

Mutual of Omaha Insurance Company
June 15, 2017

SERFF #s: MUTA-130934119

Mutual of Omaha Insurance Company requested a rate increase for the following LTC forms: LT50, NH50, HCA, HCAQ, NHA, NHAQ, LTA, and LTAQ.

Mutual of Omaha filed new rates in 2002 for future issues after 12-1-2003. These new rates were higher than the old rate scale but were used only for new business (i.e. they didn't represent an increase on the existing business). They are currently seeking different increases based upon when the policy was issued (i.e. on the old rate scale or the new scale for issues after 12-1-03).

They are requested a 0% increase on 477 policies with non-lifetime benefit periods, a 25.4% increase on 162 policies with lifetime benefits that were issued before 12-1-2003, and a 5.4% increase on 33 policies with lifetime benefits that were issued on or after 12-1-2003.

	# of PA Policies	Requested Increase
Issues prior to 12-1-03 with lifetime benefits	162	25.4%
Issues prior to 12-1-03 with non-lifetime benefits	408	0.0%
Issues after to 12-1-03 with lifetime benefits	33	5.4%
Issues after to 12-1-03 with non-lifetime benefits	69	0.0%
	672	6.4%

The Department approved (a) three 7.84% increases, each to be implemented at least one year apart, on the 162 policies issued prior to 12-1-03 with lifetime benefits and (b) a single 5.4% increase on the 33 policies issued after 12-1-03 with lifetime benefits. Note that the three 7.84% increases will compound to 25.4% after the third increase is implemented.

Effective date of rate change: Renewals on and after 6/15/2017.

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.



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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.