

State: Pennsylvania **Filing Company:** SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.002 Non Qualified
Product Name: Long Term Care Insurance
Project Name/Number: PA Group Rate Filing/PA Group Rate Filing

Filing at a Glance

Company: SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
Product Name: Long Term Care Insurance
State: Pennsylvania
TOI: LTC03G Group Long Term Care
Sub-TOI: LTC03G.002 Non Qualified
Filing Type: Rate - Other (Not M.U. or G.I. Product)
Date Submitted: 10/10/2019
SERFF Tr Num: SHPT-132096366
SERFF Status: Submitted to State
State Tr Num: SHPT-132096366
State Status: Received Review in Progress
Co Tr Num: PA GROUP RATE FILING
Implementation: On Approval
Date Requested:
Author(s): Lisa Norman, Megan Bittner, Shauna Hopkins, Anna Garst, Laura Gabbard
Reviewer(s):
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

Proposed 30% increase on 29 policyholders of Senior Health's LTC form 45666. This increase applies only to policies without a 5% compound lifetime inflation rider.

State: Pennsylvania
Filing Company: SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.002 Non Qualified
Product Name: Long Term Care Insurance
Project Name/Number: PA Group Rate Filing/PA Group Rate Filing

General Information

Project Name: PA Group Rate Filing
Project Number: PA Group Rate Filing
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Group Market Type: Association
Filing Status Changed: 10/10/2019
State Status Changed: 10/11/2019
Created By: Lisa Norman
Corresponding Filing Tracking Number: SHPT-132096406
State TOI: LTC03G Group Long Term Care

Status of Filing in Domicile: Pending
Date Approved in Domicile:
Domicile Status Comments: PA is company domicile.
Market Type: Group
Group Market Size: Small
Overall Rate Impact: 30%

Deemer Date:
Submitted By: Megan Bittner

State Sub-TOI: LTC03G.002 Non Qualified

Filing Description:

NAIC No: 76325 FEIN No.: 29-0704970
Rate Revision Filing on Long Term Care Insurance
Group policies without 5% Compound Lifetime Inflation

Dear Sir or Madam:

The purpose of this letter is to introduce an offer that Senior Health Insurance Company of Pennsylvania (SHIP) is filing in your state to assist in maintaining the solvency of SHIP so that future policyholder obligations can be met. If you would like to set up a meeting to discuss this filing, please feel free to contact us at your convenience.

The enclosed actuarial memorandum provides details of a request for approval of a rate action that would require policyholders without a 5% compound lifetime inflation benefits to elect one of the following options:

1. A 30% Rate Increase.
2. A Non-forfeiture Option ("NFO") under which the lifetime maximum benefit would be reduced to an amount equal to the sum of all premiums paid less all claims that have been paid.

They may also call to receive additional options based on their current benefits that may help offset some of the rate increase.

The rates will be effective upon approval. The rate increase will apply to in-force business only as SHIP no longer markets these policy forms.

We trust that you will find our filing to be in order and hope that you will grant your Department's approval to this submission. If you have any questions or would like to discuss any of the materials included in this submission, please feel free to call or email me.

Sincerely,

Laura Gabbard
Operations Rate Specialist
Phone: (317) 566-7527

State: Pennsylvania

Filing Company: SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.002 Non Qualified

Product Name: Long Term Care Insurance

Project Name/Number: PA Group Rate Filing/PA Group Rate Filing

Email: lgabbard@shipltc.com

Company and Contact

Filing Contact Information

Laura Gabbard, Operations Rate Specialist lgabbard@shipltc.com
550 Congressional Blvd. 317-566-7527 [Phone]
Suite 200
Carmel, IN 46032

Filing Company Information

SENIOR HEALTH INSURANCE
COMPANY OF PENNSYLVANIA
550 Congressional Blvd.
Suite 200
Carmel, IN 46032
(317) 566-7527 ext. [Phone]

CoCode: 76325
Group Code:
Group Name:
FEIN Number: 23-0704970

State of Domicile:
Pennsylvania
Company Type: LTC
State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:

SHPT-132096366

State Tracking #:

SHPT-132096366

Company Tracking #:

PA GROUP RATE FILING

State:

Pennsylvania

Filing Company:

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

TOI/Sub-TOI:

LTC03G Group Long Term Care/LTC03G.002 Non Qualified

Product Name:

Long Term Care Insurance

Project Name/Number:

PA Group Rate Filing/PA Group Rate Filing

Rate Information

Rate data applies to filing.

Filing Method:

Review and Approval

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

30.000%

Effective Date of Last Rate Revision:

11/01/2018

Filing Method of Last Filing:

Review and Approval

SERFF Tracking Number of Last Filing:

SHPT-130705460

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA	143.000%	30.000%	\$7,392	29	\$24,641	30.000%	0.000%

SERFF Tracking #:

SHPT-132096366

State Tracking #:

SHPT-132096366

Company Tracking #:

PA GROUP RATE FILING

State:

Pennsylvania

Filing Company:

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

TOI/Sub-TOI:

LTC03G Group Long Term Care/LTC03G.002 Non Qualified

Product Name:

Long Term Care Insurance

Project Name/Number:

PA Group Rate Filing/PA Group Rate Filing

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		PA_NonComp5_PolicyList_Group	45666	Revised	Previous State Filing Number: SHPT-130705460 Percent Rate Change Request: 33	PA_NonComp5_PolicyList_Group.pdf,

