	528.15	643.39
66	534.58	574.79	1,174.37	1,178.18	1,398.09	587.18	699.04
67	591.32	635.83	1,292.46	1,297.63	1,507.08	646.23	753.54
68	648.03	696.80	1,410.52	1,417.10	1,613.65	705.26	806.83
69	704.76	757.84	1,528.61	1,536.55	1,717.86	764.30	858.93
70	761.52	818.81	1,646.67	1,656.00	1,819.71	823.33	909.86
71	866.60	931.83	1,853.79	1,876.73	2,027.81	926.89	1,013.90
72	971.69	1,044.87	2,060.85	2,097.50	2,235.81	1,030.43	1,117.91
73	1,076.81	1,157.89	2,267.97	2,318.29	2,443.88	1,133.99	1,221.94
74	1,181.93	1,270.91	2,475.04	2,539.09	2,651.92	1,237.52	1,325.96
75	1,287.05	1,383.92	2,682.16	2,759.85	2,859.99	1,341.08	1,429.99
76	1,464.70	1,574.96	3,019.48	3,106.88	3,186.97	1,509.74	1,593.48
77	1,642.35	1,766.01	3,356.79	3,453.89	3,513.95	1,678.40	1,756.98
78	1,820.01	1,957.05	3,694.11	3,800.86	3,840.90	1,847.06	1,920.45
79	1,997.68	2,148.06	4,031.43	4,147.87	4,167.89	2,015.71	2,083.94
80	2,175.33	2,339.13	4,368.81	4,494.87	4,494.87	2,184.40	2,247.43
81	2,475.62	2,661.96	4,907.90	5,008.81	5,008.81	2,453.95	2,504.40
82	2,775.86	2,984.81	5,447.06	5,522.68	5,522.68	2,723.53	2,761.34
83	3,076.14	3,307.68	5,986.18	6,036.62	6,036.62	2,993.09	3,018.31
84	3,376.38	3,630.55	6,525.33	6,550.55	6,550.55	3,262.67	3,275.28

Due to variations in rounding, actual premium may vary.



**Appendix D**  
**The Prudential Insurance Company of America**  
**Individual Long Term Care Insurance Plan**  
**Base Rates and Adjustment Factors**

**GRP 112687 & GRP 112685**  
**Page 3 of 5**

Adjustment Factors - Policy Benefit Options						
Lifetime Maximum (Benefit Period)		Elimination Period			Home and Community Based Care Daily Benefit	
Benefit Period		Elimination Period	Service Day Definition	Calendar Day Definition	HHC % of Institutional Benefit	
2 YEAR	0.73	30 DAY*	1.14	1.15		
3 YEAR	0.82	60 DAY	1.08	1.10	50%	0.93
4 YEAR*	0.91	90 DAY	1.00	1.04	75%	0.97
5 YEAR*	1.00	180 DAY	0.91	0.93	100%	1.00

\* Note available for issue ages 80 - 84

Adjustment Factors - Monthly Benefit Rider					
HHC % of Institutional Benefit	Inflation Option				
	None	Guaranteed Purchase Option	5% Automatic Simple	5% Automatic Compound (2x Maximum)	5% Automatic Compound (No Maximum)
50%	1.070	1.070	1.075	1.100	1.100
75%	1.053	1.053	1.058	1.088	1.088
100%	1.035	1.035	1.040	1.075	1.075

Adjustment factors - Cash Benefit Rider							
Issue Ages	HHC % of Institutional Benefit	Benefit Period	Inflation Option				
			None	Guaranteed Purchase Option	5% Automatic Simple	5% Automatic Compound (2x Maximum)	5% Automatic Compound (No Maximum)
18 - 64	50%	2	1.380	1.380	1.400	1.460	1.460
		3	1.460	1.460	1.490	1.550	1.550
		4	1.550	1.550	1.570	1.630	1.630
		5	1.630	1.630	1.660	1.720	1.720
		Unlimited	1.810	1.810	1.840	1.890	1.890
	75%	2	1.550	1.550	1.580	1.680	1.680
		3	1.630	1.630	1.670	1.770	1.770
		4	1.720	1.720	1.750	1.850	1.850
		5	1.800	1.800	1.840	1.940	1.940
		Unlimited	1.990	1.990	2.020	2.130	2.130
	100%	2	1.700	1.700	1.770	1.890	1.890
		3	1.790	1.790	1.850	1.970	1.970
		4	1.870	1.870	1.940	2.060	2.060
		5	1.960	1.960	2.020	2.140	2.140
		Unlimited	2.150	2.150	2.210	2.340	2.340
65+	50%	2	1.250	1.250	1.280	1.340	1.340
		3	1.340	1.340	1.360	1.420	1.420
		4	1.420	1.420	1.450	1.510	1.510
		5	1.510	1.510	1.530	1.590	1.590
		Unlimited	1.680	1.680	1.710	1.780	1.780
	75%	2	1.420	1.420	1.460	1.560	1.560
		3	1.510	1.510	1.550	1.640	1.640
		4	1.590	1.590	1.630	1.730	1.730
		5	1.680	1.680	1.720	1.810	1.810
		Unlimited	1.860	1.860	1.890	2.000	2.000
	100%	2	1.580	1.580	1.640	1.770	1.770
		3	1.670	1.670	1.730	1.850	1.850
		4	1.750	1.750	1.810	1.940	1.940
		5	1.840	1.840	1.900	2.020	2.020
		Unlimited	2.020	2.020	2.090	2.210	2.210

Pennsylvania Rates  
 May 1, 2020

**Appendix D**  
**The Prudential Insurance Company of America**  
**Individual Long Term Care Insurance Plan**  
**Base Rates and Adjustment Factors**

**GRP 112687 & GRP 112685**  
**Page 4 of 5**

Adjustment factors - Cash Indemnity Rider							
Issue Ages	HHC % of Institutional Benefit	Benefit Period	Inflation Option				
			None	Guaranteed Purchase Option	5% Automatic Simple	5% Automatic Compound (2x Maximum)	5% Automatic Compound (No Maximum)
18 - 64	50%	2	1.209	1.209	1.220	1.253	1.253
		3	1.253	1.253	1.270	1.303	1.303
		4	1.303	1.303	1.314	1.347	1.347
		5	1.347	1.347	1.363	1.396	1.396
		Unlimited	1.446	1.446	1.462	1.490	1.490
	75%	2	1.303	1.303	1.319	1.374	1.374
		3	1.347	1.347	1.369	1.424	1.424
		4	1.396	1.396	1.413	1.468	1.468
		5	1.440	1.440	1.462	1.517	1.517
		Unlimited	1.545	1.545	1.561	1.622	1.622
	100%	2	1.385	1.385	1.424	1.490	1.490
		3	1.435	1.435	1.468	1.534	1.534
		4	1.479	1.479	1.517	1.583	1.583
		5	1.528	1.528	1.561	1.627	1.627
		Unlimited	1.633	1.633	1.666	1.737	1.737
65+	50%	2	1.138	1.138	1.154	1.187	1.187
		3	1.187	1.187	1.198	1.231	1.231
		4	1.231	1.231	1.248	1.281	1.281
		5	1.281	1.281	1.292	1.325	1.325
		Unlimited	1.374	1.374	1.391	1.429	1.429
	75%	2	1.231	1.231	1.253	1.308	1.308
		3	1.281	1.281	1.303	1.352	1.352
		4	1.325	1.325	1.347	1.402	1.402
		5	1.374	1.374	1.396	1.446	1.446
		Unlimited	1.473	1.473	1.490	1.550	1.550
	100%	2	1.319	1.319	1.352	1.424	1.424
		3	1.369	1.369	1.402	1.468	1.468
		4	1.413	1.413	1.446	1.517	1.517
		5	1.462	1.462	1.495	1.561	1.561
		Unlimited	1.561	1.561	1.600	1.666	1.666

Pennsylvania Rates  
May 1, 2020

**Appendix D**  
**The Prudential Insurance Company of America**  
**Individual Long Term Care Insurance Plan**  
**Base Rates and Adjustment Factors**

**GRP 112687 & GRP 112685**  
**Page 5 of 5**

Adjustment Factors - Additional Riders						
Restoration of Benefits Rider		Issue Age	Joint Waiver Rider	Survivor Benefit Rider	Shortened Benefit Period Nonforfeiture Rider	
Benefit Period					Included	
2 YEAR	1.03	18 - 55	1.01	1.12		
3 YEAR	1.02	56 - 67	1.02	1.12	Yes	1.11
4 YEAR*	1.01	68 - 72	1.05	1.12	No	1.00
5 YEAR*	1.01	73 - 77	1.11	1.10		
UNLIMITED*	1.00	78 +	1.20	1.05		

Adjustment Factors - Underwriting Class	
Underwriting Class	
Standard	1.00
Rated	1.25

Adjustment Factors - Marital / Caregiver Status			
Marital/Caregiver Status	Without Select Health Discount	With Select Health Discount	Minimum Discount Factor
Married Single	0.90	0.75	0.70
Married Joint	0.80	0.70	0.70
Qualified Adult	0.85	0.70	0.70
Single (Not Married)	1.00	0.85	0.70

\* An additional discount may apply for Employered-Sponsored or Affiliation groups. In no event will the combined effect of all discounts exceed 30%.

Adjustment Factors - Premium Payment Mode	
Premium Payment Mode	
Annual	1.000
Semi-Annual	0.515
Quarterly	0.265
Auto-Monthly	0.085

Pennsylvania Rates  
 May 1, 2020

SERFF Tracking #:

PRUD-131980358

State Tracking #:

PRUD-131980358

Company Tracking #:

IIGHILTC2RATE-LS-RP-PA

State: Pennsylvania

Filing Company:

The Prudential Insurance Company of America

TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified

Product Name: Individual LongTerm Care Insurance

Project Name/Number: ILTC-2 Re-Rate LS/8I-2019

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Transmittal Letter (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA - Filing Cover Letter - 6-19-2019.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Certification (A&H)
<b>Bypass Reason:</b>	Please refer to Section 22, pages 11 and 12 of the enclosed Actuarial Memorandum.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Explanatory Information (A&H)
<b>Comments:</b>	
<b>Attachment(s):</b>	PA - Act Memo - Revised Rates ILTC2.pdf PA - All ILTC2 Rate Increase.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

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

<b>Bypassed - Item:</b>	Authorization to File (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

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

**SERFF Tracking #:**

PRUD-131980358

**State Tracking #:**

PRUD-131980358

**Company Tracking #:**

IIGHILTC2RATE-LS-RP-PA

**State:**

Pennsylvania

**Filing Company:**

The Prudential Insurance Company of America

**TOI/Sub-TOI:**

LTC03I Individual Long Term Care/LTC03I.001 Qualified

**Product Name:**

Individual LongTerm Care Insurance

**Project Name/Number:**

ILTC-2 Re-Rate LS/8I-2019

<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Rate Table (A&H)
<b>Bypass Reason:</b>	Please refer to Appendix D - Rate Pages attached to the Rate Schedule Tab of this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Replacement Form with Highlighted Changes (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Advertisement Compliance Certification
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Reserve Calculation (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Variability Explanation (A&H)
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Appendix C - Description of Experience Analysis and Assumption Setting
<b>Comments:</b>	
<b>Attachment(s):</b>	Appendix C - Description of Experience Analysis and Assumption Setting.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

**SERFF Tracking #:**

PRUD-131980358

**State Tracking #:**

PRUD-131980358

**Company Tracking #:**

IIGHILTC2RATE-LS-RP-PA

**State:**

Pennsylvania

**Filing Company:**

The Prudential Insurance Company of America

**TOI/Sub-TOI:**

LTC03I Individual Long Term Care/LTC03I.001 Qualified

**Product Name:**

Individual Long Term Care Insurance

**Project Name/Number:**

ILTC-2 Re-Rate LS/8I-2019

<b>Satisfied - Item:</b>	Appendix C - Exhibit 1 - Mortality Details
<b>Comments:</b>	
<b>Attachment(s):</b>	Appendix C - Exhibit 1 - Mortality Details - ILTC.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Appendix C - Exhibit 2 - Lapse Details
<b>Comments:</b>	
<b>Attachment(s):</b>	Appendix C - Exhibit 2 - Lapse Details - ILTC.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Appendix C - Exhibit 3 - Morbidity Details
<b>Comments:</b>	
<b>Attachment(s):</b>	Appendix C - Exhibit 3 - Morbidity Details - ILTC.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	ILTC-2 Notification Letter Package
<b>Comments:</b>	
<b>Attachment(s):</b>	LTC-Policyholder Notification Letter (ILTC2) Round 8.pdf LTC-Coverage Options (ILTC2) Round 8.pdf LTC-Change Request Form (ILTC2) Round 8.pdf Frequently Asked Questions (ILTC2) Round 8.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



John L. Timmerberg, ASA, MAAA  
Vice President and Actuary  
Financial Management

The Prudential Insurance Company of America  
Long Term Care Unit  
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June 19, 2019

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

Re.: The Prudential Insurance Company of America  
NAIC #304-68241  
Individual Long Term Care Insurance  
Form Numbers: GRP 112687, GRP 112685, et al

Dear Commissioner Altman:

Enclosed for your review is support for a requested increase to our long-term care insurance premium rate schedule, for the above referenced forms. In addition, we are requesting approval of riders that will allow eligible policyholders to reduce or eliminate the future rate at which their benefits inflate.

Form GRP 112687 was previously approved by the Department on March 11, 2004, and Form GRP 112685 was previously approved by the Department on February 9, 2004. These form series were sold nationwide during the period of 2004 through 2006. These products are no longer being marketed in any state.

A previous rate schedule change under this series of forms was reviewed and approved by the Department under SERFF tracking number PRUD-13155517 on August 31, 2018.

While Prudential's pricing assumptions for this series of forms were based on the best information then available, our actual experience has emerged worse than expected. In second quarter of 2018, we strengthened our statutory reserves by \$0.6 billion following the completion of our annual review and update of actuarial assumptions. In particular, we updated our morbidity assumptions to reflect more adverse expectations of future experience than previously anticipated. In view of this, we are requesting a rate increase for the above referenced policy series of the following amounts:

Inflation Type	Benefit Period	Requested Rate Increase
No Inflation	Lifetime or 10 year	45.0%
No Inflation	less than 10 year	0.0%
Auto Inflation	Lifetime or 10 year	100.0%
Auto Inflation	less than 10 year	45.0%

The rate increase is needed to help ensure that future premiums, in combination with existing reserves, will be adequate to fund anticipated claims. We will continue to monitor the performance of this block of business after this rate action. As explained in more detail in the Actuarial Memorandum, if the full increase is approved, we commit to not request an additional increase in the future unless our experience deteriorates further.

The requested rate increases will not restore original profit margins, but will help Prudential avoid additional losses as well as further depletion of its surplus. Approval of the requested rate increase will also help maintain equity amongst the states. Deferring rate increases will only increase the size of needed future rate increases.

The proposed premium rates will be effective on each policy's first modal premium due date that is on or after the effective date, which Prudential will establish following state authorization. Prudential will provide all policyholders at least 60 days advance notice of the rate increase.

We understand that a premium increase may be difficult for our policyholders to absorb. Consequently, Prudential is prepared to offer a number of options to help mitigate or eliminate the impact of the higher premium an insured is paying, such as; reducing their benefit period, decreasing their Daily Benefit Maximum, or dropping rider(s) (e.g. optional coverage). Additionally, as an alternative, the Contingent Non-forfeiture benefit will be made available to all impacted policyholders whose plan design does not already include a Non-forfeiture Benefit Rider.

