

**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.

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

539

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.