

Transamerica Premier Life Insurance Company
March 16, 2018

SERFF #s: AEGB-131201234 and AEGB-131200207

Filing Summary:

Under SERFF # AEGB-131200207, Transamerica Premier requested approval to increase the premium 116% on 1,685 individual LTC policies with the following form numbers: ML-LTCP TQ (PA) 898, ML-LTCP TQ (PA-FR) 898, FPTQ (PA) 197, FPTQ (PA-FP) 197, LTC 5 TQ COM (PA) 1197, and LTC 5 TQ COM (PA-FP) 1197.

Under SERFF # AEGB-131201234, Transamerica Premier requested approval to increase the premium 65% on 37 individual LTC policies with the following form numbers: MLC 1-P LTC 6 (PA) 402 and ML 1-P LTC 6 (PA-FR) 402.

Transamerica offered landing spot options for policyholders with inflation benefits, in other words, policyholders could lower their future inflation benefits and thereby avoid the rate increase.

The Department approved two increases of 20%, the second to be implemented no sooner than one year after the first, for policyholders with inflation benefits. The Department approved a single increase of 20% if the policy did not provide inflation benefits.

Effective date of rate change: Renewals on and after 3/16/2018.

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.