Kanawha Insurance Company
May 30, 2017

SERFF #s: HUMA-130638231 and HUMA-130638217

Kanawha Insurance Company requested approval to increase the premium on 539 policies from two series of business: LTC2 and LTC3. They requested a 25% rate increase on 130 policies and a 50% increase on the 409 policies with compound inflation benefits.

The request is summarized below.

<table>
<thead>
<tr>
<th>Series</th>
<th>Forms</th>
<th># of Policies</th>
<th>Requested Increase</th>
<th>Distribution of Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTC2</td>
<td>80650 1/97 PA and 80880 NTQ 1/98 PA</td>
<td>446</td>
<td>50% with compound rider, 25% otherwise</td>
<td>93 get 25%, 353 get 50%</td>
</tr>
<tr>
<td>LTC3</td>
<td>82000 1/01 PA and 82120 9/01 PA</td>
<td>93</td>
<td>50% with compound rider, 25% otherwise</td>
<td>37 get 25%, 56 get 50%</td>
</tr>
</tbody>
</table>

The PA Insurance Department approved 20% on all of the above listed forms.

**Effective date of rate change:** Renewals on and after 5/30/2017.

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.