

## MedAmerica Insurance Company

August 21, 2020

**SERFF #: MILL-132344370**

### Filing Summary:

MedAmerica Insurance Company filed for a premium increase on MedAmerica's individual LTC forms 14515-PA and 14785-PA. The forms were originally sold by Combined Insurance Company and issued in PA from 2/18/1999 to 6/1/2008. In 2008, MedAmerica acquired the Combined Ins. Co. block. MedAmerica, through a reinsurance agreement, has 100% of the risk on these forms, and administers and manages the entire block. In Pennsylvania, all in force policies are on MedAmerica paper.

The requested increase is shown in the table below.

Series / Form #	Protection Option	# of Insureds	Requested Increase
515 Series: 14515-PA	No Inflation	82	0.0%
	Auto Inflation	102	45.8%
780 Series: 14785-PA	No Inflation	34	0.0%
	Auto Inflation	21	0.0%
		239	24.1%

The Department approved a 20% increase on the 102 Pennsylvania policies from the 515 Series with auto inflation.

**Effective date of rate change:** Renewals on and after 8/21/2020.

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.