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

POLICY LEVEL RATE DETAIL WITH ANNUALIZED PREMIUMS

POLICY FORM SERIES AIG ISSUED IN THE STATE OF PA

NON 5% COMPREHENSIVE LIFETIME INFLATION POLICYHOLDER POPULATION

Policy ID	Policy Issue Date	Issue Age	Attained Age	Daily Benefit Amount	Benefit Period	Elimination Period	Inflation	Policy Type	Current Premium	RINC % Change	RINC Premium
0423F33C-FAA	2/13/1989	49	79	\$80.00	5 Yr	0	No Inflation	Comprehensive	\$705.89	30%	\$ 917.66
3E5C4F13-B14	12/7/1988	59	89	\$80.00	5 Yr	0	No Inflation	Comprehensive	\$697.53	30%	\$ 906.79
87D148A6-445	11/21/1988	46	77	\$60.00	5 Yr	0	No Inflation	Comprehensive	\$527.90	30%	\$ 686.27
E4168D6C-F79	12/7/1988	48	78	\$60.00	5 Yr	0	No Inflation	Comprehensive	\$475.07	30%	\$ 617.59
0B8C41B4-25C	12/15/1988	61	92	\$80.00	5 Yr	0	No Inflation	Comprehensive	\$1,022.01	30%	\$ 1,328.61
9271CC8B-C6B	1/10/1989	62	93	\$60.00	5 Yr	0	No Inflation	Comprehensive	\$1,080.00	30%	\$ 1,404.00
ED896A23-E0E	1/13/1989	59	90	\$120.00	2 Yr	0	No Inflation	Comprehensive	\$375.28	30%	\$ 487.86
B579414E-AB1	1/12/1989	59	89	\$100.00	5 Yr	0	No Inflation	Comprehensive	\$737.90	30%	\$ 959.27
CA9AD08A-2DA	3/8/1989	53	83	\$120.00	5 Yr	0	No Inflation	Comprehensive	\$602.38	30%	\$ 783.09
E7EDF1C5-B92	6/6/1989	62	92	\$170.00	4 Yr	0	S999107.00	Comprehensive	\$1,591.51	30%	\$ 2,068.96
D8C97270-E8C	7/7/1989	59	89	\$120.00	2 Yr	0	No Inflation	Comprehensive	\$337.79	30%	\$ 439.13
08F165C3-DFF	10/4/1989	59	89	\$170.00	4 Yr	0	S999107.00	Comprehensive	\$915.42	30%	\$ 1,190.05
2D4290C9-0A3	11/1/1989	65	94	\$100.00	5 Yr	0	No Inflation	Comprehensive	\$1,948.44	30%	\$ 2,532.97
F74BC441-8CE	9/24/1989	57	86	\$170.00	4 Yr	0	S999107.00	Comprehensive	\$915.42	30%	\$ 1,190.05
7AD1DF70-8D4	11/3/1989	62	91	\$100.00	5 Yr	0	No Inflation	Comprehensive	\$1,199.48	30%	\$ 1,559.32
87ECDD22-F41	11/16/1989	64	94	\$136.00	5 Yr	0	S999107.00	Comprehensive	\$1,351.75	30%	\$ 1,757.28
B5BF7DCA-543	1/9/1990	62	91	\$100.00	5 Yr	0	No Inflation	Comprehensive	\$1,024.56	30%	\$ 1,331.93
E4F30C4D-8CC	1/23/1990	69	99	\$100.00	5 Yr	0	No Inflation	Comprehensive	\$1,910.15	30%	\$ 2,483.20
301F31F5-952	5/16/1990	59	88	\$100.00	5 Yr	0	No Inflation	Comprehensive	\$689.64	30%	\$ 896.53
3F2E2217-98D	4/26/1990	58	87	\$136.00	5 Yr	0	S999107.00	Comprehensive	\$776.62	30%	\$ 1,009.61
168FAC5F-CD6	6/4/1990	57	86	\$204.00	5 Yr	0	S999107.00	Comprehensive	\$812.84	30%	\$ 1,056.69
BF3A50E9-D1F	9/7/1988	64	95	\$80.00	5 Yr	20	No Inflation	Comprehensive	\$1,006.10	30%	\$ 1,307.93
9F19F7BE-8E7	11/15/1988	54	84	\$120.00	5 Yr	20	No Inflation	Comprehensive	\$520.78	30%	\$ 677.01
4A8E393A-BE7	11/17/1988	50	80	\$120.00	5 Yr	20	No Inflation	Comprehensive	\$578.74	30%	\$ 752.36
880F7192-E1F	10/23/1989	52	82	\$102.00	5 Yr	20	S999107.00	Comprehensive	\$557.61	30%	\$ 724.89
36F2AE98-314	11/15/1989	61	90	\$68.00	3 Yr	20	S999107.00	Comprehensive	\$494.33	30%	\$ 642.63
CA96E8BB-577	11/15/1989	59	88	\$68.00	3 Yr	20	S999107.00	Comprehensive	\$315.81	30%	\$ 410.55
1C6FFDC0-3D7	4/18/1990	57	86	\$100.00	3 Yr	20	No Inflation	Comprehensive	\$451.28	30%	\$ 586.66

State: Pennsylvania **Filing Company:** SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
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Project Name/Number: PA Group Rate Filing/PA Group Rate Filing

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	Transmittal Letter_Group_SHIP.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Certification (A&H)
Comments:	The Actuarial Certification is found on page 6 of the Actuarial Memorandum.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Explanatory Information (A&H)
Comments:	
Attachment(s):	Rate Increase Memorandum PA SHIP Group.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Advertisements (A&H)
Bypass Reason:	Not Applicable
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Authorization to File (A&H)
Bypass Reason:	Not Applicable
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Insert Page Explanation (A&H)
Bypass Reason:	Not Applicable
Attachment(s):	
Item Status:	
Status Date:	

SERFF Tracking #:

SHPT-132096366

State Tracking #:

SHPT-132096366

Company Tracking #:

PA GROUP RATE FILING

State: Pennsylvania
TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.002 Non Qualified
Product Name: Long Term Care Insurance
Filing Company: SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
Project Name/Number: PA Group Rate Filing/PA Group Rate Filing

Bypassed - Item:	Rate Table (A&H)
Bypass Reason:	This filing does not include new forms.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Replacement Form with Highlighted Changes (A&H)
Bypass Reason:	Not Applicable
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Advertisement Compliance Certification
Bypass Reason:	Not Applicable
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Reserve Calculation (A&H)
Comments:	Please see the Actuarial Memorandum.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Variability Explanation (A&H)
Bypass Reason:	No Variable forms; Not Applicable
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Policyholder Notification Letter
Comments:	
Attachment(s):	PA_NonComp5_Policyholder Letter_SHIP (10.9.pdf)
Item Status:	
Status Date:	



550 Congressional Blvd., Ste. 200
Carmel, IN 46032

October 2, 2019

Pennsylvania Insurance Department
1341 Strawberry Square
Harrisburg State Office Building No. 1
Harrisburg, PA 17120

Dear Sir or Madam:

The purpose of this letter is to introduce an offer that Senior Health Insurance Company of Pennsylvania (SHIP) is filing in your state to assist in maintaining the solvency of SHIP so that future policyholder obligations can be met.

The enclosed actuarial memorandum provides details of a request for approval of a rate action that would require policyholders without a 5% compound lifetime inflation benefit to elect one of the following options:

1. A 30% Rate Increase.
2. A Non-forfeiture Option ("NFO") under which the lifetime maximum benefit would be reduced to an amount equal to the sum of all premiums paid less all claims that have been paid.

They may also call to receive additional options based on their current benefits that may help offset some of the rate increase.

The form affected by this proposal is 45666.

The rates will be effective upon approval. The rate increase will apply to in-force business only as SHIP no longer markets these policy forms. The total count of policyholders in this filing as of December 2018 is 29.

We trust that you will find our filing to be in order and hope that you will grant your Department's approval to this submission. If you have any questions or would like to discuss any of the materials included in this submission, please feel free to call or email me.

