

UNUM LIFE INSURANCE COMPANY OF AMERICA
 Actuarial Memorandum
 June 21, 2023
 Maryland

Policy Form	Name	Originally Issued	Closed to New Business
NH5092 et al	Nursing Home Policy	1993	1996
LTC5092 et al	Long-Term Care Policy	1995	1998
LTC94	Long-Term Care Policy	1998	2004
LTC94Q	Long-Term Care Policy	1998	2004
LTC99	Long-Term Care Policy	1999	2003
LTC99Q	Long-Term Care Policy	1999	2003

These are individual policy forms providing comprehensive and nursing home only long-term care coverage.

We respectfully request non-disclosure of this actuarial memorandum, if your Department grants it.

1. Scope and Purpose of Filing

This actuarial memorandum has been prepared for the purpose of demonstrating that the loss ratio requirements have been met in your state under requested premium rate increases and is not intended to be used for other purposes.

The rate increase applies to the policy forms listed in the table above.

These policy forms were originally priced prior to rate stability under the NAIC model regulation. This filing is being made in accordance to pre-rate stability requirements, consistent with prior rate increase filings.

2. Benefit Description

- **Benefits** - Payable when an individual has a loss of two or more Activities of Daily Living (ADLs) and requires the substantial assistance of another person or suffers severe cognitive impairment, and has satisfied the elimination period. The ADLs are bathing, dressing transference, toileting, continence and eating.
- **Facility Coverage** - Provides a benefit which will be paid when an individual is in a Nursing Facility. A benefit will also be payable for services in an Assisted Living Facility. For the policy form series LTC99, the Assisted Living Facility is paid at the same level as Nursing Facility. For the other policy forms, the Assisted Living Benefit Amount will be the greater of 60% of the Nursing Home Benefit Amount or the Home Care Benefit Amount (if a Home Care option is chosen).
- **Home Care Benefit** - Provided for individuals who would prefer alternative means of health care, other than a Nursing Home or Assisted Living Facility. This coverage can be purchased when the policy is purchased or at a later date as a rider. The amounts available are 50%, 75%, or 100% of the Nursing Home benefit amount. A Professional and Community Home Care Benefit and a Total Care Benefit are available.
- **Waiver of Premium** - After the elimination period has been satisfied, premium payments will be waived during any period for which benefits are payable.

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- **Rehabilitation and Alternative Care Plans** – While an individual is disabled and receiving a benefit, an alternate care plan is available to help the individual regain the functional ability to independently perform the ADLs. The services/equipment must be medically necessary and appropriate for the insured’s disability.
- **Bed Reservation** – When an individual is receiving benefits and his/her stay in a Nursing Facility or Assisted Living Facility is interrupted due to hospitalization, the benefit will cover any charges made to reserve the Nursing Facility of Assisted Living Facility accommodations

3. Renewability

This policy is guaranteed renewable for life.

4. Applicability

This filing is applicable to in-force policies only as these policy forms are no longer being sold in the market. The premium changes will apply to the base rates of the policy.

5. Actuarial Assumptions

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6. Expenses

Expenses have not been explicitly projected and are not part of the rate increase justification.

7. Trend Assumptions

As this is not medical insurance, we have not included any explicit medical cost trends in the projections.

8. Marketing Method

These policies were marketed through Unum’s own wholesale field force who called on agents and brokers. Some brokers with whom Unum has special marketing agreements did not use the services of Unum’s wholesale field force or used them on a limited basis. Alternate distribution channels were also used as opportunities arose.

These policy forms are no longer marketed.

9. Underwriting Description

This product was subject to medical underwriting.

For multi-life business, modified Medical Underwriting was available to active employees of an employer group where the employer group and the plan offered by the employer group met specified risk characteristics (e.g., minimum participation requirements, employer funding that ensures 100% participation of all active employees).

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10. Premium Classes

Premium rates vary by issue age, plan design (level of coverage, benefit period, inflation option, elimination period, non-forfeiture and accelerated payment options, restoration of benefits, and survivorship waiver), and benefit amount.

