

**Physicians Mutual Insurance Company**  
**Sept 14, 2021**

**SERFF #s:** PHYS-132863495

**Filing Summary:**

Physicians Mutual Insurance Company requested approval to increase the premium an aggregate 36% on 104 LTC policies. The requested increase varies based upon (a) if the benefit period is limited or unlimited and (b) if the policy has automatic inflation protection or not. The requested increase and number of policies affected is shown in the table below.

<b>LTC forms P103 and P104</b>	Rate Increase Requested	PA Policies
Limited Benefit Period, No Auto Inflation	0%	13
Lifetime Benefit Period, No Auto Inflation	0%	4
Limited Benefit Period, With Auto Inflation	38%	46
Lifetime Benefit Period, With Auto Inflation	53%	41
	36%	104

The Department approved a 20% increase on the 46 policies with limited benefits and auto inflation. Similarly, we approved a 20% increase on the 41 policies with lifetime benefits and auto inflation.

**Effective date of rate change:** Renewals on and after 9/14/2021.

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.



**Long-Term Care Insurance Rate Decision**  
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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.