Sincerely,

Laura Gabbard
Operations Rate Specialist
Phone: (317) 566-7527
Email: lgabbard@shipltc.com



71 S. Wacker Drive
31st Floor
Chicago, IL 60606
USA
Tel +1 312 726 0677
Fax +1 312 499 5685

milliman.com

Juliet M. Spector, FSA, MAAA
Principal and Consulting Actuary

juliet.spector@milliman.com

September 17, 2019

Actuarial Memorandum Supporting Rate Revision for Senior Health Insurance Company of Pennsylvania Long-Term Care Insurance Plan

1. PURPOSE OF FILING

This is a rate increase filing for Senior Health Insurance Company of Pennsylvania's (SHIP) policy form outlined below. SHIP is requesting a 30% rate increase for group policyholders without a 5% compound lifetime inflation rider. The rate increase is necessary because the current estimate of the nationwide lifetime loss ratio is in excess of expected. This rate filing is not intended to be used for other purposes.

2. SCOPE OF FILING

This filing applies to Long Term Care active group policies without a 5% compound lifetime inflation rider. This includes policy forms and the original issuing company:

AIG Series

Policy Forms: 45666

Originally Issued by AIG Life Insurance Company

The rate increase will apply to all insureds issued group coverage under the above-referenced form in this State. The number of lives inforce and average premiums before and after the rate increase are shown in Exhibit A.

The rate increase will apply to in-force business only, as SHIP no longer markets these policy forms. Given that State specific experience is not credible, nationwide experience is being used in this rate increase filing. Please note, while nationwide experience encompasses all policy forms listed above, SHIP may no longer have some policy forms inforce in Pennsylvania.

3. REASON FOR RATE INCREASE REQUEST

This rate filing is a request for a 30% increase for group policies without a 5% compound lifetime inflation rider. The purpose of the requested rate increase is to mitigate future losses and to assist in maintaining the solvency of SHIP, so that future policyholder obligations can be met. SHIP operates as an independent trust for the exclusive benefit of its policyholders and does not have a profit motive.

This request is part of an overall plan that SHIP has developed to maintain its solvency while minimizing the impact to policyholders as a whole.

The rate increase is justified because the actual lifetime loss ratio is 64% and higher than the required minimum loss ratio for these forms.

4. POLICYHOLDER OPTIONS TO MITIGATE IMPACT OF RATE INCREASE

SHIP will offer the following option to policyholders to mitigate the impact of the premium increase:

Non-Forfeiture Offer

Upon approval of the requested 30% rate increase, SHIP agrees to offer a nonforfeiture benefit to policyholders impacted by the rate increase. This offer will be made to all active policyholders regardless of issue age or premium rate increase history. The nonforfeiture benefit will provide a pool of benefits for long term care expenses equal to the sum of premiums paid-to-date less the sum of claims paid-to-date.

5. UNDERWRITING

All policies subject to this rate revision were subject to full medical underwriting in accordance with Company standards in place at the time of issue. Those underwriting standards were taken into consideration when projecting future experience.

6. PROPOSED EFFECTIVE DATE

The proposed effective date is as soon as possible following approval and fulfillment of all statutory, contractual, and operational requirements. The projection assumes a January 1, 2020 effective date.

7. APPLICABILITY

The revised rates contained in the rate filing will be applicable to all renewals of the policy form and riders described in Section 1, as well as all future periodic inflation protection offers. The revised premium rate schedules can be found as part of the filing. The rate revision will be applied as a consistent percentage to all premium classes. The modal premium factors will remain unchanged from the current factor.

8. PROJECTION ASSUMPTIONS

Mortality, lapse, and morbidity assumptions used in the lifetime loss ratio projection are consistent with the assumptions used in SHIP's 2018 cash flow testing. They are based on best estimate assumptions and do not include any margin for adverse deviation.

Interest

A 5.03% net annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience. This is a weighted average of the valuation rate based on the policy issue date of all policies subject to this filing.

Mortality

Projected future experience assumes 2012 IAM, fitted to SHIP's experience using attained age fitting factors. In addition, a 0.6% per year mortality improvement assumption was used for 10 years.

Lapse Rates

On average, the projected lapse rate is 2.2%, comprised of an average assumption of 1.6% for policies with inflation protection and 2.7% for policies without inflation protection (benefit exhaust is not modeled explicitly, but implied in the lapse rate). Projected future experience assumes best estimate lapse rates, which vary by policy form, issue age, and inflation. There is also an additional lapse applied, which increases by attained age.

Morbidity

Projected future experience uses morbidity assumptions which are based on SHIP experience.

The morbidity in the projection model is projected based on a first principles approach:

- We performed an incidence study with claims runout through September 30, 2018, using Milliman's 2017 *Guidelines* fit to SHIP's experience.
- We reviewed SHIP's historical utilization through June 30, 2018.
- Claim termination rates were set consistent with the claim liabilities. We then split the claim termination rates into disabled deaths and recoveries based on a mortality study.
- Utilization, incidence, and claim termination were then used to calculate paid claims on a seriatim basis for each policy. The MG-ALFA model also calculates benefit exhaust based on the seriatim policy features.
- The projected statutory claims paid and claims incurred for calendar year 2018 were compared to actual claims paid for 2017, 2016, and 2015. The differences seem to be appropriate for this declining block of business.

9. ISSUE AGE RANGE

These products were available for issue ages 38 to 86. Premiums are based on issue age.

10. AREA FACTORS

The Company did not use area factors within the State in the premium scale for these products.

11. CLAIM LIABILITY AND RESERVE

Claim reserves were calculated using appropriate actuarial methods for IBNR and using continuance curves validated for the company's experience for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims. The valuation rate for the claim reserve is consistent with the rate used to produce the historical loss ratios.

12. ACTIVE LIFE RESERVES

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum loss ratio. Incurred claims are calculated without the impact of the change in active life reserves.

13. DISTRIBUTION OF BUSINESS

The historical experience reflects the actual distribution of policies during the experience period. The projected future experience is based on a seriatim projection of the current inforce policies. See Exhibit E for the distribution of the inforce policies by key demographic and benefit characteristics.

The historical and projected loss ratio data is stated on an incurred basis, including both accrued and unaccrued portions of the liability and reserves. The loss ratio is calculated using a 5.03% interest rate. The historical and projected earned premium is stated on a Nationwide rate basis.

14. NUMBER OF POLICYHOLDERS

Please refer to Exhibit A for the projected number of policyholders as of December 31, 2018 in this State.

15. AVERAGE ANNUAL PREMIUM

The average annual premium for this product both prior to the impact of the requested rate increase, and after, is indicated in Exhibit A to this memorandum.

16. MINIMUM REQUIRED LIFETIME LOSS RATIO

The minimum required lifetime loss ratio for these forms is 60%.

17. HISTORICAL EXPERIENCE

Exhibit C provides nationwide experience since inception by incurral year. This data includes claim payments through December 31, 2018. The following table summarizes the nationwide historical loss ratio accumulated at 5.03% interest to December 31, 2018.