[In addition, upon approval of the applicable rider, Prudential will offer eligible insureds a new voluntary option that will completely offset the rate increase. This option will be made available to policyholders with an unlimited automatic inflation option and will result in a reduction to or elimination of the future inflation growth factor applicable to their coverage. Note that policyholders would retain any inflation increases that have accrued to date.

Accordingly, copies of the Optional Inflation Rider(s) have been submitted under our corresponding SERFF filing, PRUD-131980357.

The following items are included with this submission:

- All Actuarial Material
- All Required Certifications
- State transmittal and checklists (If applicable)
- Optional Rider[s] (Please refer to SERFF Filing PRUD-131980357)

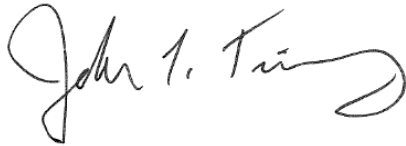
**Correspondence:** Please correspond directly with my associate concerning this filing.

Raenonna Prince, CLTC, LTCP  
Lead Analyst  
The Prudential Insurance Company of America  
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Philadelphia, PA 19101-7907  
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The Honorable Jessica Altman  
June 19, 2019  
Page 2

Very truly yours,

A handwritten signature in black ink, reading "John L. Timmerberg". The signature is written in a cursive style with a large, sweeping flourish at the end.

John L. Timmerberg, ASA, MAAA  
Vice President & Actuary

Enclosures

Attachment

The Prudential Insurance Company of America  
Individual Long Term Care Insurance Forms

**FORM NUMBER DESCRIPTION**

**ILTC-2 Regular:**

GRP 115369 – 1.10% Automatic Compound Inflation – No Max Amendatory Rider  
GRP 115368 – 1.10% Automatic Simple Inflation Amendatory Rider  
GRP 115470 – 2.6% Automatic Compound Inflation – No Max Amendatory Rider  
GRP 115471 – 2.6% Automatic Simple Inflation Amendatory Rider

**ILTC-2 Franchise:**

GRP 115473 – 1.10% Automatic Compound Inflation – No Max Amendatory Rider  
GRP 115474 – 1.10% Automatic Simple Inflation Amendatory Rider  
GRP 115475 – 2.6% Automatic Compound Inflation – No Max Amendatory Rider  
GRP 115476 – 2.6% Automatic Simple Inflation Amendatory Rider

June 13, 2019  
**Actuarial Memorandum Supporting Rate Revision for  
The Prudential Insurance Company of America  
Individual Long-Term Care Insurance Plan  
Pennsylvania**

**1. Scope and Purpose**

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for the following The Prudential Insurance Company of America’s Tax-Qualified individual long-term care Forms and their associated riders:

<u>Product Name</u>	<u>Form Number</u>	<u>Issue Dates in Pennsylvania</u>
ILTC2	GRP 112687	05/2004 - 06/2006
LTC By Design (ILTC2) Franchise	GRP 112685	05/2004 - 06/2006

Some riders may not be available in all states. This rate filing is not intended to be used for other purposes.

This rate filing is a request for a rate increase in premium varying by Inflation Type and Benefit Period (see table below), effective upon approval by the state, on the base contract and all associated riders. References to policyholders with No Inflation in this actuarial memorandum and appendices is intended to be our classification for those policyholders that didn't elect an automatic inflation option, which includes those without an inflation rider and those with the Guaranteed Purchase Option (GPO).

Inflation Type	Benefit Period	Requested Rate Increase
No Inflation	Lifetime or 10 year	45.0%
No Inflation	less than 10 year	0.0%
Auto Inflation	Lifetime or 10 year	100.0%
Auto Inflation	less than 10 year	45.0%

These revisions are necessary because the current best estimate projections of the nationwide lifetime loss ratios are higher than the originally priced expected lifetime loss ratios. The higher lifetime loss ratios are due to adverse morbidity and persistency experience. If the requested rate increase is approved and implemented as proposed, the company does not expect to request additional rate increases based on current expectations of future experience. However, if actual future experience were to deteriorate further, additional rate action may become necessary even if the requested rate increase is approved and implemented as proposed.

This filing is also a request to allow the company to offer a new voluntary benefit reduction option to policies with automatic inflation benefits. This option, which would reduce the rate of future inflation increases, would be applied via a rider to the policy, and would offset a substantial

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

portion or the entire amount of the rate increase requested above, for policyholders who elect it. If elected, the reduced inflation growth factor would begin to apply at the first anniversary date following the effective date of the rider, which would coincide with the effective date of the rate increase. Once applicable, the reduced inflation factor would remain in effect in accordance with the current contract. Note that policyholders would retain any inflation increases that have accrued to date. Insureds eligible for this option would be limited to those who currently have lifetime premium and premium reduction at age 65 premium payment options, and automatic inflation where benefit growth is unlimited. Policyholders that have the automatic inflation rider where the facility care benefit and the lifetime maximum benefit are capped once they have doubled will not be eligible for the new benefit reduction option. The reduced future inflation growth factors associated with this option are as follows:

<b>Inflation Type</b>	<b>Benefit Period</b>	<b>Current Inflation Rate</b>	<b>Landing Spot Inflation Rate</b>
Auto Inflation	Lifetime or 10 year	5%	1.1%
Auto Inflation	less than 10 year	5%	2.6%

This inflation offer would only affect the rate increase request related to this filing. Insureds who elect this option may still be subject to additional future rate action, were it to become justified due to further deterioration of experience not currently anticipated, as mentioned above.

For policies with auto inflation, actuarial equivalence is determined by equating the lifetime anticipated loss ratios under two scenarios. The first scenario assumes that the full premium rate increase is applied to all policies with auto inflation. The second scenario assumes that all policies with auto inflation opt to accept a revised inflation rider with a reduced inflation rate (the Landing Spot Inflation Rate). The first table below shows that for policies with auto inflation and lifetime or 10-year benefit periods, the lifetime anticipated loss ratio under the first scenario is 124.0% and under the second scenario it is 123.6%.

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

**Nationwide Experience - Policies with Auto Inflation, Lifetime or 10 Year Benefit Periods**

<b>Loss Ratio Summaries</b>		<b>Earned Premium</b>	<b>Incurred Claims</b>	<b>Incurred Ratio</b>
<b>With Requested Increase</b>	Accumulated Value of Historical to 6/30/2018	277,067,103	93,764,919	33.8%
	Present Value of Future to 6/30/2018	350,268,610	683,993,906	195.3%
	<b>Total Values</b>	<b>627,335,713</b>	<b>777,758,825</b>	<b>124.0%</b>
<b>With Landing Spot</b>	Accumulated Value of Historical to 6/30/2018	277,067,103	93,764,919	33.8%
	Present Value of Future to 6/30/2018	217,409,101	517,502,798	173.9%
	<b>Total Values</b>	<b>494,476,204</b>	<b>611,267,717</b>	<b>123.6%</b>

The table directly below shows that for policies with auto inflation and benefit periods less than 10 years, the lifetime anticipated loss ratio under the first scenario is 89.4% and under the second scenario it is 89.7%.

**Nationwide Experience - Policies with Auto-Inflation, Less Than 10 Year Benefit Periods**

<b>Loss Ratio Summaries</b>		<b>Earned Premium</b>	<b>Incurred Claims</b>	<b>Incurred Ratio</b>
<b>With Requested Increase</b>	Accumulated Value of Historical to 6/30/2018	330,086,833	66,347,059	20.1%
	Present Value of Future to 6/30/2018	270,444,595	470,271,161	173.9%
	<b>Total Values</b>	<b>600,531,428</b>	<b>536,618,219</b>	<b>89.4%</b>
<b>With Landing Spot</b>	Accumulated Value of Historical to 6/30/2018	330,086,833	66,347,059	20.1%
	Present Value of Future to 6/30/2018	218,991,863	425,917,479	194.5%
	<b>Total Values</b>	<b>549,078,696</b>	<b>492,264,538</b>	<b>89.7%</b>

Prudential is filing for premium rate increases in each state where policies of these forms were issued.

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

Upon approval of this rate revision, Prudential will communicate to policyholders their options to reduce the impact of the rate increase. For those with Auto Inflation and unlimited benefit growth, the option is described above. For other policies, there will also be opportunities for almost all policyholders to keep the premium at or below the premium they were paying prior to the rate revision. These options may include reducing the lifetime maximum, reducing the daily benefit, and eliminating optional riders. In addition to what is included in the policyholder notification letter, policyholders will be notified that they can call our customer service representatives to work out a benefit reduction that best works for their situation.

In addition, the contingent non-forfeiture benefit will be available for all policyholders, regardless of their age or rate increase amount.

Please refer to Section 20 for a description of the information contained in each Appendix included in the filing.

## **2. Description of Benefits**

The policies issued on these forms are referred as the “ILTC2” product series. This product was individually underwritten and provides comprehensive long-term care coverage for care received in a nursing home, assisted living facility, or hospice in addition to home and community-based care. This product is intended to be a Tax Qualified Long Term Care Insurance Contract as defined by the internal revenue code section 7702B(b).

This product reimburses covered long-term care expenses subject to the amount of coverage purchased. A waiting period, institutional daily benefit amount, home and community care percentage, maximum lifetime benefit amount and inflation protection option are selected at issue. The available choices can be found in the attached premium rate tables.

The benefit eligibility criteria is based on the insured’s loss of the ability to perform two of the six activities of daily living (ADLs) or having a severe cognitive impairment. Activities of Daily Living are bathing, continence, dressing, eating, toileting, and transferring. Premiums will be waived beginning the first day of the next month following when LTC benefits are payable.

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

There are several optional riders that were sold with this product, including a cash benefit option and a monthly benefit option. The cash benefit option allows the insured to choose to receive benefits for Home and Community-Based Care as a cash benefit rather than as reimbursement. No formal services are required to receive a cash benefit. Policies with the cash benefit option are referred to as “Cash Plans” and plans without the cash benefit option are referred to as “Reimbursement Plans”. The monthly benefit option provides benefits for Home and Community-Based Care on a monthly basis such that any or all of the benefits for Home and Community-Based Care can be used within the time frames that meet the insured’s needs.

### **3. Renewability Clause**

This product is a Guaranteed Renewable, Individual Long Term Care policy.

### **4. Applicability**

The premium increase contained in this memorandum will be applicable to all active policy holders of the policy form and riders described in Section 1, as these policy forms are no longer sold in the market. The revised premium rate schedules can be found in Appendix D.

### **5. Actuarial Assumptions**

The actuarial assumptions used to project the future premiums and claims are described in this section. Appendix C provides further details of how the experience studies were conducted that were used to develop the actuarial assumptions. The assumptions used in this filing are Prudential’s best estimate expectations, developed in 2018, of future experience, and do not include any provisions for adverse experience. These assumptions are the basis for the assumptions being used in the company’s internal cash flow testing.

#### **Morbidity**

The best estimate morbidity assumptions were developed based on a combination of Prudential’s historical claim experience, the *Milliman 2014 Long Term Care Guidelines (Guidelines)* and judgment. The *Guidelines* reflect over 29 million life years of exposure and \$25 billion of incurred claims and the experience and judgment of Milliman actuaries. The policy design and coverages and the underwriting applied at the time of issue were all considered when setting the claim cost assumptions. The claim cost assumptions reflect Prudential’s current

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

best estimate of future morbidity. The best estimate assumptions do not include an assumption for morbidity improvement. The assumptions do not include any adverse selection from the rate increase or loads for moderately adverse experience.

## **Mortality**

The mortality assumptions were developed from a mortality study conducted on Prudential's experience and judgment. The current best estimate mortality assumption is the 2012 IAM Basic Table on an Age Last Birthday basis with mortality selection factors and mortality improvement. The mortality selection factors vary by issue age and duration. The factors are generally below 1 in the early durations and grade to 1.05 in the ultimate (dur 30+) period. Future mortality improvement of 1% per year for 20 years (2018 through 2038) is assumed. We assumed all remaining policies would terminate at attained age 120. The assumptions do not include any loads for moderately adverse experience.

## **Lapses**

The voluntary lapse assumptions were developed from a policy persistency study conducted on Prudential's long-term care policy experience. The voluntary lapse assumptions are our expectations for policy terminations, by duration, for reasons other than death, benefit exhaustion or benefit buy-downs. The lapse assumptions represent the current best estimate expectations of future experience and do not include any provisions for adverse experience. At time of premium rate increase notification, policyholders may elect a nonforfeiture benefit or an optional benefit reduction and the impact of these policyholder elections is modelled in our projections. Voluntary lapse rates are shown below and vary by policy duration and attained age.



**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

Voluntary Lapse Rates – Lifetime Pay								
Duration	Cash				Reimbursement			
	Inflation		No Inflation		Inflation		No Inflation	
	Single	Married	Single	Married	Single	Married	Single	Married
1	5.45%	2.85%	7.15%	3.85%	8.35%	4.35%	11.00%	5.90%
2	3.70%	2.05%	4.30%	2.75%	6.20%	3.15%	6.65%	4.20%
3	1.10%	6.30%	2.10%	5.80%	6.20%	1.70%	2.40%	4.10%
4	1.10%	6.30%	2.10%	5.80%	1.50%	1.70%	2.40%	4.10%
5	1.10%	6.30%	2.10%	5.80%	1.50%	1.70%	2.40%	2.30%
6	1.10%	2.40%	2.10%	2.50%	1.50%	1.70%	2.40%	2.30%
7	1.10%	2.40%	2.10%	2.50%	1.50%	1.00%	2.40%	2.00%
8	1.10%	2.40%	2.10%	2.50%	1.50%	1.00%	2.40%	2.00%
9	1.10%	2.40%	2.10%	2.50%	1.50%	1.00%	2.40%	1.30%
10	1.10%	1.30%	2.10%	2.10%	1.50%	0.76%	2.40%	1.30%
11	1.10%	1.30%	2.10%	2.10%	1.50%	0.76%	2.40%	1.30%
12	1.10%	1.30%	2.10%	2.10%	1.50%	0.76%	2.40%	1.30%
13	1.10%	1.10%	2.10%	2.01%	1.50%	0.76%	2.40%	1.30%
14	1.10%	0.60%	2.10%	1.75%	1.50%	0.76%	2.40%	1.30%
15-20	1.10%	0.60%	2.10%	1.75%	1.50%	0.50%	2.40%	1.30%
21+	1.10%	0.50%	2.10%	1.50%	1.25%	0.50%	2.40%	1.30%

NOTE: No inflation includes plans without inflation and GPO.

## Interest Rate

An annual interest rate of 4.5% was used to calculate the lifetime loss ratio in the supporting appendices.

## Expenses

The need for a rate increase is based on the lifetime loss ratio being in excess of the minimum loss ratio. Expenses do not directly impact the lifetime loss ratio and therefore are not used as justification for the rate increase. As such, expenses are not being projected and are not included in this filing.

## 6. Issue Age Range

This product was available for issue ages 18 - 84. Premiums are based on issue age.

**Actuarial Memorandum Supporting Rate Revisions for  
The Prudential Insurance Company of American  
Individual Long-Term Care Insurance Product  
June 13, 2019**

**7. Area Factors**

The Company did not use area factors within the state in the premium scale for this product.

**8. Average Annual Premium**

The average annual premium for this product for both prior to the impact of the requested rate increase, and after, is indicated in Appendix A to this memorandum.

**9. Modal Premium Factors**

Modal loads are required because of the varied expenses incurred by the Company and the effect of interest and persistency. The modal premium factors will remain unchanged from the current factors.

**10. Claim Liability and Reserve**

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurred for each claim and have been included in the historical incurred claims. An annual interest rate of 4.5% was used to calculate the present value of future claims in the supporting exhibits.

