

Catholic Order of Foresters
March 9, 2018

SERFF #s: UHAS-131210905 and UHAS-131210956

Filing Summary:

Catholic Order of Foresters is a fraternal benefit society that is requesting approval to increase the premium on Long Term Care policy forms FCNH, FCLTC, FCLTC 2000, and FCLTC 2002. The requested increase varies based upon the product series.

The fraternal is requesting a 16.7% increase on Pennsylvania policyholders of forms FCNH, FCLTC, and FCLTC 2000 and is requesting a 33.3% on Pennsylvania policyholders of form FCLTC 2002.

The Department approved the full increase for policies scheduled to receive 16.7% but approved two 15.3% increases, each to be implemented one year apart, on policies scheduled to receive a 33.3% increase.

Effective date of rate change: Renewals on and after 3/9/2018.

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.