Table 1 Senior Health Insurance Company of Pennsylvania Nationwide Group Historical Actual Experience Excluding 5% Compound Inflation		
Earned Premiums	Incurred Claims	Loss Ratio
\$1,300,345,787	\$815,987,784	62.8%

18. PROJECTED FUTURE EXPERIENCE

Future experience, which has been projected for forty years using the best estimate assumptions described in Section 8, is shown in Exhibit C. Projected earned premiums include all rate increases effective as of December 31, 2018. The following table summarizes the nationwide anticipated future loss ratio discounted at 5.03% without the requested rate increases.

Table 2 Senior Health Insurance Company of Pennsylvania Nationwide Group Future Experience Excluding 5% Compound Inflation Best Estimate Assumptions Without Rate Increases		
Earned Premiums	Incurred Claims	Loss Ratio
\$2,535,982	\$11,215,495	442.3%

19. LIFETIME ANTICIPATED LOSS RATIO

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premium. Exhibit C also provides a projection of these values with all planned rate increase requests included in SHIP's solvency plan. Nationwide results are summarized below:

Table 3a Senior Health Insurance Company of Pennsylvania Nationwide Group Experience Excluding 5% Compound Inflation Anticipated Lifetime Loss Ratio Best Estimate Assumptions Without Rate Increases			
Time Period	Earned Premiums	Incurred Claims	Loss Ratio
Future	\$2,535,982	\$11,215,495	442.3%
Lifetime	\$1,302,881,769	\$827,203,279	63.5%

Table 3b Senior Health Insurance Company of Pennsylvania Nationwide Group Experience Excluding 5% Compound Inflation Anticipated Lifetime Loss Ratio With Rate Increase, Effective as of 1/1/2020			
Time Period	Earned Premiums	Incurred Claims	Loss Ratio
Future	\$2,965,778	\$11,405,143	384.6%
Lifetime	\$1,303,311,566	\$827,392,927	63.5%

20. RELATIONSHIP OF RENEWAL PREMIUM TO NEW BUSINESS PREMIUM

The company is no longer selling any new proprietary long-term care products. Therefore, the comparison of renewal premium rates after the rate increases to the Company's current new business premium rate schedule is not applicable.

21. ACTUARIAL CERTIFICATION

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long-term care insurance rate filings.

To the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions. This memorandum complies with all applicable Actuarial Standards of Practice, including ASOP No. 8.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary. The assumptions are consistent with the Company's current business plan.

I have reviewed and taken into consideration the policy design and coverage provided, and the Company's original underwriting and claims adjudication processes.

The projected experience shown in this memorandum is based on best estimate assumptions and does not include any provision for moderately adverse experience. The rate increase being filed is lower than what would be required to meet any minimum lifetime loss ratio requirements or to do a certification of adequacy under rate stability requirements. If the experience does not improve, the Company will need to file for future rate increases. In my opinion, the rates are not excessive or unfairly discriminatory.



Juliet Spector, FSA, MAAA
Principal and Consulting Actuary

ATTACHMENTS

- Exhibit A – Lives and Average Annualized Premium Inforce
- Exhibit B – Pennsylvania Rate Increase History
- Exhibit C – Historical and Projected Experience (Baseline and Rate Increase Projections)
- Exhibit D – Policy Form and Series Mapping
- Exhibit E – Distribution of Inforce Business as of December 31, 2018



Exhibit A
Senior Health Insurance Company of Pennsylvania
Lives and Average Annualized Premium Inforce

Exhibit A
Senior Health Insurance Company of Pennsylvania
Lives and Average Annualized Premium Inforce
SHIP Group Experience Excluding 5% Compound Lifetime Inflation

	Lives Inforce	Average Annualized Premiums (as of 1/1/2021) Per Inforce	
	as of 12/31/2018	Baseline	With Rate Increase
Nationwide Total	792	\$946	\$1,172
Pennsylvania Total	30	\$798	\$1,038



Exhibit B
Senior Health Insurance Company of Pennsylvania
Pennsylvania Rate Increase History

**SENIOR HEALTH INSURANCE COMPANY OF
LTC COMPOSITE RATE INCREASE HISTORY AND FILING
STATUS
POLICY FORM SERIES AIG AND ASSOCIATED RIDERS
NATIONWIDE EXPERIENCE FOR ACTIVE MEMBERS**

Issue State	2007	2008	2009	2010	2011	2012	2013	Cumulative Increase
AL		25	40					75
AZ		15	10					27
CA		25		25				56
CO		25						25
HI		20					25	50
ID		25	15					44
IL		25	40	25				119
IN		25	35		15	12		117
KY		15	15	25				65
ND		20		20	20			73
OH	25		40					75
PA		5		25		15		51
SD	25		25					56
TX						25		25



Exhibit C
Senior Health Insurance Company of Pennsylvania
Historical and Projected Experience
(Baseline and Rate Increase Projections)



Exhibit D
Senior Health Insurance Company of Pennsylvania
Policy Form and Series Mapping

Exhibit D Senior Health Insurance Company of Pennsylvania Policy Form and Series Mapping	
Milliman Grouping	Policy Form
A_Bser	500003
A_Bser	500104
A_Bser	500205
A_FQSe	FQ-HHC
A_FQSe	FQ-LTC
A_FQSe	FQ-LTC PAR
A_FQSe	FQ-NH
A_FQSe	NFQ-HHC
A_FQSe	NFQ-LTC
A_FQSe	NFQ-NH
A_HHC1	HHC-1
A_HHC1	HHC-5
A_HHC1	HHC-6
A_HHC1	HHC-87
A_HHC2	HHC-2
A_HHC3	HHC-3
A_HHC4	HHC-4
A_LT89	LTC-89
A_LTC1	LTC
A_LTC1	LTC-1
A_LTC1	LTC-2
A_LTC1	LTC-5
A_LTC1	LTC-7
A_LTC1	LTC-8
A_LTC1	LTCIT
A_LTC3	LTC-3
A_LTC3	LTC-3 PAR
A_LTC6	LTC-6
A_MISC	AI
A_MISC	AIG
A_MISC	CIS-85
A_MISC	CSN
A_MISC	GRPB
A_MISC	NCP
A_MISC	NCP2
A_MISC	NH 701
A_MISC	NHP-1
A_MISC	NHP-ME
A_MISC	WD
A_MISC	WDIT
A_UGLI	660
A_UGLI	665
A_UGLI	666
A_UGLI	668
T10770	10770
T10770	10902
T10853	10773
T10853	10853
T10853	10855
T10853	10860
T10853	10921
T10955	10955
T10955	10967
T11001	11001
T11001	11006
T_MISC	10576
T_MISC	10618
T_MISC	10669
T_MISC	10674
T_MISC	10840
T_MISC	10841
T_MISC	10854
T_MISC	10869
T_MISC	10886
T_MISC	10918
T_MISC	10922
T_MISC	10956
T_MISC	10990
T_MISC	11003



Exhibit E
Senior Health Insurance Company of Pennsylvania
Distribution of Inforce Business as of December 31, 2018

