

LifeSecure Insurance Company
Dec 6, 2017

SERFF #s: LFSC-131064853

LifeSecure Insurance Company is requesting approval to increase the premium on form LS-0002. This form was issued from 12/2009 to 9/2014.

The company is requesting an aggregate increase of 30% with the increase varying based upon the policyholder's inflation option. Policies with the Guaranteed Purchase Option (GPO) version of inflation indexing will receive a 17% increase, policies with 3% compound indexing are scheduled to receive a 29% increase, while policies with 5% compound will receive 66%.

The Department approved the following:

1. We approved the requested 17% on the 88 policies with the GPO option.
2. We approved two annual 13.6% increases on the 112 policies with 3% compound inflation and the 9 policies with 5% compound inflation. Note that the initial 13.6% increase and the second 13.6% increase, to be implemented no sooner than one year after the first, will compound to 29%.

Effective date of rate change: Renewals on and after 12/5/2017.

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

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

Although the rate increase is significant, the company is offering ways for policyholders to 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.