

MedAmerica Insurance Company & Highmark Inc
April 25, 2020

SERFF #s: MILL-132029491, MILL-132026960, and MILL-132029492

Filing Summary:

MedAmerica Life Insurance Company and Highmark Inc. requested approval to increase the premium on a block of Long Term Care policy forms. The aggregate request is 35.7%, but they are actually requesting an average 9% if the policy has no inflation benefits and an average of 38% for policies with automatic inflation benefits. The companies issued this product in Pennsylvania from Apr 2004 to May 2010.

Company	SERFF Number	Forms	Number of PA Policies	Requested Increase
MedAmerica	MILL-132029491	SPL-336-HMBSPA and FSPL-336-HMBSP	275	9.5% for non-inflation & 38% for inflation
Highmark Inc	MILL-132026960	SPL-336-HMBCBSPA and FSPL-336-HMBCBSPA	347	9.5% for non-inflation & 38% for inflation
Highmark Inc	MILL-132029492	SPL-336-HMBSPA and FSPL-336-HMBSPA	344	9.5% for non-inflation & 38% for inflation

966

The Department approved a capped 20% increase. In other words, policyholders that were scheduled to receive increases from 0% to 20% received their full increase but those scheduled to receive increases greater than 20% were limited to a maximum increase of 20%.

Effective date of rate change: Renewals on and after 4/25/2020.

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.