Exhibit E-1
Senior Health Insurance Company of Pennsylvania
Distribution of Inforce Business as of December 31, 2018
Nationwide SHIP Group Experience Excluding 5% Compound Lifetime Inflation

Issue Year	Count	% of Count	Premium	% of Premium
1975	0	0.00%	\$0	0.00%
1976	0	0.00%	\$0	0.00%
1977	0	0.00%	\$0	0.00%
1978	0	0.00%	\$0	0.00%
1979	0	0.00%	\$0	0.00%
1980	0	0.00%	\$0	0.00%
1981	0	0.00%	\$0	0.00%
1982	0	0.00%	\$0	0.00%
1983	0	0.00%	\$0	0.00%
1984	0	0.00%	\$0	0.00%
1985	2	0.25%	\$905	0.12%
1986	13	1.64%	\$11,617	1.52%
1987	94	11.87%	\$88,082	11.54%
1988	192	24.24%	\$177,673	23.27%
1989	286	36.11%	\$272,474	35.69%
1990	204	25.76%	\$211,896	27.76%
1991	1	0.13%	\$742	0.10%
1992	0	0.00%	\$0	0.00%
1993	0	0.00%	\$0	0.00%
1994	0	0.00%	\$0	0.00%
1995	0	0.00%	\$0	0.00%
1996	0	0.00%	\$0	0.00%
1997	0	0.00%	\$0	0.00%
1998	0	0.00%	\$0	0.00%
1999	0	0.00%	\$0	0.00%
2000	0	0.00%	\$0	0.00%
2001	0	0.00%	\$0	0.00%
2002	0	0.00%	\$0	0.00%
2003	0	0.00%	\$0	0.00%
Total	792	100.00%	\$763,390	100.00%

Issue Age	Count	% of Count	Premium	% of Premium
39 -	1	0.13%	\$569	0.07%
40-44	2	0.25%	\$1,028	0.13%
45-49	7	0.88%	\$4,284	0.56%
50-54	76	9.60%	\$52,112	6.83%
55-59	262	33.08%	\$210,086	27.52%
60-64	336	42.42%	\$343,989	45.06%
65-69	94	11.87%	\$124,454	16.30%
70-74	13	1.64%	\$23,201	3.04%
75-79	1	0.13%	\$3,666	0.48%
80-84	0	0.00%	\$0	0.00%
85-89	0	0.00%	\$0	0.00%
90+	0	0.00%	\$0	0.00%
Total	792	100.00%	\$763,390	100.00%

Gender	Count	% of Count	Premium	% of Premium
Male	212	26.77%	\$210,656	27.59%
Female	580	73.23%	\$552,733	72.41%
Total	792	100.00%	\$763,390	100.00%

BP	Count	% of Count	Premium	% of Premium
001to005M	0	0.00%	\$0	0.00%
006to010M	0	0.00%	\$0	0.00%
1 YEAR	49	6.19%	\$23,294	3.05%
013to017M	0	0.00%	\$0	0.00%
018to022M	0	0.00%	\$0	0.00%
2 YEARS	120	15.15%	\$88,897	11.64%
3 YEARS	0	0.00%	\$0	0.00%
4 YEARS	0	0.00%	\$0	0.00%
3 YEARS	107	13.51%	\$96,156	12.60%
4 YEARS	189	23.86%	\$190,568	24.96%
5 YEARS	117	14.77%	\$91,842	12.03%
Lifetime	210	26.52%	\$272,634	35.71%
4YNH 2YHH	0	0.00%	\$0	0.00%
6YNH 2YHH	0	0.00%	\$0	0.00%
LTNH 2YHH	0	0.00%	\$0	0.00%
Total	792	100%	\$763,390	100%

Exhibit E-1
Senior Health Insurance Company of Pennsylvania
Distribution of Inforce Business as of December 31, 2018
Nationwide SHIP Group Experience Excluding 5% Compound Lifetime Inflation

EP	Count	% of Count	Premium	% of Premium
0 days	682	86.11%	\$674,457	88.35%
7 days	0	0.00%	\$0	0.00%
14 days	0	0.00%	\$0	0.00%
15 days	0	0.00%	\$0	0.00%
20 days	46	5.81%	\$35,527	4.65%
30 days	12	1.52%	\$14,400	1.89%
60 days	0	0.00%	\$0	0.00%
75 days	0	0.00%	\$0	0.00%
90 days	0	0.00%	\$0	0.00%
100 days	37	4.67%	\$29,628	3.88%
150 days	15	1.89%	\$9,378	1.23%
180 days	0	0.00%	\$0	0.00%
365 days	0	0.00%	\$0	0.00%
Total	792	100%	\$763,390	100%

Marital Status	Count	% of Count	Premium	% of Premium
Married	1	0.13%	\$1,018	0.13%
Single	791	99.87%	\$762,371	99.87%
Total	792	100%	\$763,390	100%

Issue State	Count	% of Count	Premium	% of Premium
AK	0	0.00%	\$0	0.00%
AL	1	0.13%	\$514	0.07%
AR	3	0.38%	\$958	0.13%
AZ	12	1.52%	\$11,087	1.45%
CA	198	25.00%	\$142,769	18.70%
CO	8	1.01%	\$7,360	0.96%
CT	2	0.25%	\$807	0.11%
DC	1	0.13%	\$803	0.11%
DE	2	0.25%	\$2,024	0.27%
FL	45	5.68%	\$40,904	5.36%
GA	3	0.38%	\$2,778	0.36%
HI	7	0.88%	\$6,194	0.81%
IA	22	2.78%	\$31,686	4.15%
ID	2	0.25%	\$1,391	0.18%
IL	41	5.18%	\$68,054	8.91%
IN	72	9.09%	\$78,250	10.25%
KS	0	0.00%	\$0	0.00%
KY	26	3.28%	\$30,810	4.04%
LA	1	0.13%	\$765	0.10%
MA	8	1.01%	\$5,414	0.71%
MD	6	0.76%	\$5,944	0.78%
ME	0	0.00%	\$0	0.00%
MI	33	4.17%	\$38,181	5.00%
MN	0	0.00%	\$0	0.00%
MO	17	2.15%	\$20,810	2.73%
MS	1	0.13%	\$706	0.09%
MT	4	0.51%	\$6,118	0.80%
NC	13	1.64%	\$9,760	1.28%
ND	0	0.00%	\$0	0.00%
NE	3	0.38%	\$2,884	0.38%
NH	0	0.00%	\$0	0.00%
NJ	15	1.89%	\$19,041	2.49%
NM	4	0.51%	\$4,684	0.61%
NV	0	0.00%	\$0	0.00%
NY	0	0.00%	\$0	0.00%
OH	78	9.85%	\$77,384	10.14%
OK	32	4.04%	\$18,175	2.38%
OR	0	0.00%	\$0	0.00%
PA	30	3.79%	\$25,616	3.36%
RI	0	0.00%	\$0	0.00%
SC	0	0.00%	\$0	0.00%
SD	1	0.13%	\$454	0.06%
TN	9	1.14%	\$12,670	1.66%
TX	67	8.46%	\$64,305	8.42%
UT	0	0.00%	\$0	0.00%
VA	21	2.65%	\$20,652	2.71%
VI	0	0.00%	\$0	0.00%
VT	1	0.13%	\$1,054	0.14%
WA	0	0.00%	\$0	0.00%
WI	0	0.00%	\$0	0.00%
WV	1	0.13%	\$1,092	0.14%
WY	2	0.25%	\$1,294	0.17%
Total	792	100.00%	\$763,390	100.00%