**11. Active Life Reserves**

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum required loss ratios. Incurred claims exclude any change in active life reserves.

**12. Trend Assumption**

Benefits payable are equal to or less than the daily or monthly benefit limit. We have not

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included any medical trend in the projections.

### **13. Requested Rate Increase and Demonstration of Satisfaction of Loss Ratio Requirements**

Prudential is requesting a premium increase varying by inflation type and benefit period, to be applied to all ILTC2 active policies.

Satisfaction of the loss ratio requirement is demonstrated in Appendix A. The demonstration is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. This approach requires that the sum of the historical and projected future incurred claims must exceed the sum of 58% of the initial premium and 85% of the increased premium.

### **14. Distribution of Business**

The historical experience reflects the actual distribution of policies during the experience period. We used the current distribution of business as of June 30, 2018 to project future experience. Appendix E contains the distribution of the active policies by key demographic and benefit characteristics.

### **15. Experience - Past and Future**

The historical and projected nationwide experience, both with and without the rate increase, is contained in Appendix B. Note that there is no margin for adverse deviation in the future incurred claim projections in Appendix B. Additionally, the historical and projected nationwide experience is on a Pennsylvania rate basis.

The historical and projected experience for this state, both with and without the rate increase, is contained in Appendix F. Note that there is no margin for adverse deviation in the future incurred claim projections in Appendix F.

Historical experience is shown by claim incurred year.

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**16. Lifetime Loss Ratio**

The anticipated nationwide lifetime loss ratios, both without a rate increase and with the requested rate increase, are shown in Appendix A. The development of these nationwide lifetime loss ratios is shown in Appendix B.

The rate increase is assumed May 1, 2020 in our projections.

**17. History of Rate Adjustments**

See Appendix A for a history of previous rate adjustments on this policy form.

**18. Number of Policyholders**

The current number of policyholders as of June 30, 2018 can be found in Appendix A.

**19. Proposed Effective Date**

This rate revision will be implemented following state approval and a minimum of a 60 day notification to the certificate holder. Implementation will be no earlier than May 1, 2020.

**20. Summary of Appendices**

Appendix A contains state-specific information, indexed to the section numbers applied in this memorandum.

Appendix B contains historical and projected nationwide experience for all policies as well as by inflation type and benefit period issued under this form on a Pennsylvania state rate basis. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase. Note that there is no margin for adverse deviation in the future incurred claim projections in Appendix B.

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Appendix C describes the development of the best estimate morbidity, mortality and voluntary lapse assumptions and contains three exhibits that show actual experience to projected best estimate experience. The best estimate values in these exhibits reflect Prudential's assumptions developed in 2018. Actual to expected results close to 100% demonstrates that the current assumptions are reasonable compared to the actual results.

Appendix D contains the premium rate pages associated with this filing.

Appendix E contains the distribution of the active policies by key demographic and benefit characteristics.

Appendix F contains the same information as Appendix B except it contains only state specific experience and projections.

## **21. Relationship of Renewal Premium to New Business Premium.**

Prudential is no longer selling any new Long-Term Care business. Therefore, the comparison of renewal premium rates after the rate increase to the Company's current new business premium rate schedule is not applicable.

## **22. Actuarial Certification**

I am a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long term care insurance premiums.

To the best of my knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions.

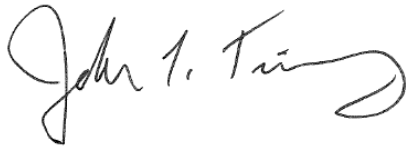
The policy design and coverages, the underwriting used at the time of issue, and the claim adjudication process were all taken into consideration.

In forming my opinion, I have used actuarial assumptions and actuarial methods as I considered necessary. The pricing assumptions are consistent with Prudential's current best estimates and do not include a margin for adverse experience. These assumptions are used to calculate the new target lifetime loss ratio as shown in Appendix A, Section 22a.

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The premium rates are not excessive or unfairly discriminatory. If the requested premium increase is implemented and the underlying assumptions with a 10% load for moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

If the future experience deteriorates beyond the 10% moderately adverse load to future incurred claims, and exceeds the lifetime ratio shown in Appendix A, Section 22b, Prudential may need to file for additional in-force premium increases on these forms. If that were to occur, the requested increase would be calculated to manage the block to the target lifetime loss ratio as shown in Appendix A, Section 22a.

A handwritten signature in black ink, appearing to read "John L. Timmerberg". The signature is fluid and cursive, with a large loop at the end.

John L. Timmerberg, ASA, MAAA  
Vice President & Actuary  
Prudential Long Term Care  
June 13, 2019

**Appendix A**  
**The Prudential Insurance Company of America**  
**ILTC2**

**Pennsylvania**

**Requested Rate Increase**

<u>Benefit Type</u>	<u>Requested Amount</u>
No Inflation/Unlimited	45.0%
No Inflation/Limited	0.0%
Auto Inflation/Unlimited	100.0%
Auto Inflation/Limited	45.0%

**8. Average Annual Premium**

<u>Rate Basis</u>	<u>Pennsylvania</u>	<u>Nationwide</u>
Without Increase	\$2,919	\$2,779
With Increase	\$4,424	\$4,422

**13. Satisfaction of Loss Ratio Requirements**

<u>Rate Stability Requirement:</u>	
1) Total Incurred Claims	\$1,517,967,665
58% of initial premium	\$546,664,570
85% of increased premium	\$469,407,742
2) Sum of 58%/85% premium	\$1,016,072,311
Is 1 greater than 2?	Yes

**16. Lifetime Loss Ratio**

<u>Policy type</u>	<u>Without Increase</u>	<u>With Increase</u>
All	127%	102%
No Inflation/Unlimited	120%	103%
No Inflation/Limited	61%	61%
Auto Inflation/Unlimited	174%	124%
Auto Inflation/Limited	107%	89%

**17. History of Rate Adjustments**

Cash Benefit Policies with Unlimited Benefit Period  
14% implemented on 04/25/2012  
14% implemented on 04/25/2013  
20% implemented on 05/01/2014  
20% implemented on 12/01/2016  
7.7% implemented on 05/01/2018  
20% implemented on 05/01/2019

Cash Benefit Policies with Limited Benefit Period  
14% implemented on 04/25/2012  
14% implemented on 04/25/2013  
20% implemented on 05/01/2014  
16.7% implemented on 12/01/2016  
20% implemented on 05/01/2019

Reimbursement Benefit Policies with Unlimited Benefit Period  
7.2% implemented on 04/25/2012  
7.2% implemented on 04/25/2013  
20% implemented on 05/01/2014  
20% implemented on 12/01/2016  
4.2% implemented on 05/01/2018  
20% implemented on 05/01/2019

Reimbursement Benefit Policies with Limited Benefit Period  
7.2% implemented on 04/25/2012  
7.2% implemented on 04/25/2013  
20% implemented on 05/01/2014  
8.4% implemented on 12/01/2016  
20% implemented on 05/01/2019

**18. Number of Policyholders and Annualized Premium as of June 30, 2018**

<u>Policy type</u>	<u>Policies Inforce</u>		<u>Premium Inforce</u>	
	<u>Pennsylvania</u>	<u>Nationwide</u>	<u>Pennsylvania</u>	<u>Nationwide</u>
All	333	12,479	\$972,050	\$34,678,202
No Inflation/Unlimited	11	717	\$43,925	\$2,383,891
No Inflation/Limited	55	1,683	\$148,202	\$4,311,947
Auto Inflation/Unlimited	55	3,737	\$237,379	\$12,440,687
Auto Inflation/Limited	212	6,342	\$542,543	\$15,541,677

**22. Projected Loss Ratio**

(a) Projected target lifetime loss ratio with rate increase	102%
(b) Lifetime loss ratio with rate increase and 10% moderately adverse load to future incurred claims	110%

Appendix B  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Nationwide Experience  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	5,192	0	0	0	0%
2003	1,824,726	4,394	0	4,394	0%
2004	13,385,109	10,010	0	10,010	0%
2005	27,867,380	1,797,994	0	1,797,994	6%
2006	36,644,615	5,428,121	1,708,290	7,136,411	19%
2007	43,224,275	7,953,783	1,996,772	9,950,555	23%
2008	43,259,623	6,042,070	28,141	6,070,211	14%
2009	42,157,753	10,308,083	2,013,493	12,321,576	29%
2010	40,687,211	9,469,502	2,023,320	11,492,822	28%
2011	39,741,264	11,638,892	2,199,199	13,838,091	35%
2012	40,634,689	11,832,090	3,015,587	14,847,677	37%
2013	42,363,814	8,837,143	4,921,592	13,758,736	32%
2014	47,609,882	11,469,608	8,175,060	19,644,668	41%
2015	45,877,963	9,332,233	7,745,768	17,078,000	37%
2016	47,072,305	6,720,719	17,422,700	24,143,420	51%
2017	46,588,071	3,490,836	20,057,649	23,548,485	51%
2018*	22,528,398	86,085	11,752,062	11,838,147	53%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	21,628,935	13,882,790	64%
2019	45,074,856	29,527,571	66%
2020	46,201,123	32,238,566	70%
2021	44,754,763	36,039,951	81%
2022	43,242,420	40,291,849	93%
2023	41,723,126	44,910,560	108%
2024	40,161,628	49,885,103	124%
2025	38,584,828	55,248,392	143%
2026	36,968,181	60,933,124	165%
2027	35,286,970	66,893,085	190%
2028	33,611,753	73,098,575	217%
2029	31,936,586	79,437,639	249%
2030	30,242,384	85,791,262	284%
2031	28,539,061	92,026,525	322%
2032	26,826,643	98,033,319	365%
2033	25,112,320	103,700,406	413%
2034	23,403,458	108,871,213	465%
2035	21,712,507	113,398,359	522%
2036	20,059,594	117,102,040	584%
2037	18,449,319	120,029,281	651%
2038	16,879,026	122,137,590	724%
2039	15,386,069	123,252,036	801%
2040	13,951,982	123,251,010	883%
2041	12,583,236	122,051,814	970%
2042	11,286,180	119,737,328	1061%
2043	10,066,282	116,404,456	1156%
2044	8,928,243	112,135,088	1256%
2045	7,874,347	107,001,030	1359%
2046	6,905,446	101,138,358	1465%
2047	6,021,440	94,669,799	1572%
2048	5,220,938	87,840,943	1682%
2049	4,502,046	80,832,190	1795%
2050	3,861,344	73,712,925	1909%
2051	3,294,373	66,662,472	2024%
2052	2,796,286	59,858,821	2141%
2053	2,361,767	53,482,637	2265%
2054	1,985,724	47,920,287	2413%
2055	1,662,815	43,058,688	2590%
2056	1,387,368	38,788,976	2796%
2057+	6,408,213	289,271,449	4514%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	21,628,935	13,882,790	64%
2019	45,074,856	29,527,571	66%
2020	56,814,003	31,113,964	55%
2021	63,490,304	33,363,120	53%
2022	61,692,140	37,151,387	60%
2023	59,654,436	41,301,502	69%
2024	57,545,910	45,756,726	80%
2025	55,414,514	50,546,795	91%
2026	53,213,935	55,608,907	105%
2027	50,904,338	60,901,254	120%
2028	48,603,897	66,398,572	137%
2029	46,295,672	71,997,599	156%
2030	43,950,421	77,591,752	177%
2031	41,582,206	83,062,356	200%
2032	39,190,544	88,313,131	225%
2033	36,784,127	93,247,388	253%
2034	34,373,831	97,725,205	284%
2035	31,979,013	101,617,414	318%
2036	29,627,430	104,764,666	354%
2037	27,326,203	107,214,248	392%
2038	25,071,611	108,934,244	434%
2039	22,920,178	109,770,724	479%
2040	20,844,860	109,619,509	526%
2041	18,855,813	108,409,608	575%
2042	16,963,078	106,219,839	626%
2043	15,175,509	103,139,977	680%
2044	13,500,847	99,242,740	735%
2045	11,943,546	94,594,837	792%
2046	10,505,988	89,317,250	850%
2047	9,189,078	83,520,541	909%
2048	7,991,771	77,422,006	969%
2049	6,912,155	71,178,732	1030%
2050	5,946,145	64,853,145	1091%
2051	5,088,028	58,601,153	1152%
2052	4,331,336	52,578,152	1214%
2053	3,668,771	46,941,250	1279%
2054	3,093,177	42,026,212	1359%
2055	2,596,984	37,734,164	1453%
2056	2,172,075	33,967,822	1564%
2057+	10,111,938	252,477,780	2497%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	789,489,700	236,717,216	30%	789,489,700	236,717,216	30%
Present Value of Future to 6/30/2018	512,909,366	1,421,388,937	277%	705,279,822	1,281,250,449	182%
Total Values (Discounted at 4.5%)	1,302,399,067	1,658,106,153	127%	1,494,769,522	1,517,967,665	102%

Minimum Lifetime Loss Ratio 60%



Appendix F  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Pennsylvania Experience  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	0	0	0	0	0%
2003	0	0	0	0	0%
2004	151,219	0	0	0	0%
2005	903,625	19,495	0	19,495	2%
2006	1,155,155	16,037	0	16,037	1%
2007	1,136,954	86,027	0	86,027	8%
2008	1,098,696	0	0	0	0%
2009	1,080,803	228,706	0	228,706	21%
2010	1,060,940	342,931	111,431	454,362	43%
2011	999,610	0	0	0	0%
2012	1,023,516	392,589	0	392,589	38%
2013	983,417	23,857	0	23,857	2%
2014	1,077,622	379,046	0	379,046	35%
2015	1,065,135	293,087	57,451	350,539	33%
2016	1,078,145	117,050	380,825	497,875	46%
2017	1,033,751	39,972	358,908	398,880	39%
2018*	506,012	16,433	375,476	391,909	77%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	485,939	299,195	62%
2019	1,011,469	631,683	62%
2020	1,030,460	686,910	67%
2021	995,951	760,817	76%
2022	958,872	841,589	88%
2023	920,811	928,514	101%
2024	881,760	1,018,830	116%
2025	841,938	1,111,733	132%
2026	801,601	1,207,221	151%
2027	760,672	1,304,108	171%
2028	719,236	1,401,298	195%
2029	677,394	1,497,561	221%
2030	635,370	1,589,808	250%
2031	593,328	1,673,160	282%
2032	551,512	1,745,858	317%
2033	510,159	1,804,158	354%
2034	469,454	1,848,177	394%
2035	429,731	1,881,329	438%
2036	391,450	1,898,604	485%
2037	354,906	1,901,444	536%
2038	320,262	1,890,066	590%
2039	287,509	1,862,290	648%
2040	256,581	1,823,108	711%
2041	227,571	1,770,451	778%
2042	200,632	1,704,933	850%
2043	175,820	1,628,588	926%
2044	153,145	1,540,871	1006%
2045	132,576	1,448,376	1092%
2046	114,016	1,348,771	1183%
2047	97,414	1,242,032	1275%
2048	82,691	1,136,490	1374%
2049	69,743	1,036,625	1486%
2050	58,444	937,728	1604%
2051	48,632	833,985	1715%
2052	40,190	734,164	1827%
2053	32,978	643,450	1951%
2054	26,872	564,762	2102%
2055	21,749	502,513	2310%
2056	17,492	441,617	2525%
2057+	61,638	2,262,688	3671%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	485,939	299,195	62%
2019	1,011,469	631,683	62%
2020	1,226,423	663,660	54%
2021	1,341,263	706,596	53%
2022	1,297,591	778,930	60%
2023	1,248,333	857,417	69%
2024	1,197,637	938,649	78%
2025	1,145,781	1,021,846	89%
2026	1,093,083	1,107,091	101%
2027	1,039,401	1,193,263	115%
2028	984,826	1,279,433	130%
2029	929,503	1,364,532	147%
2030	873,731	1,445,740	165%
2031	817,729	1,518,674	186%
2032	761,824	1,581,830	208%
2033	706,340	1,631,941	231%
2034	651,540	1,669,189	256%
2035	597,888	1,696,600	284%
2036	546,033	1,709,742	313%
2037	496,386	1,709,935	344%
2038	449,185	1,697,443	378%
2039	404,429	1,670,324	413%
2040	362,048	1,633,049	451%
2041	322,192	1,583,862	492%
2042	285,071	1,523,311	534%
2043	250,773	1,453,297	580%
2044	219,318	1,373,272	626%
2045	190,674	1,289,188	676%
2046	164,727	1,198,954	728%
2047	141,418	1,102,557	780%
2048	120,652	1,007,454	835%
2049	102,296	917,594	897%
2050	86,188	828,868	962%
2051	72,120	736,161	1021%
2052	59,938	647,154	1080%
2053	49,461	566,414	1145%
2054	40,528	496,466	1225%
2055	32,975	441,146	1338%
2056	26,648	387,222	1453%
2057+	94,878	1,974,834	2081%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	19,695,298	3,937,174	20%	19,695,298	3,937,174	20%
Present Value of Future to 6/30/2018	10,906,390	23,644,790	217%	14,248,109	21,506,784	151%
Total Values (Discounted at 4.5%)	30,601,689	27,581,964	90%	33,943,407	25,443,958	75%

