

AF&L Insurance Company
Aug 16, 2019

SERFF #s: AFLI-131937654 & AFLI-131945013

Filing Summary:

AF&L requested approval to increase the premium on Long Term Care policy forms: LTC4, LTC-5, LTC-7, LTC-CAI7, LTC-8, LTC-8TQ, LTC-10, LTC-10TQ, LTC-93, NHP, QLTC-97, and LTC901. These policies were issued in PA from 1988 to 2005. The company is seeking an average 16.3% increase (ranges from 12.5% to 20%) on 761 PA policyholders.

AF&L also requested approval to increase the premium on HHC (Home Healthcare) policy forms: HHC, HHC-4, and HHC-93. These policies were issued in PA from 1990 to 2005. The company is seeking an average 14% increase (ranges from 12.5% to 20%) on 282 PA policyholders of these home healthcare forms.

The Department approved the requested increases.

Effective date of rate change: Renewals on and after 8/16/2019.

The current policies in place are not generating sufficient premium to pay future claims to policyholders. This is a common problem for a number of insurers nationwide because policyholders are keeping their policies longer than expected and are living longer than projected. As a result, policyholders are using more benefits on average than the company anticipated when the policies were originally sold. This means the company has to pay out more for benefits than it originally projected.

In making this decision, the Department considered the projected loss ratio for each block of policy forms, that is, the projected total amount of benefits paid out versus the total amount of premium collected, the reasonableness of the assumptions the company used in its projections, and the company's financial situation. The Department also considered the financial impact this rate increase would pose to consumers, the past rate increases policyholders have faced, and the availability of options to limit the rate increase by reducing benefits.

The company is offering ways for policyholders to limit the rate increase by reducing benefits. The company will let you know your options when they contact you directly about this premium increase.

This Rate Filing Decision Summary is a tool to help explain the rate filing and does not describe all the factors considered as part of the Department's rate review.