Exhibit E-2
Senior Health Insurance Company of Pennsylvania
Distribution of Inforce Business as of December 31, 2018
Pennsylvania SHIP Group Experience Excluding 5% Compound Lifetime Inflation

Issue Year	Count	% of Count	Premium	% of Premium
1975	0	0.00%	\$0	0.00%
1976	0	0.00%	\$0	0.00%
1977	0	0.00%	\$0	0.00%
1978	0	0.00%	\$0	0.00%
1979	0	0.00%	\$0	0.00%
1980	0	0.00%	\$0	0.00%
1981	0	0.00%	\$0	0.00%
1982	0	0.00%	\$0	0.00%
1983	0	0.00%	\$0	0.00%
1984	0	0.00%	\$0	0.00%
1985	0	0.00%	\$0	0.00%
1986	0	0.00%	\$0	0.00%
1987	0	0.00%	\$0	0.00%
1988	7	23.33%	\$4,828	18.85%
1989	16	53.33%	\$14,147	55.23%
1990	7	23.33%	\$6,641	25.92%
1991	0	0.00%	\$0	0.00%
1992	0	0.00%	\$0	0.00%
1993	0	0.00%	\$0	0.00%
1994	0	0.00%	\$0	0.00%
1995	0	0.00%	\$0	0.00%
1996	0	0.00%	\$0	0.00%
1997	0	0.00%	\$0	0.00%
1998	0	0.00%	\$0	0.00%
1999	0	0.00%	\$0	0.00%
2000	0	0.00%	\$0	0.00%
2001	0	0.00%	\$0	0.00%
2002	0	0.00%	\$0	0.00%
2003	0	0.00%	\$0	0.00%
Total	30	100.00%	\$25,616	100.00%

Issue Age	Count	% of Count	Premium	% of Premium
39 -	0	0.00%	\$0	0.00%
40-44	0	0.00%	\$0	0.00%
45-49	3	10.00%	\$1,709	6.67%
50-54	4	13.33%	\$2,260	8.82%
55-59	12	40.00%	\$8,001	31.23%
60-64	8	26.67%	\$8,770	34.24%
65-69	3	10.00%	\$4,877	19.04%
70-74	0	0.00%	\$0	0.00%
75-79	0	0.00%	\$0	0.00%
80-84	0	0.00%	\$0	0.00%
85-89	0	0.00%	\$0	0.00%
90+	0	0.00%	\$0	0.00%
Total	30	100.00%	\$25,616	100.00%

Gender	Count	% of Count	Premium	% of Premium
Male	9	30.00%	\$7,706	30.08%
Female	21	70.00%	\$17,910	69.92%
Total	30	100.00%	\$25,616	100.00%

BP	Count	% of Count	Premium	% of Premium
001to005M	0	0.00%	\$0	0.00%
006to010M	0	0.00%	\$0	0.00%
1 YEAR	0	0.00%	\$0	0.00%
013to017M	0	0.00%	\$0	0.00%
018to022M	0	0.00%	\$0	0.00%
2 YEARS	3	10.00%	\$1,732	6.76%
3 YEARS	0	0.00%	\$0	0.00%
4 YEARS	0	0.00%	\$0	0.00%
3 YEARS	3	10.00%	\$1,261	4.92%
4 YEARS	3	10.00%	\$3,422	13.36%
5 YEARS	21	70.00%	\$19,201	74.96%
Lifetime	0	0.00%	\$0	0.00%
4YNH 2YHH	0	0.00%	\$0	0.00%
6YNH 2YHH	0	0.00%	\$0	0.00%
LTNH 2YHH	0	0.00%	\$0	0.00%
Total	30	100%	\$25,616	100%

Exhibit E-2
Senior Health Insurance Company of Pennsylvania
Distribution of Inforce Business as of December 31, 2018
Pennsylvania SHIP Group Experience Excluding 5% Compound Lifetime Inflation

EP	Count	% of Count	Premium	% of Premium
0 days	23	76.67%	\$21,692	84.68%
7 days	0	0.00%	\$0	0.00%
14 days	0	0.00%	\$0	0.00%
15 days	0	0.00%	\$0	0.00%
20 days	7	23.33%	\$3,925	15.32%
30 days	0	0.00%	\$0	0.00%
60 days	0	0.00%	\$0	0.00%
75 days	0	0.00%	\$0	0.00%
90 days	0	0.00%	\$0	0.00%
100 days	0	0.00%	\$0	0.00%
150 days	0	0.00%	\$0	0.00%
180 days	0	0.00%	\$0	0.00%
365 days	0	0.00%	\$0	0.00%
Total	30	100%	\$25,616	100%

Marital Status	Count	% of Count	Premium	% of Premium
Married	1	3.33%	\$1,018	3.98%
Single	29	96.67%	\$24,598	96.02%
Total	30	100%	\$25,616	100%

Issue State	Count	% of Count	Premium	% of Premium
AK	0	0.00%	\$0	0.00%
AL	0	0.00%	\$0	0.00%
AR	0	0.00%	\$0	0.00%
AZ	0	0.00%	\$0	0.00%
CA	0	0.00%	\$0	0.00%
CO	0	0.00%	\$0	0.00%
CT	0	0.00%	\$0	0.00%
DC	0	0.00%	\$0	0.00%
DE	0	0.00%	\$0	0.00%
FL	0	0.00%	\$0	0.00%
GA	0	0.00%	\$0	0.00%
HI	0	0.00%	\$0	0.00%
IA	0	0.00%	\$0	0.00%
ID	0	0.00%	\$0	0.00%
IL	0	0.00%	\$0	0.00%
IN	0	0.00%	\$0	0.00%
KS	0	0.00%	\$0	0.00%
KY	0	0.00%	\$0	0.00%
LA	0	0.00%	\$0	0.00%
MA	0	0.00%	\$0	0.00%
MD	0	0.00%	\$0	0.00%
ME	0	0.00%	\$0	0.00%
MI	0	0.00%	\$0	0.00%
MN	0	0.00%	\$0	0.00%
MO	0	0.00%	\$0	0.00%
MS	0	0.00%	\$0	0.00%
MT	0	0.00%	\$0	0.00%
NC	0	0.00%	\$0	0.00%
ND	0	0.00%	\$0	0.00%
NE	0	0.00%	\$0	0.00%
NH	0	0.00%	\$0	0.00%
NJ	0	0.00%	\$0	0.00%
NM	0	0.00%	\$0	0.00%
NV	0	0.00%	\$0	0.00%
NY	0	0.00%	\$0	0.00%
OH	0	0.00%	\$0	0.00%
OK	0	0.00%	\$0	0.00%
OR	0	0.00%	\$0	0.00%
PA	30	100.00%	\$25,616	100.00%
RI	0	0.00%	\$0	0.00%
SC	0	0.00%	\$0	0.00%
SD	0	0.00%	\$0	0.00%
TN	0	0.00%	\$0	0.00%
TX	0	0.00%	\$0	0.00%
UT	0	0.00%	\$0	0.00%
VA	0	0.00%	\$0	0.00%
VI	0	0.00%	\$0	0.00%
VT	0	0.00%	\$0	0.00%
WA	0	0.00%	\$0	0.00%
WI	0	0.00%	\$0	0.00%
WV	0	0.00%	\$0	0.00%
WY	0	0.00%	\$0	0.00%
Total	30	100.00%	\$25,616	100.00%



SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
P.O. Box 64913 • St. Paul, MN 55164
Telephone: 1-877-450-5824

[Insured Name]
[Street Address]
[City], [State] [Zip Code]

VIA US MAIL

[Mailing Date]

RE: Policy Number: [Policy Number]
Insured: [Insured Name]

Dear [Insured Name]:

As a long-term care insurer, Senior Health Insurance Company of Pennsylvania (“SHIP”) is committed to providing you with superior service for your long-term care insurance [Policy/Certificate]. As other insurance companies over the years significantly raised premiums for their policyholders, SHIP worked hard to maintain affordable rates and deliver the best value for your [Policy/Certificate].

Unfortunately, despite its best efforts, SHIP is not immune to the rising cost of providing long-term care insurance. Consequently, we recently found it necessary to seek a premium rate increase from the Department of Insurance in the state in which your [Policy/Certificate] was issued. SHIP demonstrated, as it is required to do, that the requested increase applicable to all policies with coverage like yours was justified under the law.

SHIP has received approval from the [Insurance Department] to raise the premium rates and/or alter your coverage as reflected in the options below for all [Policy/Certificate]holders with a similar [Policy/Certificate] issued in [Issue State]. This change will be **effective, due and payable on [Offer Effective Date]**. Below are some options for your consideration that, if elected by you, may offset some or all of your upcoming premium rate increase:

- If you select Option 1, your [Billing Mode] premium will increase from \$[Current Premium] to \$[RINC Premium] **effective, due and payable on [Offer Effective Date]**, (as stated in Option 1)]. Your premiums will not be increased if you select one of the other options, but the benefits provided by your [Policy/Certificate] will be reduced.
- Under Option 2, you may elect to change your [Policy/Certificate] to a "Paid Up" status and pay no future premiums, which is also known as a “Non-Forfeiture Shortened Benefit Option”.
- There may be other options available to you to lower your premium and help offset the cost of the rate increase.

As the cost of providing long-term care insurance will continue to increase, SHIP anticipates future rate increases may be necessary in your state. We will continue to monitor our policies and claims carefully



SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
P.O. Box 64913 • St. Paul, MN 55164
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and will contact you in the event additional rate increases become necessary. Please also note that your [Policy/Certificate] remains “Guaranteed Renewable.”

Once you carefully consider each of the options outlined below in its entirety, please complete the Election Form that follows this letter, then return it within [Notification Days] days of the date of this letter ([Election Due Date]). **Please be advised that if we do not receive an Election Form from you, Option 1 will be implemented.**

Please note that the Options offered to you may not be of equal value:

Option 1 (Default Option): Increase Your Current Premium by [Percentage]%; Continue Your Current Coverage without Change

Under Option 1, you may elect to have coverage under your [Policy/Certificate] continue without change in exchange for a premium increase of [Percentage]%, **effective, due and payable on [Offer Effective Date]**. As of [Offer Effective Date], your current [Billing Mode] premium will increase [Percentage]% from \$[Current Premium] to \$[RINC Premium]. **If you choose this option, your [Policy/Certificate] may be subject to additional rate increases in the future.**

Contingent Benefit Upon Lapse

Please be advised that any [Policy/Certificate]holder without a non-forfeiture benefit in his or her [Policy/Certificate] or that declines the offered Non-Forfeiture Shortened Benefit Option described shall be provided a Contingent Benefit Upon Lapse (CBUL). The CBUL will be available to [Policy/Certificate]holders: (1) when an approved rate increase is equal to or exceeds the percentage of your initial annual premium when your [Policy/Certificate] was issued; and (2) whose [Policy/Certificate] lapses within 120 days of the rate increase. Eligibility for this benefit is listed below.

If you trigger the CBUL, the reduced Benefit Account Value will be equal to the greater of: (1) 100% of the sum of all premiums paid for your coverage under the [Policy/Certificate], including the premiums paid prior to any changes in benefits but excluding any waived premiums; or (2) 30 times the Daily Benefit Amount at the time of lapse. If you’ve already received benefits under your [Policy/Certificate] so that the remaining Benefit Account Value is less than the total amount of premiums paid, the Benefit Account Value is that remaining amount.

Claims are processed in accordance with the provisions of your [Policy/Certificate] up to its specified limits until the Benefit Account Value is exhausted. Once the Benefit Account Value is exhausted, coverage under the [Policy/Certificate] terminates. No Further Benefits are Payable. The terminated [Policy/Certificate] cannot be reinstated.



SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
P.O. Box 64913 • St. Paul, MN 55164
Telephone: 1-877-450-5824

Option 2: Declare Your [Policy/Certificate] as "Paid Up"; Pay No More Premiums Ever

Under Option 2, you may elect to change your [Policy/Certificate] to a "Paid Up" status and pay no future premiums, which is also known as a "Non-Forfeiture Shortened Benefit Option". This option, if elected, would be effective [Offer Effective Date]. This means that the Benefit Account Value under the [Policy/Certificate] will equal the sum of all premiums you have paid since the [Policy/Certificate] was first issued, less all claims that have been paid or are payable to you under your [Policy/Certificate], less any premiums returned as of the Effective Date ("Non-Forfeiture Option Benefit Account Value"). As of [Mailing Date], the Non-Forfeiture Option Benefit Account Value under your [Policy/Certificate] is \$[NFO Amount]. Please note that your Non-Forfeiture Option Benefit Account Value may be different from the amount quoted above if premium payments are made and/or Benefits are paid under the [Policy/Certificate] between [Mailing Date] and the effective date of this Non-Forfeiture Shortened Benefit Option. If you have a claim in the future, Benefits will be paid under the existing terms of your [Policy/Certificate] and all Riders, Amendments and Endorsements, up to the Non-Forfeiture Option Benefit Account Value. Once you have received Benefits that have exhausted the Non-Forfeiture Option Benefit Account Value, your [Policy/Certificate] will terminate with no further Benefits payable. The terminated [Policy/Certificate] cannot be reinstated.