Appendix B  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Nationwide Experience - Policies with Auto Inflation and Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	4,058	0	0	0	0%
2003	586,251	4,394	0	4,394	1%
2004	4,717,643	1,228	0	1,228	0%
2005	9,584,682	339,518	0	339,518	4%
2006	12,716,239	2,276,369	1,258,951	3,535,320	28%
2007	15,336,164	3,696,955	1,682,592	5,379,547	35%
2008	15,133,401	2,108,001	0	2,108,001	14%
2009	14,541,190	2,317,217	528,159	2,845,376	20%
2010	14,150,561	3,886,322	1,031,569	4,917,890	35%
2011	13,877,903	4,985,870	1,842,151	6,828,022	49%
2012	14,011,806	3,128,568	1,607,445	4,736,013	34%
2013	14,962,312	3,206,116	3,862,081	7,068,197	47%
2014	16,625,747	2,760,242	4,160,398	6,920,641	42%
2015	15,694,227	1,919,629	2,814,078	4,733,707	30%
2016	17,009,595	2,036,072	9,037,322	11,073,394	65%
2017	17,046,378	952,564	8,687,401	9,639,965	57%
2018*	8,515,672	0	3,799,911	3,799,911	45%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	8,257,654	5,513,233	67%
2019	17,322,883	11,904,115	69%
2020	17,933,378	13,247,624	74%
2021	17,538,427	15,105,748	86%
2022	17,120,641	17,230,306	101%
2023	16,696,488	19,583,588	117%
2024	16,241,161	22,168,072	136%
2025	15,785,428	25,006,409	158%
2026	15,299,364	28,078,427	184%
2027	14,763,263	31,372,243	213%
2028	14,241,127	34,875,049	245%
2029	13,711,714	38,526,950	281%
2030	13,164,142	42,272,979	321%
2031	12,601,428	46,078,886	366%
2032	12,022,444	49,885,810	415%
2033	11,425,771	53,622,824	469%
2034	10,814,471	57,200,862	529%
2035	10,196,088	60,544,155	594%
2036	9,574,787	63,544,016	664%
2037	8,952,910	66,199,862	739%
2038	8,329,144	68,440,675	822%
2039	7,722,571	70,147,064	908%
2040	7,124,521	71,235,542	1000%
2041	6,538,672	71,639,009	1096%
2042	5,968,867	71,353,151	1195%
2043	5,418,817	70,376,801	1299%
2044	4,891,983	68,759,615	1406%
2045	4,391,310	66,480,563	1514%
2046	3,919,239	63,640,682	1624%
2047	3,477,697	60,317,707	1734%
2048	3,067,959	56,671,134	1847%
2049	2,690,852	52,842,190	1964%
2050	2,346,697	48,810,536	2080%
2051	2,035,167	44,709,157	2197%
2052	1,755,409	40,660,388	2316%
2053	1,506,081	36,809,691	2444%
2054	1,285,543	33,465,158	2603%
2055	1,091,951	30,501,918	2793%
2056	923,199	27,864,293	3018%
2057+	4,456,070	217,579,342	4883%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	8,257,654	5,513,233	67%
2019	17,322,883	11,904,115	69%
2020	24,974,314	12,764,272	51%
2021	29,982,218	13,902,597	46%
2022	29,413,261	15,791,253	54%
2023	28,684,567	17,900,220	62%
2024	27,902,314	20,208,484	72%
2025	27,119,365	22,736,128	84%
2026	26,284,308	25,463,494	97%
2027	25,363,285	28,379,668	112%
2028	24,466,257	31,474,121	129%
2029	23,556,725	34,690,560	147%
2030	22,615,997	37,979,542	168%
2031	21,649,253	41,310,891	191%
2032	20,654,559	44,633,425	216%
2033	19,629,474	47,885,262	244%
2034	18,579,261	50,986,496	274%
2035	17,516,878	53,871,133	308%
2036	16,449,484	56,442,615	343%
2037	15,381,099	58,703,948	382%
2038	14,309,470	60,595,281	423%
2039	13,267,376	62,012,274	467%
2040	12,239,926	62,884,362	514%
2041	11,233,438	63,153,770	562%
2042	10,254,514	62,820,149	613%
2043	9,309,528	61,884,753	665%
2044	8,404,427	60,392,035	719%
2045	7,544,270	58,325,529	773%
2046	6,733,252	55,774,959	828%
2047	5,974,684	52,810,103	884%
2048	5,270,754	49,571,745	941%
2049	4,622,884	46,182,536	999%
2050	4,031,625	42,624,958	1057%
2051	3,496,417	39,014,151	1116%
2052	3,015,793	35,456,089	1176%
2053	2,587,446	32,076,984	1240%
2054	2,208,562	29,143,364	1320%
2055	1,875,971	26,546,316	1415%
2056	1,586,056	24,236,500	1528%
2057+	7,655,529	188,690,963	2465%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	277,067,103	93,764,919	34%	277,067,103	93,764,919	34%
Present Value of Future to 6/30/2018	217,409,101	766,408,058	353%	350,268,610	683,993,906	195%
Total Values (Discounted at 4.5%)	494,476,204	860,172,977	174%	627,335,713	777,758,825	124%

Minimum Lifetime Loss Ratio 60%

Appendix F  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Pennsylvania Experience - Policies with Auto Inflation and Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	0	0	0	0	0%
2003	0	0	0	0	0%
2004	34,602	0	0	0	0%
2005	189,033	0	0	0	0%
2006	236,366	0	0	0	0%
2007	235,168	0	0	0	0%
2008	231,952	0	0	0	0%
2009	227,955	0	0	0	0%
2010	223,908	0	0	0	0%
2011	216,495	0	0	0	0%
2012	238,069	267,847	0	267,847	113%
2013	210,292	0	0	0	0%
2014	233,594	56,081	0	56,081	24%
2015	237,710	6,160	0	6,160	3%
2016	244,131	1,735	0	1,735	1%
2017	262,236	6,694	283,835	290,529	111%
2018*	115,716	0	0	0	0%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	118,306	83,408	71%
2019	248,159	177,619	72%
2020	254,739	196,159	77%
2021	248,576	220,074	89%
2022	241,760	246,122	102%
2023	234,636	274,055	117%
2024	227,199	303,624	134%
2025	219,484	333,677	152%
2026	211,536	364,678	172%
2027	203,311	395,847	195%
2028	194,803	427,119	219%
2029	186,039	459,570	247%
2030	177,056	491,441	278%
2031	167,888	522,220	311%
2032	158,571	548,543	346%
2033	149,158	570,632	383%
2034	139,700	592,224	424%
2035	130,274	613,611	471%
2036	121,017	632,177	522%
2037	112,002	645,630	576%
2038	103,272	654,061	633%
2039	94,834	659,272	695%
2040	86,688	660,760	762%
2041	78,886	659,902	837%
2042	71,460	656,306	918%
2043	64,437	647,768	1005%
2044	57,827	635,484	1099%
2045	51,632	618,900	1199%
2046	45,857	599,456	1307%
2047	40,509	576,742	1424%
2048	35,587	553,991	1557%
2049	31,080	532,978	1715%
2050	26,976	506,743	1878%
2051	23,257	471,592	2028%
2052	19,905	434,012	2180%
2053	16,902	397,780	2353%
2054	14,235	364,974	2564%
2055	11,879	338,727	2852%
2056	9,819	307,688	3133%
2057+	36,605	1,768,145	4830%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	118,306	83,408	71%
2019	248,159	177,619	72%
2020	354,754	188,781	53%
2021	424,945	202,447	48%
2022	415,343	225,776	54%
2023	403,104	251,023	62%
2024	390,328	277,643	71%
2025	377,074	304,549	81%
2026	363,419	332,230	91%
2027	349,289	359,873	103%
2028	334,671	387,449	116%
2029	319,615	415,958	130%
2030	304,182	443,811	146%
2031	288,432	470,580	163%
2032	272,426	493,222	181%
2033	256,253	512,017	200%
2034	240,004	530,344	221%
2035	223,811	548,464	245%
2036	207,908	564,029	271%
2037	192,419	574,998	299%
2038	177,421	581,521	328%
2039	162,924	585,211	359%
2040	148,930	585,638	393%
2041	135,526	584,045	431%
2042	122,768	580,055	472%
2043	110,703	571,742	516%
2044	99,347	560,166	564%
2045	88,705	544,851	614%
2046	78,783	527,079	669%
2047	69,595	506,480	728%
2048	61,138	485,922	795%
2049	53,396	466,960	875%
2050	46,345	443,491	957%
2051	39,955	412,304	1032%
2052	34,197	379,076	1109%
2053	29,038	347,109	1195%
2054	24,456	318,203	1301%
2055	20,408	295,061	1446%
2056	16,870	267,806	1588%
2057+	62,888	1,533,865	2439%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	4,273,148	728,211	17%	4,273,148	728,211	17%
Present Value of Future to 6/30/2018	2,951,439	8,296,944	281%	4,738,302	7,454,897	157%
Total Values (Discounted at 4.5%)	7,224,587	9,025,155	125%	9,011,449	8,183,108	91%

Appendix B  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Nationwide Experience - Policies with No Inflation and Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	427	0	0	0	0%
2003	159,697	0	0	0	0%
2004	969,671	0	0	0	0%
2005	1,877,781	382,470	0	382,470	20%
2006	2,509,250	1,658,530	441,457	2,099,987	84%
2007	2,727,863	923,124	191,260	1,114,384	41%
2008	2,660,448	530,775	0	530,775	20%
2009	2,783,204	2,897,595	1,036,553	3,934,148	141%
2010	2,576,301	1,537,068	574,338	2,111,406	82%
2011	2,393,617	13,752	0	13,752	1%
2012	2,709,414	1,686,309	1,182,221	2,868,529	106%
2013	2,743,122	577,386	312,517	889,903	32%
2014	3,224,373	1,246,172	1,554,402	2,800,575	87%
2015	3,102,040	631,811	930,531	1,562,341	50%
2016	3,376,134	766,469	1,534,812	2,301,281	68%
2017	3,356,200	459,589	2,612,684	3,072,273	92%
2018*	1,653,623	7,203	1,310,753	1,317,956	80%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	1,565,233	1,487,547	95%
2019	3,247,921	3,059,221	94%
2020	3,308,567	3,194,334	97%
2021	3,179,271	3,399,608	107%
2022	3,045,198	3,603,075	118%
2023	2,910,332	3,802,987	131%
2024	2,775,025	3,999,636	144%
2025	2,639,837	4,192,759	159%
2026	2,505,266	4,373,167	175%
2027	2,371,406	4,538,133	191%
2028	2,236,878	4,693,460	210%
2029	2,102,416	4,826,025	230%
2030	1,971,731	4,934,312	250%
2031	1,842,643	5,010,246	272%
2032	1,714,782	5,048,535	294%
2033	1,589,660	5,061,237	318%
2034	1,468,096	5,040,169	343%
2035	1,350,392	4,987,266	369%
2036	1,237,322	4,899,185	396%
2037	1,129,430	4,780,426	423%
2038	1,027,043	4,641,905	452%
2039	930,027	4,474,452	481%
2040	838,243	4,278,405	510%
2041	751,969	4,062,421	540%
2042	671,391	3,834,677	571%
2043	596,589	3,593,945	602%
2044	527,532	3,334,553	632%
2045	464,181	3,063,696	660%
2046	406,479	2,789,566	686%
2047	354,241	2,522,735	712%
2048	307,230	2,265,567	737%
2049	265,170	2,016,449	760%
2050	227,751	1,779,443	781%
2051	194,658	1,557,031	800%
2052	165,536	1,354,191	818%
2053	140,042	1,176,797	840%
2054	117,863	1,026,045	871%
2055	98,719	899,604	911%
2056	82,318	790,282	960%
2057+	357,865	4,609,553	1288%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	1,565,233	1,487,547	95%
2019	3,247,921	3,059,221	94%
2020	3,815,800	3,076,282	81%
2021	4,064,459	3,139,813	77%
2022	3,903,334	3,320,191	85%
2023	3,730,463	3,501,146	94%
2024	3,557,027	3,678,826	103%
2025	3,383,743	3,852,895	114%
2026	3,211,250	4,015,147	125%
2027	3,039,668	4,163,008	137%
2028	2,867,231	4,301,892	150%
2029	2,694,877	4,419,642	164%
2030	2,527,365	4,514,976	179%
2031	2,361,900	4,580,642	194%
2032	2,198,007	4,611,703	210%
2033	2,037,626	4,619,326	227%
2034	1,881,805	4,596,175	244%
2035	1,730,932	4,544,184	263%
2036	1,585,999	4,460,394	281%
2037	1,447,704	4,348,908	300%
2038	1,316,464	4,219,843	321%
2039	1,192,109	4,064,842	341%
2040	1,074,459	3,884,213	362%
2041	963,874	3,685,925	382%
2042	860,589	3,477,320	404%
2043	764,708	3,257,240	426%
2044	676,190	3,020,588	447%
2045	594,987	2,773,895	466%
2046	521,025	2,524,582	485%
2047	454,067	2,282,124	503%
2048	393,807	2,048,660	520%
2049	339,895	1,822,709	536%
2050	291,932	1,607,955	551%
2051	249,513	1,406,569	564%
2052	212,184	1,222,995	576%
2053	179,506	1,062,521	592%
2054	151,077	926,164	613%
2055	126,538	811,863	642%
2056	105,515	713,099	676%
2057+	458,712	4,156,685	906%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	52,502,478	32,763,066	62%	52,502,478	32,763,066	62%
Present Value of Future to 6/30/2018	34,666,504	71,412,366	206%	42,724,718	65,774,625	154%
Total Values (Discounted at 4.5%)	87,168,981	104,175,433	120%	95,227,196	98,537,691	103%

