

To Commissioner Kathleen Birrane,

I am writing in the hope that you will break the ongoing history of granting excessive unwarranted increases to Genworth Financial's LTC premiums.

I implore you to view this issue from the viewpoint of the Maryland policyholders you represent - we have no other recourse.

The Statistics

My wife and I have had long term care policies with Genworth since 2002. We are 72 and 75 years old. The first year premiums combined were \$2828 and our 2023 premiums are \$9148.

That is a 223% increase. During the same time period inflation has increased 71%. The increases that the MIA have granted to Genworth have been at a rate 3 times greater than the rate of inflation.

What Genworth will claim?

In Genworth's 2022 Annual Report on page 3 they state four goals.

Number two is "achieving economic break even and stabilizing the legacy long term care insurance in-force block."

Number four is "returning capital to Genworth Financial shareholders"

Genworth will say that they are not at breakeven in their long term care business. "We continue to manage US Life Insurance" (of which LTC is part) "on a stand alone basis"

Genworth, however, has not presented the expense side of the equation to you. You cannot claim a loss without showing all the costs.

They even state: "Expenses do not affect Lifetime Loss Ratio projections or the rate increase requested in this memorandum", and "**Expenses have not been explicitly projected.**"

How can they calculate or project a break-even point without the expense side of the equation?

They are in control of what expenses are charged to long term care from corporate overhead, administrative expenses, travel, executive salaries and bonuses, etc. The MIA would need to hire an independent forensic auditor to ascertain whether the allocations between Genworth's divisions are justified.

Proof in their own words from their Annual Report that Genworth does not need further increases

The following quotes reflect their reported view of the health of the LTC business. They state that they do not see a need to increase reserves.

"To the extent that the cash flow testing margin is negative in any of our US Life Insurance companies, we would need to increase statutory reserves to that company"

"completion of annual long-term care insurance assumptions review: **we make no significant change in our existing claim reserves**, as experience in the aggregate was in line with expectations",

"In aggregate, the 2022 margins for our long term care insurance business remained the same range as 2021 of approximately \$.5 billion to \$1.0 billion.

They actually report that they are above breakeven by \$1 billion.

Why does Genworth continue to ask for increases?

Genworth reported **\$83 million** of gross incremental premiums in the 3rd quarter of this year and **\$227 million year to date**.

Since 2002 they have "achieved" **\$25 Billion** in increases to net present value from in-force rate actions. They continue to ask for increases because it is an easy way to improve their finances.

They will continue until Insurance Administrators stand up to them.

Further proof that the proposed increases are not warranted

Genworth's most recent Quarterly Report includes all the proof that a jury would need to turn down the request for increases.

"Given the significant improvement in the results of operations and financial position of Genworth Financial and its subsidiaries, and the reduction of Genworth's holdings' debt on May 2, 2022, Genworth Financials' Board of Directors authorized a share repurchase program under which Genworth financial may repurchase up to \$350 million of its outstanding Class A common stock." That brings the repurchase amount to **\$436 million**.

You can not use extra cash to buy back stock unless you have current and projected stability which they tell their stockholders that they have.

To Commissioner Birrane

Genworth will keep asking for extraordinary increases. When will the MIA see through the well rehearsed presentations and dozens of charts and challenge the basic assertion that any increase is justified?

I know you are aware that you are directly impacting people's livelihood. Our premiums have increased from \$2828 to \$9148.

By their own public reporting they prove that they do not need any increase.

Thank you for your help,

Best regards,

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