

John Hancock Life Insurance Company (USA)

Nov 3, 2017

SERFF #s: MULF-131066185

John Hancock Life Insurance Company (USA) is requesting approval to increase the premium 19.4% on 368 policyholders of Long Term Care policy form ICC10-LTC-11. John Hancock calls this series "Custom Care III". This policy was issued in Pennsylvania from May 2011 through February 2013.

Note that ICC10-LTC-11 was originally approved (as a new form) by the Interstate Insurance Product Regulation Commission (IIPRC) on 3/4/2011 (see MULF-126926684). Since the requested increase of 19.4% exceeded the 15% maximum increase approvable by the IIPRC, John Hancock filed for the increase with the Pennsylvania Insurance Department under MULF-131066185.

The Department approved the requested 19.4% increase.

Effective date of rate change: Renewals on and after 11/3/2017.

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.