

Independence Blue Cross

Dec 27, 2017

SERFF #s: INAC-131027495

Filing Summary:

IBC is requesting approval to increase the premium on IBC's LTC series 5018, 5019, 5024, 5025, 5311, and 5313. These forms were issued from 1993 to 2001.

- The 416 policies with compound lifetime 5% inflation protection are scheduled to receive four 19% increases which compound to 100.5% over four years. A landing spot option is available which allows policyholders to avoid the four increases by lowering their future inflation indexing from 5% to 3.75%.
- The remaining 1,232 policies (those without 5% compound lifetime inflation protection) are scheduled to receive a single increase of 19%.

The Department approved two 14.5% increases on the 416 policies with compound lifetime 5% inflation protection. A landing spot option is available which allows policyholders the option to avoid the two 14.5% increases by lowering their future inflation indexing from 5% to 4.7%.

The Department approved a single increase of 19% on the 1,232 policies without 5% compound lifetime inflation.

Effective date of rate change: Renewals on and after 12/27/2017.

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.

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.