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BUREAU OF INSURANCE
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Genworth Life Long-term Care Insurance Proposed Rate Increases
Question and Answers

1. Are the Genworth rate filings public?

Yes. Genworth has filed its requests through the System for Electronic Rate and Form Filings (SERFF). You can see the filings by clicking on the [SERFF](#) link on the Bureau's website, and then clicking "Begin Search." On the next page, click "Accept." On the next page:

- next to "Business Type" select "Life, Accident/Health, Annuity, Credit";
- next to "Type of Insurance," type "LTC" to reach the categories of long-term care insurance and select the type that applies to your policy;
- type "Genworth" into the "Company Name" field; and
- putting "10/19/21" in the "Start Submission Date" and the "End Submission Date" fields will limit the filings to the current group we are talking about.

2. How do I calculate what my premium would be if the approved increase is 140%?

In this case, multiply your current premium by 2.4. For example, if your current premium is \$975, your new premium would be \$2,340 ($\975×2.4).

If the approved increase were a different percentage, you would multiply your current premium by that percentage to get the amount of the increase in dollars. For example, if your premium were \$975 and the approved increase were 125%, the increase in dollars would be \$1,218.75 ($\975×1.25). You would then add \$1,218.75 to \$975 to calculate the new approved premium, which would be \$2,193.75.

3. Are agents held accountable for saying the premiums would not go up?

The premiums for long-term care insurance were intended to stay level, however, the rates are not guaranteed to stay the same. Long-term care insurance policies generally include a provision that the company may file to increase rates. For many long-term care insurance carriers, claims experience has developed worse than carriers originally expected. If you think that the person who sold you your long-term care insurance policy misrepresented at the time of the sale what would happen with your premium, you may file a complaint with the Bureau. Click "Filing a Complaint" on our home page, www.maine.gov/pfr/insurance or call us at 800-300-5000 and ask us to mail you a long-term care complaint form.

4. Is this proposal discriminatory to older policyholders?

No, long-term care insurance rate increases are made on the basis of the entire product and do not target a particular age.

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www.maine.gov/insurance

Phone: (207) 624-8475

TTY: Please call Maine Relay 711

Consumer Assistance: 1-800-300-5000

Fax: (207) 624-8599

5. What will the effective date of any approved increase be and when will I get the increased bill?

The Bureau has not yet approved any of Genworth's long-term care insurance rate increase requests. Reviewing the filings can take months, so we cannot say for sure when the process will be complete. Once the Bureau completes our review, and if any of rate change is approved, Genworth will send you a notice of your new premium. The notice will include the options available for your policy and give you 60 – 90 days to decide what you want to do. Companies typically implement the increase on a rolling basis, which means any new premium prices will be due on your policy anniversary date.

6. What is happening in other states with increases?

We can assure you that Maine policyholders are not the only ones receiving rate increases. Genworth has filed for rate increases in other states. For its largest block of business, as of December 31, 2020, Genworth has filed up to seven requests for rate increases in 49 states and the District of Columbia since 2015. Cumulative approved rates are \$941,332,622.46 in premium affecting 317,522 policyholders. We will add details when we have them.

7. Could long term care insurance premiums go down if experience improves?

Insurance rates track a carrier's claims experience and might go down if experience improves. It is therefore possible that long-term care insurance premiums could decrease but it is unlikely given all the components playing into the long-term care insurance crisis.

8. Is AARP involved in the review or request?

No, AARP is a group policyholder and is not involved in the review or request.

9. Have shock lapses due to such a large increase been accounted for?

The company has provided updated lapse data in the filings that the Bureau is reviewing. The assumptions are derived from actual Genworth nationwide long-term care insurance lapse experience.

10. What are the predictions for future rate increases?

The Bureau will address this issue through the rate review process in SERFF filings and rate review process.

11. Does the Guaranty Association cover paid-up or reduced policies?

Yes, the policies stay in place and are an obligation of the [Maine Life and Health Insurance Guaranty Association](#) if a company is liquidated.

12. How does the Bureau determine if a requested rate is excessive?

The Bureau requires long-term care carriers to use the premiums that they receive to pay claims and overhead according to a formula (the loss ratio standard). Depending on when the policy was issued, the formula is 60/40 or 85/15. A carrier subject to the 60/40 rule must pay at least 60% of its premium to claims and 40% may go to overhead. A carrier subject to the 85/15 rule must pay at least 85% of its premium to claims and 15% to overhead. The Bureau would consider the requested increase excessive if it does not meet the required loss ratio standard.