If you choose Option 2, to the extent your [Policy/Certificate] contains any of the following Benefit provisions, either as part of the [Policy/Certificate] or in a Rider, Amendment or Endorsement, attached to the [Policy/Certificate], these Benefit provisions would be deleted and would not apply: Inflation Protection, Inflation Benefit, Automatic Benefit Increase, Compounded Inflation Protection Benefits, Lifetime Compound Benefit Increase, and/or Lifetime Simple Benefit Increase; Benefit Rebuilder; Guaranteed Insurability for Inflation Protection; Lifetime Waiver of Premium for Survivor; Lifetime Waiver of Premium for Surviving Insured Spouse; Non-Forfeiture Benefit; Recurrent Benefit Periods; Reinstatement of Benefits; Restoration of Benefits; Restoration Benefit; Return of Premium; Return of Premium on Accidental Death; Spousal Shared Benefit; Successive Periods of Confinement; or Waiver of Premium.

Please note that this Non-Forfeiture Shortened Benefit Option is a one-time only offer. If you do not elect this Non-Forfeiture Shortened Benefit Option at this time, you will not be able to elect it in the future (unless your [Policy/Certificate] already includes a Non-Forfeiture Benefit Rider). **If you choose any other option, your [Policy/Certificate] may be subject to additional rate increases in the future.**

Other Options Available: Unless you choose Option 2, your [Policy/Certificate] will be subject to a [Percentage]% rate increase effective, due and payable on [Offer Effective Date]. Below you will find options that may be available on your [Policy/Certificate] to reduce certain benefits with a corresponding reduction in premium to potentially offset some of the [Percentage]% rate increase. **Please note this is not a comprehensive list, and not all of these options may be available under your**



SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
P.O. Box 64913 • St. Paul, MN 55164
Telephone: 1-877-450-5824

[Policy/Certificate]. Should you wish to receive other options that may be available to you, call us at 1-877-450-5824 from 8:00 AM to 6:00 PM EST, Monday through Friday.

- Reduce Daily Benefit Amount (\$10 increments)
- Increase Elimination Period
- Decrease Benefit Period
- Eliminate Additional Riders, if applicable
 - Inflation Protection
 - Return of Premium

In order for any of the options available to be effective [Offer Effective Date] you must make your request for available options prior to [Offer Effective Date]. Your [Percentage]% premium increase will be applied **effective, due and payable on [Offer Effective Date]**. If you choose to reduce certain benefits, your [Policy/Certificate] may be subject to additional rate increases in the future.

SHIP is not a tax, financial or insurance advisor; therefore, we strongly encourage you to discuss with your trusted advisor(s) the implications of your election to ensure you are making the choice that best fits your needs. If you have a tax qualified [Policy/Certificate], we recommend that you speak with your financial advisor(s) about the potential tax implication, as your election may cause your [Policy/Certificate] to no longer be tax qualified.

When you have chosen your option, please fill out and return the Election Form attached to this letter indicating your selection. Please send this Election Form to:

Senior Health Insurance Company of Pennsylvania
P.O. Box 64913
St. Paul, MN 55164

YOU MUST RETURN THE ELECTION FORM INDICATING YOUR CHOICE WITHIN [Notification Days] DAYS OF THE DATE OF THIS LETTER.

IF YOU DO NOT MAKE AN ELECTION, OPTION 1 WILL BE IMPLEMENTED, WHICH WILL RESULT IN A [Percentage]% PREMIUM INCREASE. EFFECTIVE, DUE AND PAYABLE ON [Offer Effective Date] YOUR [Billing Mode] PREMIUM WILL INCREASE [Percentage]% FROM \$[Current Premium] to \$[RINC Premium].

WITH THIS OPTION 1, YOUR COVERAGE WILL REMAIN THE SAME, UNLESS YOU CHOOSE TO MAKE ADDITIONAL FUTURE CHANGES TO YOUR BENEFITS.



SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
P.O. Box 64913 • St. Paul, MN 55164
Telephone: 1-877-450-5824

SHIP is committed to being there for our [Policy/Certificate] holders now and in the future. Please call us at 1-877-450-5824 from 8:00 AM to 6:00 PM EST, Monday through Friday if you have any questions or concerns.

Sincerely,

Senior Health Insurance Company of Pennsylvania

Enclosure



SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA
P.O. Box 64913 • St. Paul, MN 55164
Telephone: 1-877-450-5824

ELECTION FORM

Date: [Mailing Date]
 Policy Number: [Policy Number]
 Insured: [Insured Name]

I have had an opportunity to consult with my trusted advisor(s) and have carefully considered the options you have provided and, following careful consideration, I have indicated my option below. I understand that unless I select Option 2, my [Policy/Certificate] may be subject to additional rate increases in the future. (Please check only one option)

<input type="checkbox"/>	<p>Option 1 - (Default Option) - I elect to increase my current premium by [Percentage]% and continue my [Policy/Certificate] without change. Coverage under my [Policy/Certificate] will continue without change and my [Billing Mode] premium will increase [Percentage]% from \$(Current Premium) to \$(RINC Premium) effective, due and payable on [Offer Effective Date].</p>
<input type="checkbox"/>	<p>Option 2 – I elect to declare my [Policy/Certificate] as “Paid Up”; Pay no more premiums ever. My [Policy/Certificate] will be considered "Paid Up" (the “Non-Forfeiture Shortened Benefit Option”), with no further premiums due. This option, if elected, would be effective [Offer Effective Date] and is only effective if all [Policy/Certificate] premiums due up to [Offer Effective Date] are paid in full at that time. I understand that this means that the Non-Forfeiture Option Benefit Account Value under my [Policy/Certificate] will equal the sum of all premiums I have paid since this [Policy/Certificate] was first issued, less all claims that have been paid or are payable to me under my [Policy/Certificate] and all Riders, Amendments and Endorsements, and less any premiums returned, effective [Offer Effective Date]. Once I have received Benefits that have exhausted my Non-Forfeiture Option Benefit Account Value, coverage under my [Policy/Certificate] will terminate and no further Benefits will be payable. My terminated [Policy/Certificate] cannot be reinstated.</p>
	<p>Other Options Available: I understand that my [Billing Mode] premium will increase [Percentage]% from \$(Current Premium) to \$(RINC Premium), effective, due and payable on [Offer Effective Date]. I have requested or will request prior to [Offer Effective Date] other available options to reduce certain benefits with a corresponding premium decrease to potentially offset the [Percentage]% rate increase. If I do not make my request for available options to SHIP or its representatives prior to [Offer Effective Date], I understand my [Billing Mode] premium will increase [Percentage]% to \$(RINC Premium) effective, due and payable on [Offer Effective Date].</p>

 Insured Signature

 Date