Minimum Lifetime Loss Ratio 60%

Appendix F  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Pennsylvania Experience - Policies with No Inflation and Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	0	0	0	0	0%
2003	0	0	0	0	0%
2004	10,331	0	0	0	0%
2005	42,163	0	0	0	0%
2006	47,296	0	0	0	0%
2007	46,710	0	0	0	0%
2008	46,565	0	0	0	0%
2009	45,990	0	0	0	0%
2010	71,783	303,308	111,431	414,739	578%
2011	40,933	0	0	0	0%
2012	38,843	0	0	0	0%
2013	41,008	0	0	0	0%
2014	47,407	0	0	0	0%
2015	49,935	0	0	0	0%
2016	48,726	0	0	0	0%
2017	42,510	0	0	0	0%
2018*	21,519	0	0	0	0%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	22,769	23,118	102%
2019	46,607	45,955	99%
2020	46,601	45,895	98%
2021	44,127	45,818	104%
2022	41,618	45,798	110%
2023	39,164	45,786	117%
2024	36,783	45,779	124%
2025	34,489	45,859	133%
2026	32,304	46,018	142%
2027	30,231	47,024	156%
2028	28,260	48,786	173%
2029	26,395	50,765	192%
2030	24,638	52,574	213%
2031	22,987	54,579	237%
2032	21,433	56,793	265%
2033	19,968	58,563	293%
2034	18,582	59,600	321%
2035	17,273	59,734	346%
2036	16,040	59,470	371%
2037	14,873	59,076	397%
2038	13,769	58,107	422%
2039	12,722	56,429	444%
2040	11,726	54,357	464%
2041	10,775	52,042	483%
2042	9,870	49,836	505%
2043	9,012	47,496	527%
2044	8,204	44,878	547%
2045	7,447	42,462	570%
2046	6,737	39,784	590%
2047	6,076	36,753	605%
2048	5,462	33,870	620%
2049	4,894	31,245	638%
2050	4,372	28,767	658%
2051	3,891	25,903	666%
2052	3,449	22,819	662%
2053	3,043	20,161	663%
2054	2,670	17,998	674%
2055	2,328	16,567	712%
2056	2,018	15,003	743%
2057+	10,123	91,824	907%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	22,769	23,118	102%
2019	46,607	45,955	99%
2020	53,746	44,738	83%
2021	56,413	43,237	77%
2022	53,346	43,041	81%
2023	50,200	42,886	85%
2024	47,149	42,724	91%
2025	44,208	42,641	96%
2026	41,407	42,627	103%
2027	38,750	43,411	112%
2028	36,224	44,909	124%
2029	33,833	46,621	138%
2030	31,582	48,180	153%
2031	29,464	49,926	169%
2032	27,473	51,870	189%
2033	25,595	53,421	209%
2034	23,818	54,311	228%
2035	22,141	54,383	246%
2036	20,560	54,103	263%
2037	19,065	53,713	282%
2038	17,649	52,813	299%
2039	16,307	51,281	314%
2040	15,030	49,396	329%
2041	13,811	47,298	342%
2042	12,651	45,298	358%
2043	11,552	43,180	374%
2044	10,516	40,812	388%
2045	9,545	38,626	405%
2046	8,636	36,201	419%
2047	7,788	33,441	429%
2048	7,001	30,816	440%
2049	6,273	28,422	453%
2050	5,603	26,163	467%
2051	4,988	23,555	472%
2052	4,422	20,739	469%
2053	3,901	18,313	469%
2054	3,422	16,336	477%
2055	2,984	15,030	504%
2056	2,587	13,607	526%
2057+	12,976	83,234	641%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	882,905	589,801	67%	882,905	589,801	67%
Present Value of Future to 6/30/2018	469,489	883,987	188%	577,263	819,954	142%
Total Values (Discounted at 4.5%)	1,352,394	1,473,788	109%	1,460,168	1,409,755	97%

Appendix B  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Nationwide Experience - Policies with Auto Inflation and Non-Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	626	0	0	0	0%
2003	673,202	0	0	0	0%
2004	4,888,320	6,181	0	6,181	0%
2005	10,741,411	228,548	0	228,548	2%
2006	14,557,601	768,625	7,881	776,506	5%
2007	17,788,621	1,773,617	122,920	1,896,538	11%
2008	18,250,120	2,152,466	28,141	2,180,607	12%
2009	17,922,100	3,914,205	448,781	4,362,986	24%
2010	17,205,891	1,412,438	246,622	1,659,060	10%
2011	16,953,950	3,328,763	357,047	3,685,810	22%
2012	17,423,643	4,370,462	155,125	4,525,588	26%
2013	17,983,982	2,677,033	512,713	3,189,746	18%
2014	20,359,371	4,170,455	1,858,278	6,028,734	30%
2015	20,101,493	3,978,896	2,932,599	6,911,495	34%
2016	19,855,326	2,543,900	5,236,841	7,780,742	39%
2017	19,956,892	1,014,384	5,029,457	6,043,840	30%
2018*	9,657,520	56,174	4,427,063	4,483,237	46%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	9,324,850	4,821,877	52%
2019	19,470,883	10,422,030	54%
2020	19,990,443	11,613,173	58%
2021	19,418,390	13,241,869	68%
2022	18,803,989	15,075,940	80%
2023	18,179,914	17,081,422	94%
2024	17,534,159	19,245,452	110%
2025	16,862,465	21,572,005	128%
2026	16,163,327	24,026,548	149%
2027	15,433,228	26,575,275	172%
2028	14,679,428	29,194,439	199%
2029	13,916,302	31,842,875	229%
2030	13,131,827	34,456,141	262%
2031	12,335,212	36,944,506	300%
2032	11,527,893	39,258,593	341%
2033	10,717,309	41,344,175	386%
2034	9,907,287	43,140,100	435%
2035	9,102,819	44,571,285	490%
2036	8,319,592	45,567,629	548%
2037	7,560,049	46,169,331	611%
2038	6,823,413	46,384,100	680%
2039	6,129,245	46,167,358	753%
2040	5,469,325	45,482,133	832%
2041	4,847,074	44,303,816	914%
2042	4,265,624	42,706,229	1001%
2043	3,727,457	40,782,264	1094%
2044	3,234,569	38,573,914	1193%
2045	2,787,198	36,164,161	1298%
2046	2,384,608	33,579,689	1408%
2047	2,025,642	30,850,217	1523%
2048	1,708,519	28,060,955	1642%
2049	1,431,343	25,255,138	1764%
2050	1,191,246	22,515,274	1890%
2051	984,920	19,885,956	2019%
2052	809,149	17,416,507	2152%
2053	660,660	15,138,207	2291%
2054	536,621	13,127,670	2446%
2055	434,099	11,400,113	2626%
2056	350,082	9,912,735	2832%
2057+	1,431,586	65,570,799	4580%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	9,324,850	4,821,877	52%
2019	19,470,883	10,422,030	54%
2020	23,055,154	11,089,974	48%
2021	24,824,952	12,027,984	48%
2022	24,102,953	13,657,413	57%
2023	23,303,014	15,457,573	66%
2024	22,475,286	17,397,473	77%
2025	21,614,308	19,480,553	90%
2026	20,718,153	21,675,283	105%
2027	19,782,311	23,951,144	121%
2028	18,816,090	26,286,931	140%
2029	17,837,916	28,645,609	161%
2030	16,832,376	30,969,404	184%
2031	15,811,275	33,177,936	210%
2032	14,776,453	35,227,622	238%
2033	13,737,446	37,070,629	270%
2034	12,699,161	38,652,452	304%
2035	11,667,994	39,906,444	342%
2036	10,664,053	40,770,447	382%
2037	9,690,470	41,281,732	426%
2038	8,746,251	41,448,211	474%
2039	7,856,467	41,230,446	525%
2040	7,010,581	40,596,006	579%
2041	6,212,980	39,523,345	636%
2042	5,467,677	38,079,100	696%
2043	4,777,854	36,346,538	761%
2044	4,146,071	34,363,111	829%
2045	3,572,630	32,202,803	901%
2046	3,056,590	29,889,289	978%
2047	2,596,467	27,449,175	1057%
2048	2,189,979	24,958,315	1140%
2049	1,834,695	22,455,073	1224%
2050	1,526,939	20,012,559	1311%
2051	1,262,471	17,670,105	1400%
2052	1,037,167	15,471,332	1492%
2053	846,834	13,443,804	1588%
2054	687,841	11,655,270	1694%
2055	556,429	10,118,931	1819%
2056	448,735	8,796,557	1960%
2057+	1,835,006	58,118,378	3167%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	330,086,833	66,347,059	20%	330,086,833	66,347,059	20%
Present Value of Future to 6/30/2018	218,991,863	522,357,756	239%	270,444,595	470,271,161	174%
Total Values (Discounted at 4.5%)	549,078,696	588,704,815	107%	600,531,428	536,618,219	89%

Minimum Lifetime Loss Ratio 60%

Appendix F  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Pennsylvania Experience - Policies with Auto Inflation and Non-Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	0	0	0	0	0%
2003	0	0	0	0	0%
2004	61,539	0	0	0	0%
2005	443,919	0	0	0	0%
2006	591,943	0	0	0	0%
2007	578,589	0	0	0	0%
2008	566,723	0	0	0	0%
2009	559,824	228,706	0	228,706	41%
2010	529,054	0	0	0	0%
2011	518,641	0	0	0	0%
2012	524,000	0	0	0	0%
2013	526,606	10,827	0	10,827	2%
2014	582,403	263,665	0	263,665	45%
2015	580,245	167,557	57,451	225,008	39%
2016	601,647	115,316	380,825	496,140	82%
2017	560,794	33,278	75,073	108,351	19%
2018*	281,336	0	196,331	196,331	70%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	270,838	137,858	51%
2019	565,511	296,243	52%
2020	579,247	328,925	57%
2021	562,657	372,948	66%
2022	544,384	422,211	78%
2023	525,254	477,036	91%
2024	505,261	534,773	106%
2025	484,510	595,816	123%
2026	463,078	659,573	142%
2027	440,853	724,777	164%
2028	417,876	790,332	189%
2029	394,233	854,030	217%
2030	370,089	915,092	247%
2031	345,563	969,293	280%
2032	320,859	1,017,610	317%
2033	296,165	1,056,816	357%
2034	271,630	1,082,936	399%
2035	247,525	1,099,601	444%
2036	224,175	1,103,764	492%
2037	201,815	1,099,193	545%
2038	180,602	1,086,780	602%
2039	160,553	1,062,515	662%
2040	141,663	1,031,575	728%
2041	124,005	989,787	798%
2042	107,698	937,804	871%
2043	92,788	879,810	948%
2044	79,280	814,510	1027%
2045	67,166	748,098	1114%
2046	56,375	677,299	1201%
2047	46,862	602,437	1286%
2048	38,575	527,911	1369%
2049	31,435	456,305	1452%
2050	25,350	389,971	1538%
2051	20,202	327,384	1621%
2052	15,912	270,722	1701%
2053	12,382	220,839	1784%
2054	9,520	178,569	1876%
2055	7,241	145,008	2003%
2056	5,455	117,436	2153%
2057+	14,563	400,037	2747%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	270,838	137,858	51%
2019	565,511	296,243	52%
2020	668,051	314,209	47%
2021	719,315	338,934	47%
2022	697,792	382,654	55%
2023	673,271	431,871	64%
2024	647,643	483,628	75%
2025	621,044	538,276	87%
2026	593,573	595,282	100%
2027	565,085	653,520	116%
2028	535,634	712,013	133%
2029	505,328	768,757	152%
2030	474,380	823,048	173%
2031	442,943	871,101	197%
2032	411,277	913,825	222%
2033	379,624	948,356	250%
2034	348,175	971,118	279%
2035	317,278	985,370	311%
2036	287,347	988,416	344%
2037	258,686	983,679	380%
2038	231,496	971,991	420%
2039	205,796	949,758	462%
2040	181,583	921,599	508%
2041	158,950	883,800	556%
2042	138,048	836,971	606%
2043	118,936	784,861	660%
2044	101,621	726,296	715%
2045	86,094	666,795	774%
2046	72,262	603,442	835%
2047	60,068	536,535	893%
2048	49,445	469,998	951%
2049	40,293	406,115	1008%
2050	32,493	346,967	1068%
2051	25,894	291,194	1125%
2052	20,396	240,728	1180%
2053	15,871	196,323	1237%
2054	12,203	158,706	1301%
2055	9,281	128,844	1388%
2056	6,992	104,320	1492%
2057+	18,667	355,053	1902%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	10,236,535	1,778,096	17%	10,236,535	1,778,096	17%
Present Value of Future to 6/30/2018	6,191,937	12,617,306	204%	7,639,019	11,385,380	149%
Total Values (Discounted at 4.5%)	16,428,472	14,395,401	88%	17,875,554	13,163,475	74%

Appendix B  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Nationwide Experience - Policies with No Inflation and Non-Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	81	0	0	0	0%
2003	405,576	0	0	0	0%
2004	2,809,475	2,601	0	2,601	0%
2005	5,663,506	847,459	0	847,459	15%
2006	6,861,525	724,597	0	724,597	11%
2007	7,371,626	1,560,086	0	1,560,086	21%
2008	7,215,654	1,250,828	0	1,250,828	17%
2009	6,911,259	1,179,066	0	1,179,066	17%
2010	6,754,457	2,633,675	170,792	2,804,466	42%
2011	6,515,793	3,310,507	0	3,310,507	51%
2012	6,489,826	2,646,751	70,797	2,717,548	42%
2013	6,674,398	2,376,608	234,282	2,610,890	39%
2014	7,400,390	3,292,739	601,980	3,894,719	53%
2015	6,980,204	2,801,896	1,068,560	3,870,457	55%
2016	6,831,250	1,374,279	1,613,724	2,988,003	44%
2017	6,228,601	1,064,299	3,728,107	4,792,407	77%
2018*	2,701,584	22,708	2,214,335	2,237,043	83%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	2,481,199	2,060,132	83%
2019	5,033,169	4,142,205	82%
2020	4,968,734	4,183,435	84%
2021	4,618,675	4,292,725	93%
2022	4,272,592	4,382,529	103%
2023	3,936,391	4,442,563	113%
2024	3,611,283	4,471,943	124%
2025	3,297,099	4,477,219	136%
2026	3,000,224	4,454,983	148%
2027	2,719,074	4,407,434	162%
2028	2,454,319	4,335,627	177%
2029	2,206,154	4,241,788	192%
2030	1,974,683	4,127,830	209%
2031	1,759,778	3,992,887	227%
2032	1,561,525	3,840,381	246%
2033	1,379,580	3,672,170	266%
2034	1,213,604	3,490,082	288%
2035	1,063,208	3,295,653	310%
2036	927,894	3,091,210	333%
2037	806,930	2,879,661	357%
2038	699,425	2,670,908	382%
2039	604,226	2,463,162	408%
2040	519,893	2,254,929	434%
2041	445,521	2,046,568	459%
2042	380,297	1,843,271	485%
2043	323,418	1,651,445	511%
2044	274,159	1,467,006	535%
2045	231,659	1,292,609	558%
2046	195,120	1,128,421	578%
2047	163,860	979,139	598%
2048	137,230	843,286	615%
2049	114,681	718,413	626%
2050	95,650	607,672	635%
2051	79,627	510,328	641%
2052	66,192	427,736	646%
2053	54,985	357,941	651%
2054	45,697	301,414	660%
2055	38,046	257,053	676%
2056	31,769	221,666	698%
2057+	162,692	1,511,755	929%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	2,481,199	2,060,132	83%
2019	5,033,169	4,142,205	82%
2020	4,968,734	4,183,435	84%
2021	4,618,675	4,292,725	93%
2022	4,272,592	4,382,529	103%
2023	3,936,391	4,442,563	113%
2024	3,611,283	4,471,943	124%
2025	3,297,099	4,477,219	136%
2026	3,000,224	4,454,983	148%
2027	2,719,074	4,407,434	162%
2028	2,454,319	4,335,627	177%
2029	2,206,154	4,241,788	192%
2030	1,974,683	4,127,830	209%
2031	1,759,778	3,992,887	227%
2032	1,561,525	3,840,381	246%
2033	1,379,580	3,672,170	266%
2034	1,213,604	3,490,082	288%
2035	1,063,208	3,295,653	310%
2036	927,894	3,091,210	333%
2037	806,930	2,879,661	357%
2038	699,425	2,670,908	382%
2039	604,226	2,463,162	408%
2040	519,893	2,254,929	434%
2041	445,521	2,046,568	459%
2042	380,297	1,843,271	485%
2043	323,418	1,651,445	511%
2044	274,159	1,467,006	535%
2045	231,659	1,292,609	558%
2046	195,120	1,128,421	578%
2047	163,860	979,139	598%
2048	137,230	843,286	615%
2049	114,681	718,413	626%
2050	95,650	607,672	635%
2051	79,627	510,328	641%
2052	66,192	427,736	646%
2053	54,985	357,941	651%
2054	45,697	301,414	660%
2055	38,046	257,053	676%
2056	31,769	221,666	698%
2057+	162,692	1,511,755	929%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	129,833,287	43,842,172	34%	129,833,287	43,842,172	34%
Present Value of Future to 6/30/2018	41,841,899	61,210,757	146%	41,841,899	61,210,757	146%
Total Values (Discounted at 4.5%)	171,675,186	105,052,929	61%	171,675,186	105,052,929	61%

