

Continental Casualty Company
August 9, 2022

SERFF #s: CNAB-133052107

Filing Summary:

Continental Casualty Company requested approval to increase the premium an average of 131.7% on 3,783 policies from the individual LTC Preferred Solution policy series. The actual request was a 251.42% increase on 1,394 policies with a lifetime benefit period and an inflation rider, and a 36.4% increase on 2,389 policies with a non-lifetime benefit period and with an inflation rider.

Benefit Period	Inflation Status	# of Policies	Requested Increase
Lifetime	Inflation	1,394	251.42%
Non-lifetime	Inflation	2,389	36.4%
		3,783	

For the 1,394 policies with a lifetime benefit period and an inflation rider, the Department approved a 99.9% increase to be implemented over a three-year period. For policies with a non-lifetime benefit period and with an inflation rider the Department approved a 38.5% increase to be implemented over a two-year period. The 38.5% increase includes an adjustment for delayed implementation. The maximum increase a policyholder will receive in any year is 30%.

Effective date of rate change: Renewals on and after 8/9/2022.

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.