

State Farm Mutual Automobile Insurance Company
Dec 13, 2017**SERFF #s:** STLH-131142349**Filing Summary:**

- The company proposed an aggregate 32.4% increase on 1,189 policyholders of State Farm LTC form 97045PA1.
- The requested increase is not uniform over all policyholders. They are requesting 40% for most policies with issue ages below 70 that have lifetime benefits and inflation, while they are requesting 0% if the policyholder has a 2-year benefit period and no inflation rider.
- The PA Insurance Department approved a capped 15% increase on the forms. In other words, policyholders that were scheduled to receive increases from 0% to 15% will receive their full proposed increase but those scheduled to receive increases greater than 15% are limited to a maximum increase of 15%.

Effective date of rate change: Renewals on and after 12/13/2017.

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.