Minimum Lifetime Loss Ratio 60%



Appendix F  
The Prudential Insurance Company of America  
Historical and Projected Experience  
Pennsylvania Experience - Policies with No Inflation and Non-Lifetime Benefits  
Pennsylvania Premium Rate Basis  
ILTC2

**Historical**

Calendar Year	Earned Premium	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	0	0	0	0	0%
2003	0	0	0	0	0%
2004	44,747	0	0	0	0%
2005	228,510	19,495	0	19,495	9%
2006	279,551	16,037	0	16,037	6%
2007	276,487	86,027	0	86,027	31%
2008	253,455	0	0	0	0%
2009	247,034	0	0	0	0%
2010	236,195	39,623	0	39,623	17%
2011	223,540	0	0	0	0%
2012	222,603	124,742	0	124,742	56%
2013	205,511	13,031	0	13,031	6%
2014	214,218	59,300	0	59,300	28%
2015	197,245	119,370	0	119,370	61%
2016	183,641	0	0	0	0%
2017	168,211	0	0	0	0%
2018*	87,442	16,433	179,145	195,578	224%

**Projection without Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	74,026	54,810	74%
2019	151,193	111,867	74%
2020	149,872	115,931	77%
2021	140,591	121,978	87%
2022	131,111	127,458	97%
2023	121,757	131,637	108%
2024	112,518	134,654	120%
2025	103,455	136,380	132%
2026	94,683	136,952	145%
2027	86,277	136,459	158%
2028	78,297	135,061	172%
2029	70,728	133,197	188%
2030	63,587	130,701	206%
2031	56,890	127,067	223%
2032	50,649	122,913	243%
2033	44,868	118,147	263%
2034	39,543	113,416	287%
2035	34,659	108,383	313%
2036	30,218	103,193	342%
2037	26,216	97,545	372%
2038	22,619	91,119	403%
2039	19,401	84,074	433%
2040	16,504	76,417	463%
2041	13,905	68,720	494%
2042	11,604	60,988	526%
2043	9,583	53,514	558%
2044	7,833	45,998	587%
2045	6,330	38,916	615%
2046	5,047	32,232	639%
2047	3,967	26,100	658%
2048	3,068	20,718	675%
2049	2,333	16,097	690%
2050	1,747	12,246	701%
2051	1,283	9,107	710%
2052	924	6,611	716%
2053	650	4,670	718%
2054	447	3,222	720%
2055	302	2,210	733%
2056	200	1,490	746%
2057+	347	2,682	774%

**Projection with Rate Increase**

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	74,026	54,810	74%
2019	151,193	111,867	74%
2020	149,872	115,931	77%
2021	140,591	121,978	87%
2022	131,111	127,458	97%
2023	121,757	131,637	108%
2024	112,518	134,654	120%
2025	103,455	136,380	132%
2026	94,683	136,952	145%
2027	86,277	136,459	158%
2028	78,297	135,061	172%
2029	70,728	133,197	188%
2030	63,587	130,701	206%
2031	56,890	127,067	223%
2032	50,649	122,913	243%
2033	44,868	118,147	263%
2034	39,543	113,416	287%
2035	34,659	108,383	313%
2036	30,218	103,193	342%
2037	26,216	97,545	372%
2038	22,619	91,119	403%
2039	19,401	84,074	433%
2040	16,504	76,417	463%
2041	13,905	68,720	494%
2042	11,604	60,988	526%
2043	9,583	53,514	558%
2044	7,833	45,998	587%
2045	6,330	38,916	615%
2046	5,047	32,232	639%
2047	3,967	26,100	658%
2048	3,068	20,718	675%
2049	2,333	16,097	690%
2050	1,747	12,246	701%
2051	1,283	9,107	710%
2052	924	6,611	716%
2053	650	4,670	718%
2054	447	3,222	720%
2055	302	2,210	733%
2056	200	1,490	746%
2057+	347	2,682	774%

\* Historical 2018 Experience - 1/1/2018 through 6/30/2018  
\*\* Projected 2018 Experience - 7/1/2018 through 12/31/2018

**Loss Ratio Summaries**

Accumulated Value of Historical to 6/30/2018	4,302,709	841,066	20%	4,302,709	841,066	20%
Present Value of Future to 6/30/2018	1,293,526	1,846,554	143%	1,293,526	1,846,554	143%
Total Values (Discounted at 4.5%)	5,596,236	2,687,620	48%	5,596,236	2,687,620	48%

**Appendix E**  
**The Prudential Insurance Company of America**  
**Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

	Count	% of Count	Premium	% of Premium
<b>Issue Year</b>				
2002	11	0.1%	13,991	0.0%
2003	1,646	13.2%	4,423,965	12.8%
2004	3,876	31.1%	10,464,838	30.2%
2005	3,358	26.9%	9,685,730	27.9%
2006	1,816	14.6%	5,098,289	14.7%
2007	1,326	10.6%	3,703,773	10.7%
2008	210	1.7%	596,722	1.7%
2009	137	1.1%	394,552	1.1%
2010	58	0.5%	179,628	0.5%
2011	41	0.3%	116,715	0.3%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

	Count	% of Count	Premium	% of Premium
<b>Issue Age</b>				
Under 30	34	0.3%	57,525	0.2%
30-34	89	0.7%	157,764	0.5%
35-39	192	1.5%	395,549	1.1%
40-44	491	3.9%	1,139,514	3.3%
45-49	1,139	9.1%	2,648,650	7.6%
50-54	2,329	18.7%	5,495,617	15.8%
55-59	3,183	25.5%	8,325,370	24.0%
60-64	2,893	23.2%	8,530,861	24.6%
65-69	1,422	11.4%	5,006,813	14.4%
70-74	542	4.3%	2,191,500	6.3%
75-79	149	1.2%	669,332	1.9%
80+	16	0.1%	59,707	0.2%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

Average Issue Age 57.2

**Appendix E**  
**The Prudential Insurance Company of America**  
**Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

	Count	% of Count	Premium	% of Premium
<b>Attained Age</b>				
30-34	8	0.1%	15,066	0.0%
35-39	18	0.1%	23,179	0.1%
40-44	43	0.3%	69,367	0.2%
45-49	142	1.1%	266,934	0.8%
50-54	269	2.2%	568,047	1.6%
55-59	698	5.6%	1,603,043	4.6%
60-64	1,614	12.9%	3,939,926	11.4%
65-69	2,590	20.8%	6,417,030	18.5%
70-74	3,148	25.2%	8,456,958	24.4%
75-79	2,479	19.9%	7,688,975	22.2%
80+	1,470	11.8%	5,629,677	16.2%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

Average Attained Age 70.1

<b>Gender</b>				
Male	4,995	40.0%	14,236,740	41.1%
Female	7,484	60.0%	20,441,462	58.9%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

<b>Inflation Option</b>				
No Inflation	1,185	9.5%	2,582,402	7.4%
GPO	1,215	9.7%	4,113,436	11.9%
5% Simple Lifetime	3,605	28.9%	9,551,592	27.5%
5% Compound up to Double	1,139	9.1%	2,839,548	8.2%
5% Compound Lifetime	5,335	42.8%	15,591,225	45.0%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

<b>Elimination Period</b>				
0 Day	31	0.2%	79,330	0.2%
30 Day	3,104	24.9%	9,120,642	26.3%
60 Day	1,448	11.6%	3,931,326	11.3%
90 Day	6,953	55.7%	19,225,010	55.4%
180 Day	943	7.6%	2,321,894	6.7%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

<b>Benefit Period</b>				
2 Years	417	3.3%	807,379	2.3%
3 Years	2,413	19.3%	5,374,299	15.5%
5 Years	5,195	41.6%	13,671,946	39.4%
Lifetime	4,454	35.7%	14,824,578	42.7%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

**Appendix E**  
**The Prudential Insurance Company of America**  
**Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

	Count	% of Count	Premium	% of Premium
<b>Premium Period</b>				
Lifetime	12,051	96.6%	34,259,305	98.8%
10 Pay	344	2.8%	58,501	0.2%
Paid Up at 65	84	0.7%	360,396	1.0%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>
<b>Marital Status</b>				
Married, both lives insured	7,171	57.5%	18,339,259	52.9%
Married, one life insured	2,650	21.2%	7,886,022	22.7%
Single	2,658	21.3%	8,452,921	24.4%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>
<b>Benefit Measure</b>				
Daily	2,951	23.6%	7,662,148	22.1%
Monthly	9,528	76.4%	27,016,055	77.9%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>
<b>Reimbursement Option</b>				
Cash	1,484	11.9%	5,365,884	15.5%
Reimbursement	10,995	88.1%	29,312,318	84.5%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

**Appendix E**  
**The Prudential Insurance Company of America**  
**Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

<b>Issue State</b>	<b>Count</b>	<b>% of Count</b>	<b>Premium</b>	<b>% of Premium</b>
AK	2	0.0%	0	0.0%
AL	34	0.3%	105,973	0.3%
AR	35	0.3%	61,762	0.2%
AZ	81	0.6%	199,176	0.6%
CA	3,098	24.8%	6,862,814	19.8%
CO	120	1.0%	306,712	0.9%
CT	98	0.8%	315,127	0.9%
DC	19	0.2%	65,030	0.2%
DE	28	0.2%	102,066	0.3%
FL	622	5.0%	1,571,909	4.5%
GA	191	1.5%	509,706	1.5%
HI	420	3.4%	1,150,276	3.3%
IA	242	1.9%	593,666	1.7%
ID	24	0.2%	56,219	0.2%
IL	734	5.9%	2,253,078	6.5%
IN	92	0.7%	242,378	0.7%
KS	82	0.7%	227,205	0.7%
KY	71	0.6%	205,266	0.6%
LA	107	0.9%	261,402	0.8%
MA	251	2.0%	770,058	2.2%
MD	215	1.7%	690,856	2.0%
ME	38	0.3%	133,981	0.4%
MI	125	1.0%	369,754	1.1%
MN	270	2.2%	670,543	1.9%
MO	200	1.6%	429,040	1.2%
MS	32	0.3%	79,640	0.2%
MT	68	0.5%	200,969	0.6%
NC	418	3.3%	1,308,865	3.8%
ND	49	0.4%	94,404	0.3%
NE	77	0.6%	211,358	0.6%
NH	31	0.2%	93,471	0.3%
NJ	963	7.7%	3,045,905	8.8%
NM	69	0.6%	175,200	0.5%
NV	19	0.2%	47,701	0.1%
NY	1,639	13.1%	6,156,603	17.8%
OH	377	3.0%	918,306	2.6%
OK	104	0.8%	241,765	0.7%
OR	53	0.4%	146,185	0.4%
PA	333	2.7%	972,050	2.8%
RI	38	0.3%	81,485	0.2%
SC	124	1.0%	333,873	1.0%
SD	40	0.3%	83,749	0.2%
TN	91	0.7%	254,759	0.7%
TX	201	1.6%	544,980	1.6%
UT	43	0.3%	102,987	0.3%
VA	114	0.9%	331,408	1.0%
VT	11	0.1%	28,467	0.1%
WA	189	1.5%	512,287	1.5%
WI	123	1.0%	351,346	1.0%
WV	44	0.4%	104,608	0.3%
WY	30	0.2%	101,837	0.3%
<b>Total</b>	<b>12,479</b>	<b>100.0%</b>	<b>34,678,202</b>	<b>100.0%</b>

**Appendix E**  
**The Prudential Insurance Company of America**  
**Pennsylvania Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

	Count	% of Count	Premium	% of Premium
<b>Issue Year</b>				
2002	0	0.0%	0	0.0%
2003	0	0.0%	0	0.0%
2004	135	40.5%	351,896	36.2%
2005	191	57.4%	594,290	61.1%
2006	7	2.1%	25,864	2.7%
2007	0	0.0%	0	0.0%
2008	0	0.0%	0	0.0%
2009	0	0.0%	0	0.0%
2010	0	0.0%	0	0.0%
2011	0	0.0%	0	0.0%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

	Count	% of Count	Premium	% of Premium
<b>Issue Age</b>				
Under 30	0	0.0%	0	0.0%
30-34	1	0.3%	2,111	0.2%
35-39	1	0.3%	1,991	0.2%
40-44	10	3.0%	33,496	3.4%
45-49	22	6.6%	50,180	5.2%
50-54	67	20.1%	149,217	15.4%
55-59	74	22.2%	184,166	18.9%
60-64	90	27.0%	281,715	29.0%
65-69	49	14.7%	176,181	18.1%
70-74	16	4.8%	69,593	7.2%
75-79	3	0.9%	23,399	2.4%
80+	0	0.0%	0	0.0%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

Average Issue Age 58.5

**Appendix E**  
**The Prudential Insurance Company of America**  
**Pennsylvania Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

	Count	% of Count	Premium	% of Premium
<b>Attained Age</b>				
30-34	0	0.0%	0	0.0%
35-39	0	0.0%	0	0.0%
40-44	0	0.0%	0	0.0%
45-49	1	0.3%	2,111	0.2%
50-54	3	0.9%	4,615	0.5%
55-59	12	3.6%	38,710	4.0%
60-64	39	11.7%	88,819	9.1%
65-69	67	20.1%	164,913	17.0%
70-74	85	25.5%	220,075	22.6%
75-79	79	23.7%	269,178	27.7%
80+	47	14.1%	183,627	18.9%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

Average Attained Age 71.6

<b>Gender</b>				
Male	140	42.0%	418,313	43.0%
Female	193	58.0%	553,736	57.0%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

<b>Inflation Option</b>				
No Inflation	28	8.4%	82,596	8.5%
GPO	38	11.4%	109,532	11.3%
5% Simple Lifetime	143	42.9%	365,551	37.6%
5% Compound up to Double	34	10.2%	84,511	8.7%
5% Compound Lifetime	90	27.0%	329,861	33.9%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

<b>Elimination Period</b>				
0 Day	0	0.0%	0	0.0%
30 Day	117	35.1%	346,709	35.7%
60 Day	36	10.8%	121,168	12.5%
90 Day	149	44.7%	427,668	44.0%
180 Day	31	9.3%	76,505	7.9%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

<b>Benefit Period</b>				
2 Years	29	8.7%	53,070	5.5%
3 Years	102	30.6%	270,358	27.8%
5 Years	136	40.8%	367,318	37.8%
Lifetime	66	19.8%	281,304	28.9%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>

**Appendix E**  
**The Prudential Insurance Company of America**  
**Pennsylvania Distribution of Inforce Business as of June 30, 2018**  
**ILTC2**

	Count	% of Count	Premium	% of Premium
<b>Premium Period</b>				
Lifetime	333	100.0%	972,050	100.0%
10 Pay	0	0.0%	0	0.0%
Paid Up at 65	0	0.0%	0	0.0%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>
<b>Marital Status</b>				
Married, both lives insured	207	62.2%	516,956	53.2%
Married, one life insured	56	16.8%	205,071	21.1%
Single	70	21.0%	250,022	25.7%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>
<b>Benefit Measure</b>				
Daily	61	18.3%	178,566	18.4%
Monthly	272	81.7%	793,483	81.6%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>
<b>Reimbursement Option</b>				
Cash	12	3.6%	60,636	6.2%
Reimbursement	321	96.4%	911,413	93.8%
<b>Total</b>	<b>333</b>	<b>100.0%</b>	<b>972,050</b>	<b>100.0%</b>



Appendix C  
The Prudential Insurance Company of America  
Description of Experience Analysis and Assumption Setting

**Mortality Study**

The total mortality rate assumptions are can be broken into in three distinct parts: (1) a base rate industry mortality table, (2) selection factors created to adjust the table based on Prudential experience, and (3) a mortality improvement factor. The best estimate assumption is applied at the policy level. The industry table rates are attained age and male/female based. The Prudential experience based selection factors vary by issue age, gender and duration of the policy. The improvement assumption varies by calendar year. The selection factor assumptions are developed separately for individual and group products, but base rate table and improvement factors are the same for both products.

The 2Q 2018 best estimate mortality assumption was developed using the most recent 5 years of data and a 95% confidence interval test based on the 2017 Best Estimate assumptions as the expected. The assumption was changed if it falls outside the 95% CI. The test was performed at the product and gender level. The selection factors grade to 105% at duration 30 and later consistent with 2Q 17 best estimate assumptions.

Mortality improvement is a factor that is applied to the mortality rate that has been adjusted by selection factors. It is intended to reflect the notion that the probability of death for a given age will decrease over time, as the population as a whole is living longer, indicating an improvement in mortality. The rate will level out after 20 years into the projection.

The future expected mortality assumptions were developed based on this historical actual experience and judgment. Based on our analysis, the 2012 IAM Basic Table on an ALB basis matched actual experience the closest, with some adjustments, i.e. ultimate selection factors.

**Voluntary Lapse Study**

A voluntary lapse study was also conducted on the Company's actual experience using data through September 30, 2017. Voluntary lapse rates were calculated based on actual lapses using experience in years 7/1/2014 - 6/30/2017 with lapses reported through 9/30/2017. Voluntary lapses are studied using actual terminations. The impact of shock lapses that occur due to rate increases were removed from the voluntary lapse study to ensure that the lapse experience was not overstated. The future expected voluntary lapse assumptions were developed based on the historical actual experience and judgment. The expected lapse rates vary by policy duration, attained age and select business segments.

## Morbidity Study

The morbidity experience on disabled lives (i.e., in claim status) is of critical importance, as it also plays a crucial role in shaping our base morbidity experience on active lives as well as informing our judgment on morbidity improvement. Morbidity is comprised of several assumptions, including utilization, fitting factors, claim cost guidelines, and cost of care inflation.

For 2Q 2018, a deep dive on our disabled life assumptions was performed. For the disabled lives analysis, more granularity has been included for site of care where it now matches the granularity of the active life reserves. Additionally, the analysis has led to the conclusion that there are significant differences in utilization by claim duration. We refined the claim continuance assumptions by claim duration and updated the termination rates by site of care and key benefit plans. We performed an iterative analysis of a claim retrospective test by the different drivers of morbidity and along different slices of the business (active, inactive pending, IBNR/CBER) along with the experience-based study of terminations. In the end we created a curve using actuarial judgment that fit well to our experience and produced a better fit to our retrospective tests.

The morbidity study used for active lives modeling was conducted on the Company's nationwide actual experience on incurred claims through Dec 31, 2017 with claims run out through Dec 31, 2017. The approach used to develop best estimate morbidity assumptions was to start with a set of baseline expected claims and review the experience along several key demographic and benefit characteristics. The primary focus to develop fitting factors was to match historical incurred claims to expected incurred claims.

Actual claim incidence is determined by counting each claim. A claim is considered to have begun as of the date the policyholder was determined to be benefit eligible. Paid claims are discounted back to the claim incurred date. The claim reserves are discounted from valuation date to the claim incurred date. Both paid claims and claim reserves have a 7.5% load applied to reflect waiver of premium. The claim reserves do not include an LAE load or an explicit margin. Actual incurred claims are calculated by adding together the present value of paid claims and claim reserves (including IBNR). In the development of the fitting factors, waiver of premium was excluded from both the actual claims and expected claims.

The baseline expected incurred claims were developed from Milliman's 2014 LTC Guidelines (*Guidelines*). Given the large size of the data supporting the *Guidelines*, it was viewed as a credible starting point for the analysis. Also, a composite factor was developed for the business based on the distribution by state and the area adjustment factors from the *Guidelines*. The best estimate assumptions do not include an assumption for morbidity improvement.

The process of developing fitting factors, starting with the baseline expected, generally followed the following steps:

- Review experience by issue year and product to determine if the baseline selection factors used are appropriate
- Review experience by issue age, gender, marital status and / or underwriting type
- Review experience by key benefit and demographic characteristics

It should be noted that many of the factors are related to each other. The fitting factors are Prudential adjustments to the 2014 Milliman Cost of Care Guidelines. The guidelines are a set of claim costs based on Milliman's slice of industry wide LTC insurance claims of \$25 Billion. The guidelines include base assumptions, but they are customized to a given company based on characteristics such as underwriting and product design.

**The Prudential Insurance Company of America**  
**Appendix C - Exhibit 1**  
**Mortality Study**  
**Experience by Policy Duration**  
**ILTC**

<b>Duration</b>	<b>Actual Exposures</b>	<b>Actual Mortality</b>	<b>Current Best Estimate</b>	<b>Actual/Best Estimate</b>
1-5	120,596	242	338	72%
6-10	150,139	851	978	87%
11-15	138,526	1,981	1,979	100%
16-19	12,171	314	293	107%
<b>Total</b>	<b>421,431</b>	<b>3,388</b>	<b>3,588</b>	<b>94%</b>

**Notes:**

- 1) Prudential's experience study was performed using mortality data from 7/1/2012 – 6/30/2017, with deaths reported through 9/30/2017.
- 2) Best Estimate Mortality Rate uses 2012 IAM Basic Mortality Table, with mortality selection factors, and 1% improvement per year through 2038

**The Prudential Insurance Company of America**  
**Appendix C - Exhibit 2**  
**Lapse Study**  
**Experience by Policy Duration**  
**ILTC**

<b>Duration</b>	<b>Actual Exposures</b>	<b>Number of Lapses</b>	<b>Number of Best Estimate Lapses</b>	<b>Actual Lapse Rate</b>	<b>Best Estimate Lapse Rate</b>	<b>Actual/Best Estimate</b>
1	0	0	0			
2	8	1	0	11.9%	3.6%	333.0%
3	4,865	190	130	3.9%	2.7%	145.8%
4	14,482	312	300	2.2%	2.1%	103.8%
5	20,343	436	374	2.1%	1.8%	116.6%
6	19,538	318	352	1.6%	1.8%	90.4%
7	14,356	174	186	1.2%	1.3%	93.8%
8	12,524	184	163	1.5%	1.3%	112.6%
9	11,997	154	147	1.3%	1.2%	104.9%
10	11,029	98	116	0.9%	1.1%	84.2%
11	10,495	113	114	1.1%	1.1%	99.3%
12	12,670	143	140	1.1%	1.1%	102.3%
13	15,503	168	171	1.1%	1.1%	98.2%
14	14,304	114	140	0.8%	1.0%	81.6%
15	10,219	94	90	0.9%	0.9%	104.3%
16	5,293	41	48	0.8%	0.9%	86.2%
17	2,013	17	18	0.8%	0.9%	93.1%
18	530	3	5	0.6%	0.9%	60.5%
19	4	0	0	0.0%	1.1%	0.0%
<b>Grand Total</b>	<b>180,173</b>	<b>2,560</b>	<b>2,494</b>	<b>1.4%</b>	<b>1.4%</b>	<b>102.6%</b>

**Notes:**

- 1) Actual lapse rates using July 2014 - June 2017 data were observed.
- 2) Shock lapses have been removed from both actual and best estimate values.
- 3) Best Estimate Lapse Rate is the assumption used in the current projection assumption

**The Prudential Insurance Company of America**  
**Appendix C - Exhibit 3**  
**Claim Study**  
**Experience by Calendar Year**  
**ILTC**

<b>Incurred Yr</b>	<b>Actual Paid Claims (in \$MM)</b>	<b>DLR Reserve (in \$MM)</b>	<b>Actual Incurred Claims (in \$MM)</b>	<b>Best Estimate Incurred Claims (in \$MM)</b>	<b>Actual to Best Estimate</b>
<=2005	25.18	2.18	27.36	41.31	66.2%
2006	17.12	1.73	18.84	20.59	91.5%
2007	26.88	3.65	30.54	26.01	117.4%
2008	31.95	2.46	34.41	31.88	107.9%
2009	37.61	3.88	41.49	38.21	108.6%
2010	37.26	6.87	44.13	45.07	97.9%
2011	42.34	8.42	50.77	53.49	94.9%
2012	52.02	15.68	67.70	59.49	113.8%
2013	44.41	15.67	60.08	68.57	87.6%
2014	48.77	26.39	75.16	78.45	95.8%
2015	44.00	47.67	91.67	89.36	102.6%
2016	32.18	65.56	97.75	99.83	97.9%
2017	18.86	108.32	127.18	111.70	113.9%
2018	0.63	53.60	54.23	62.33	87.0%
<b>Grand Total</b>	<b>459.21</b>	<b>362.09</b>	<b>821.30</b>	<b>826.28</b>	<b>99.4%</b>

**Notes:**

- 1) Experience is through June 30, 2018
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred date
- 4) Best Estimate Claims is based on Milliman's 2014 LTC Guidelines with 2018 Prudential experience fitting factors
- 5) Claim dollar amounts are discounted using a 4.5% interest rate (both actual and best estimate).
- 6) This exhibit excludes waiver of premium and return of premium benefits in both actual and best estimate results.
- 7) Morbidity improvement has been removed from the Best Estimate Incurred Claims

The Prudential Insurance Company of America  
As Administered by CHCS  
Long-Term Care Customer Service Center  
P.O. Box 8526  
Philadelphia, PA, 19176-8526  
Tel: 1-800-732-0416 Fax: 877-773-9515

[DATE]

[FIRST NAME LAST NAME]  
[STREET ADDRESS]  
[CITY, STATE ZIP CODE]

Re: Policy Number: [XXXXXXXXXXXX]  
Prudential Long-Term Care Insurance Policy  
Notice of Premium Increase

Dear [MR/MS LAST NAME]:

**[IF STATE APPROVED AS A SINGLE INCREASE:** We're writing to let you know that the premium for your long-term care insurance policy is increasing. This letter will tell you when your premium will increase and how much more you will pay. In addition, options that are available to you if you don't want to or can't pay the full Premium Rate Increase<sup>1</sup> are provided on the enclosed *Coverage Options* document.

Your current premium is [\$XXXX.XX] paid [monthly, quarterly, semiannually, annually]. The Premium Rate Increase for your policy is [XX%]. Your new premium will be [\$XXXX.XX] paid [monthly, quarterly, semiannually, annually]. This increase will take effect on [MM/DD/YYYY<sup>2</sup>].

**[IF STATE APPROVED INCREASES OVER MULTIPLE YEARS:**

Your current premium is [\$xxx.xx] [monthly, quarterly, semiannually, annually]. This Premium Rate Increase<sup>1</sup> will be implemented in [X] phases. This chart reflects your increased premiums assuming no benefit changes are made to your policy<sup>2</sup>.

Earliest Effective Date of Premium Rate Increase	Premium Rate Increase Percentage	Premium Rate Increase
[xx/xx/xxxx]	[xx]%	[\$xxxx.xx]
[xx/xx/xxxx]	[xx]%	[\$xxxx.xx]
[xx/xx/xxxx]	[xx]%	[\$xxxx.xx]

]

**[IF DIRECT BILL:** You'll see this increase in the statement you receive before the effective date of the new premium rate.] **[IF EFT:** Since you pay your premium via electronic funds transfer, the withdrawal from your account that occurs before the effective date of the new premium rate will automatically reflect the new amount.]

We have filed this premium rate increase with state insurance regulators and are implementing this premium increase in accordance with the terms and conditions of your policy, and in accordance with applicable laws. Please read this letter carefully and in its entirety.

<sup>1</sup> Premium Rate Increase is the rate increase that is detailed in this Advance Notification packet.

<sup>2</sup> The premium amounts cited in this letter do not reflect any benefit changes that may already be pending at this time or that you elect in the future. Your actual premium may be different due to rounding.

**[IF AT MINIMUM:** Because your policy benefits are already at the lowest level we offer, we are unable to offer you the option of reducing your coverage to offset the amount of your premium increase.]

**[IF NOT AT MINIMUM:** If you continue to pay your premium at the increased rate listed, the coverage provided under your policy will remain the same. If you don't want to or can't pay the full premium increase, please refer to the enclosed *Coverage Options* document, which provides **[IF NO LANDING SPOT OFFER:** information on options to minimize the Premium Rate Increase.] an option to avoid the Premium Rate Increase completely **[IF INFLATION ONLY LANDING SPOT OFFER:** by reducing future annual inflation rate and keeping all other benefits the same. **[IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER:** by a reduction to your future annual inflation rate and reducing your Benefit Period.]

Please also refer to the enclosed *Frequently Asked Questions*, which provide more information about this Premium Rate Increase.

If you would like to make any change, please complete the enclosed *Long-Term Care Insurance Change Request Form*. You can either mail the completed form to the address or fax it to the phone number noted on the *Long-Term Care Insurance Change Request Form*.

We understand this Premium Rate Increase affects you financially, but we hope you will continue to appreciate the value of your long-term care insurance coverage. We decided to increase premium rates after thoroughly evaluating the factors that impact premium rates. The premiums we charge you are affected by several things, including assumptions we make about the amount of claims we expect to pay under policies like yours, as well as other factors. After an extensive review of all these factors, we determined that a Premium Rate Increase is necessary to continue providing the quality insurance coverage you've come to expect.

**[IF ADDITIONAL INCREASE IS CERTAIN:** In addition to the Premium Rate Increase[s] identified in this policyholder notification letter, we anticipate that an additional premium increase will be necessary in the future, but we don't currently know the date or amount of any future increase.]

**[IF ADDITIONAL INCREASE IS POSSIBLE:** In addition to the Premium Rate Increase[s] identified in this policyholder notification letter, it is possible that, as we continue to regularly review the factors that impact premium rates, another increase may be needed in the future.]

If a future increase becomes necessary, you will receive an advance notification of the effective date of any such increase. We will continue to monitor the factors that impact premiums to determine if our assumptions are consistent with actual experience.

If you have questions or concerns after reviewing this letter, **please call our Long-Term Care Customer Service Center at 1-800-732-0416, Monday through Friday, between 8 a.m. and 7 p.m. ET.** Our dedicated customer service team is ready to assist you. We appreciate having you as a customer and look forward to continuing to serve you.

Sincerely,

**Prudential Long-Term Care**



[cc: Insurance Producer FIRST NAME LAST NAME]

## Coverage Option[s]

### [IF LANDING SPOT OFFER: Option to Reduce Coverage and Eliminate the Premium Rate Increase

To eliminate the Premium Rate Increase identified in the attached policyholder notification letter, we are offering [an/a one-time] opportunity to reduce your future annual inflation rate [IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER: and reduce your Benefit Period]. The table below shows your current premium and the new premium you will be charged if you keep your current annual inflation rate. The table also shows what your reduced inflation rate [IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER: and reduced Benefit Period] will be if you chose the option. The reduced inflation rate will only be applied to future inflation increases that occur after the effective date of the premium rate increase. [IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER: All other benefits and the previous inflation increases that have already been applied to your coverage through the effective date of the inflation rate reduction will be maintained.] [IF INFLATION ONLY LANDING SPOT OFFER: Your previous inflation increases that have already been applied to your coverage through the effective date of the inflation rate reduction will be maintained.]

	Keep your current annual inflation rate	Reduce your annual inflation rate [IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER: and Benefit Period]
Daily Benefit	[\$XXX]	[\$XXX]
Benefit Period	[X Years]	[X Years]
Inflation Option	[X% Compound, Simple]	[X% Compound, Simple]
Elimination Period	[XX Days]	[XX Days]
Optional Riders	[Insert Optional Riders]	[Insert Optional Riders]
Current [premium mode] Premium Rate	[\$XXX.XX]	[\$XXX.XX]
New [premium mode] Premium Rate	[\$XXX.XX]	[\$XXX.XX]

**Please note that the premium charges set forth above relate to your election of the option outlined above. If you wish to consider other options that may be available, please call us at 1-800-732-0416, Monday through Friday, between 8 a.m. and 7 p.m. ET.** Our dedicated Long-Term Care Customer Service Center staff will provide you with information about the complete range of options available. If you would like to make any change, please complete the attached *Long-Term Care Insurance Change Request Form*, and either mail it to the address or fax it to the phone number that are noted on the *Long-Term Care Insurance Change Request Form*.

[It is also important to note that your coverage includes a “Limited Pay Option” premium payment provision. Please consider the number of remaining payments before making the decision to reduce benefits.]

### **[IF A NON-LANDING SPOT OFFER: Option to Reduce Coverage and Lower Premium Rate Increase**

You may reduce your initial Maximum Daily Benefit from [\$XXX] to [\$YYY] (because your policy has an inflation protection provision or rider, your corresponding *inflated* Maximum Daily Benefit will decrease from [\$XXX] to [\$YYY]<sup>1</sup>). This means that the maximum benefit that you could receive under the policy for each day you receive benefits under the policy will be reduced to the amount stated above. This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX]. Please note that by reducing your Maximum Daily Benefit, you will also be reducing the total amount of benefits payable under your policy (Lifetime Maximum), unless your policy has an unlimited Lifetime Maximum. Before making any decision to reduce your Maximum Daily Benefit, please consider the current and future cost of care in the geographic area where you anticipate receiving care, and the amount you expect to be able to pay for care from your own assets and savings.

<sup>1</sup> The Maximum Daily Benefit are subject to any applicable state and/or partnership regulatory minimum benefit requirements.

**[IF INSURED UNDER CASH BENEFIT RIDER:** You may drop your Cash Benefit Rider. This means that if you are determined to be eligible to receive benefits under your policy, you will be reimbursed for covered expenses up to the Maximum Daily Benefit for Home Health Care rather than receive a monthly cash amount as provided under the Cash Benefit Rider.

This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].

OR you may elect to replace your Cash Benefit Rider with the Cash Indemnity Rider. The Cash Indemnity Rider will pay the full daily benefit for Home and Community-Based Care only for the days that **formal** services are received, and proof of having received those services is provided to Prudential. Formal services mean services from a licensed provider. This is different from the Cash Benefit Rider, which permits payment of the full daily benefit for Home and Community-Based Care upon satisfaction of the Benefit Eligibility Criteria, regardless of whether formal or informal services were received. If you elect the Cash Indemnity Rider, your Cash Benefit Rider would terminate. The Cash Indemnity Rider is a less expensive option than the Cash Benefit Rider. If you elect to replace your Cash Benefit Rider with the Cash Indemnity Rider, you will have 30 days to review the new Rider. If you are not satisfied with the terms and conditions of this option, we will reinstate your Cash Benefit Rider if you make a written request within these 30 days.

This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].]

**[IF INSURED UNDER CASH INDEMNITY BENEFIT RIDER:** You may drop your Cash Indemnity Rider. This means that if you are determined to be eligible to receive benefits under your policy, you will be reimbursed for covered expenses up to the Maximum Daily Benefit for Home Health Care rather than receive the full daily benefit for Home and Community-Based Care for the days that formal services are received and proof of having received such services is provided to Prudential.

This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].]

**[IF INSURED UNDER MONTHLY BENEFIT RIDER:** You may drop your Monthly Benefit Rider. This means that if you are determined to be eligible to receive benefits under your policy, you will be reimbursed for covered expenses up to the Maximum Daily Benefit for Home Health Care rather than up to the monthly maximum amount under the Monthly Benefit Rider.

This change will result in a new [monthly, quarterly, semiannual, annual] premium payment of [\$XXXX.XX].]

**[IF NFO:** As an alternative to the options described above, you may exercise a right under your non-forfeiture rider to change your policy to paid-up status. If you elect this option, no further premium payments will be due under the policy, and your Elimination Period and Maximum Daily Benefit will remain the same, but your Lifetime Maximum benefit will be reduced. All riders attached to your policy will also terminate. In addition, the following policy riders will also automatically terminate for your Spouse or Qualified Adult: Joint Waiver of Premiums Benefit, and Survivor Waiver of Premiums Benefit (if applicable). You can elect this option by checking the appropriate box on the enclosed *Long-Term Care Insurance Change Request Form*. If you do not submit a *Long-Term Care Insurance Change Request Form* or contact our Customer Service Center and coverage lapses because you do not pay the full increased premium, your policy will automatically be converted to paid-up status with reduced benefits.]

**Or, if NFO is not an option,**

**[IF CNFO:** As an alternative to the options described above, you may exercise a contingent non-forfeiture right to change your policy to paid-up status. If you elect this option, no further premium payments will be due under the policy, and your Elimination Period and Maximum Daily Benefit will remain the same, but your Lifetime Maximum benefit will be reduced. All riders attached to your policy will also terminate. In addition, the following policy riders will also automatically terminate for your Spouse or Qualified Adult: Joint Waiver of Premiums Benefit, and Survivor Waiver of Premiums Benefit (if applicable). You can elect this option within 120 days of the implementation of the premium increase by checking the appropriate box on the enclosed *Long-Term Care*

*Insurance Change Request Form*. If you do not submit a *Long-Term Care Insurance Change Request Form* or contact our Customer Service Center and coverage lapses because you do not pay the full increased premium, your policy will automatically be converted to paid-up status with reduced benefits.]

[It is also important to note that your coverage includes a “Limited Pay Option” premium payment provision. Please consider the number of remaining payments before making the decision to reduce benefits.]

**Please note that the premium relates to your election of just one option. If you wish to elect more than one option, please call us at 1-800-732-0416 so we can tell you what your new premium will be.** Please also note there may be additional options available to you. Our dedicated Long-Term Care Customer Service Center staff can provide you with information about the complete range of options available and are available to assist you Monday through Friday, from 8 a.m. to 7 p.m., ET. If you would like to make any change, please complete the attached *Long-Term Care Insurance Change Request Form* and you can either mail it to the address or fax it to the phone number that are noted on the *Long-Term Care Insurance Change Request Form*.]

The Prudential Insurance Company of America  
As Administered by CHCS  
Long-Term Care Customer Service Center  
P.O. Box 8526  
Philadelphia, PA, 19176-8526  
Tel: 1-800-732-0416 Fax: 877-773-9515

Policy Number: [XXXXXXXXXXXX]  
Policyholder name: [FIRST NAME LAST NAME]

**Please complete this form and return it by mail, or by the fax number shown above.**

## LONG-TERM CARE INSURANCE CHANGE REQUEST FORM

Dear Policyholder:

This form can be used to make changes to your Long-Term Care insurance coverage to reduce the impact of your Premium Rate Increase[s] identified in the attached policyholder rate increase notification letter. Before making any changes, we strongly encourage you to review your policy and to call our Long-Term Care Customer Service Center at 1-800-732-0416, Monday through Friday, between 8 a.m. and 7 p.m. ET, to discuss the range of options available to you, and to learn how the selection of each option will affect (1) the amount of premium you will be required to pay, and (2) your coverage.

**Please indicate your change(s) by checking and completing the options below.**  
**NOTE: If you check more than one option, you should call us for the actual new premium amounts since those shown here and in the attached letter will change.**

- [IF INSURED UNDER AN OPTIONAL AUTOMATIC INFLATION OPTION:**  
**Decrease** my future annual inflation rate from [X%] to [Y%.] [IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER: and reduce the Benefit Period from [X years] to [Y years.] By selecting [this / these] option[s], I will avoid the premium increase and there will be no change to my current premium rate.]
- [Decrease** my **Maximum Daily Benefit** from [\$XXX] to [\$YYY] (my corresponding *inflated* Daily Maximum amount would decrease from [\$XXX] to [\$YYY]).]
- [Decrease my Lifetime Maximum** benefit amount by changing the number of years used to calculate such benefits from [X years][unlimited] to [Y] years.]

- [IF INSURED UNDER CASH BENEFIT RIDER: Remove my Cash Benefit Rider** and convert my Policy to a daily reimbursement plan.]
  
  - [Replace my Cash Benefit Rider with the Cash Indemnity Rider.** I understand that by replacing my Cash Benefit Rider with the Cash Indemnity Rider that the Cash Indemnity Rider will pay the full daily benefit for Home and Community-Based Care only for the days that **formal** services are received and proof of such services having been received is provided to Prudential. Formal services mean services from a licensed provider. I will no longer have the option to receive a monthly cash payment of the full daily benefit for Home and Community-Based Care upon satisfaction of the Benefit Eligibility Criteria, regardless of whether formal or informal services were received. Furthermore, I understand that my Cash Benefit Rider will terminate.]
  
  - [IF INSURED UNDER MONTHLY BENEFIT RIDER: Remove my Monthly Benefit Rider** and convert my Policy to a daily reimbursement plan.]
  
  - [IF NFO: I wish to exercise the non-forfeiture option.** I understand that by doing so, no further premium payments will be due under my policy and my Elimination Period and Maximum Daily Benefit will remain the same, but my Lifetime Maximum benefit will be reduced, and I will not be eligible for any additional inflation protection increases because my policy will be on paid-up status. I also understand that if I elect this option, I cannot elect any of the other options shown on this form.]
  
  - [IF CNFO: I wish to exercise the contingent non-forfeiture option.** I understand that I can only make this election within the 120-day period following the due date of my increased premium, and that I must continue paying premiums up until that due date. I also understand that by making this election, no further premium payments will be due under my policy and my Elimination Period and Maximum Daily Benefit will remain the same, but my Lifetime Maximum benefit will be reduced, and I will not be eligible for any additional inflation protection increases because my policy will be on paid-up status. In addition, I understand that if I elect this option, I cannot elect any of the other options shown on this form.]
  
  - I wish to do the following. I understand that someone from the Long-Term Care Customer Service Center may call me to clarify my wishes or explain if the change requested can be made.
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I understand the policy change(s) that I have selected above will reduce my current benefits, depending upon the option(s) selected. I acknowledge that Prudential has made the Long-Term Care Customer Service Center available for me to discuss these option(s). I affirm that these selection(s) are made voluntarily and that I am under no obligation to make them. I agree that any change(s) will become effective on the date set by The Prudential Insurance Company of America upon receipt of this request.

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Signature of Policyholder [for policy  
#XXXXXX]

---

Date Signed



## **Frequently Asked Questions Relating to Premium Increase**

### **Question: Why are you raising long-term care insurance premium rates?**

**Answer:** We continuously review and assess the class of long-term care insurance policies like yours (called LTC By Design<sup>SM</sup>). Our current projections show that claim payments under all LTC By Design policies will exceed the estimations we made when previously implementing a rate increase on these policies. We've also seen that other assumptions affecting our premium rates continue to be inconsistent with our actual experience. As a result, a premium increase is needed to help ensure that future premiums, in combination with our existing reserves, are sufficient to pay future benefits on all LTC By Design policies.

### **Question: What allows you to raise premiums on these policies?**

**Answer:** Each policy describes our right to increase the premium we charge for the insurance. Generally, this information can be found in the "Renewability" and "Changes in Premiums" provisions of your policy.

### **Question: Will you raise premiums on these policies again?**

**Answer:** **[IF ADDITIONAL INCREASE IS CERTAIN:** In addition to the Premium Rate Increase[s] explained in the attached policyholder notification letter, we anticipate that another increase will be necessary in the future, but we currently don't know the date or amount of that future increase.]

**[IF ADDITIONAL INCREASE IS POSSIBLE:** In addition to the Premium Rate Increase[s] explained in the attached policyholder notification letter, it is possible that, as we continue to regularly review the factors that affect premium rates, another increase may be needed in the future.]

Should a future increase become necessary, you will receive an advance notification of the effective date of the increase. We will continue to monitor the factors that impact premiums to determine if our assumptions are consistent with actual experience.

### **Question: Have I been singled out for this rate increase because of my age or health?**

**Answer:** No, you haven't. No individual has been singled out for an increase, nor is the increase due to a policyholder's age or changing health. Also, your state has not been singled out; all states are included in our rate increase process.

### **Question: If I no longer live in the state where I purchased my policy, does the increase still apply?**

**Answer:** Your long-term care insurance policy is regulated by the state you lived in when you purchased your plan. That state continues to be the applicable state, even if you now live elsewhere.

### **Question: When will this premium increase become effective?**

**Answer:** The increase will become effective on the [first premium due date] [the first anniversary date] following implementation of the rate increase in the state in which your policy was issued. That date is set forth in the letter that was attached to this Frequently Asked Questions form.

**Question: What options do I have to mitigate the impact of the premium increase?**

**Answer:** You may keep the policy you have with all of its current features by paying the new premium rate. If you would like to explore options to reduce or eliminate the impact of the premium increase, among other things you may choose to decrease policy benefits (Lifetime Maximum, Maximum Daily Benefit), replace your Cash Benefit Rider with the Cash Indemnity Rider or remove an optional Cash Benefit, Cash Indemnity Benefit, Monthly Benefit or other rider [IF INFLATION ONLY LANDING SPOT OFFER: or reduce your future annual inflation rate [IF INFLATION AND BENEFIT PERIOD LANDING SPOT OFFER: and Benefit Period]]. Our dedicated customer service representatives are available to answer your questions and requests for benefit changes, and to discuss other available options to help reduce your premium. For assistance call 1-800-732-0416, Monday through Friday, between 8 a.m. and 7 p.m. ET. A Change Request Form is also included with this letter in case you'd like to modify

**Question: What will happen to my premium if I am currently on Waiver of Premium?**

**Answer:** If you are currently not paying premiums under the Waiver of Premium provision in your policy, you will not be immediately affected by this rate increase. Should you cease to be eligible under the Waiver of Premium provision, the rate increase will be effective on your next premium due date.