11. Premium Modes

Available premium modes include annual, semi-annual, quarterly and monthly. Factor adjustments for modes other than annual are unchanged from the initial rate filing.

12. Issue Age Range

The issue ages are age 18 to 100.

13. Area Factors

Area factors are not used for this product.

14. Average Annual Premium

The table below summarizes the average annual premium per policy, before and after the requested rate increase, both nationwide and in your state.

Nationwide		Maryland	
Current	After Proposed Rate Increase	Current	After Proposed Rate Increase
2,286	2,885	2,325	3,952

15. Number of Policyholders

The table below summarizes, as of 12/31/2022, the number of policies inforce and the annualized premium that will be affected by this rate increase in your state.

	Number of Policies	Number of Premium Paying Policies	Current Annualized Premium
Maryland	2,976	2,789	6,485,689
Nationwide	83,178	79,093	180,812,600

16. Distribution of Business

The table below summarizes the distribution of insureds by several characteristics.

This information below is based on national inforce business.

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Issue Age	%	Attained Age	%	Elimination Period	%	Benefit Period	%
<40	3.8%	<60	3.4%	20	0.2%	2	3.2%
40-44	4.6%	60-64	4.1%	30	12.6%	3	18.7%
45-49	9.2%	65-69	7.7%	60	17.7%	4	0.8%
50-54	19.6%	70-74	16.4%	90	65.7%	5	1.1%
55-59	29.0%	75-79	25.6%	180+	3.8%	6	35.0%
60-64	22.4%	80-84	23.5%			10	0.0%
65-69	8.8%	85-89	13.6%			Lifetime	41.2%
70-74	2.3%	90+	5.8%				
75+	0.3%						

Inflation Type	%
Compound	50.1%
Simple	26.7%
Capped	11.0%
None	12.2%

This information below is based on Maryland's inforce business.

Issue Age	%	Attained Age	%	Elimination Period	%	Benefit Period	%
<40	2.5%	<60	2.4%	20	0.4%	2	1.6%
40-44	3.4%	60-64	3.4%	30	12.9%	3	16.0%
45-49	10.0%	65-69	7.8%	60	11.0%	4	1.9%
50-54	21.6%	70-74	18.1%	90	71.2%	5	2.5%
55-59	31.2%	75-79	29.9%	180+	4.5%	6	38.3%
60-64	22.0%	80-84	24.0%			10	0.0%
65-69	7.4%	85-89	10.9%			Lifetime	39.7%
70-74	1.6%	90+	3.5%				
75+	0.3%						

Inflation Type	%
Compound	64.1%
Simple	19.9%
Capped	9.1%
None	6.9%

17. History of Previous Rate Revisions

The following rate increases were previously approved in your state.

	Policy Form Series			
	LTC94, LTC94Q		LTC5092 et al, LTC99, LTC99Q	
Rate Increase	Year	Amount	Year	Amount
1st Increase	2006	15%	2006	N/A
2nd Increase	2007	13%	2007	N/A
3rd Increase	2011	15%	2011	15%
4th Increase	2014	15%	2014	15%
5th Increase	2016	15%	2016	15%
6th Increase	2018	7.5%/7.5%	2018	7.5%/7.5%

The 2011 rate increase graded the increase to zero over issue ages 65 to 72.

The 2014, 2016 and 2018 rate increases were only applicable to insureds with uncapped inflation coverage and included 3%, 3.2% and 4.7% landing spot options respectively. Policyholders that elected the landing spot options did not receive the rate increases.

Please see Exhibit 3 for historical filings and the current filing status of rate increases in other states.

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18. Requested Rate Increase

The company is seeking an average aggregate 70% premium rate increase per insured, that varies by inflation coverage on the base rates associated with the policy forms listed above. The overall average rate request is 48.0% when including the reduced rate increases applicable to those insureds that previously elected the landing spot options. The company will also consider an actuarially equivalent phased-in rate increase over multiple years.

The rate increase requested on policies with compound and simple uncapped inflation reflects the outstanding rate increase request after the 2018 approval under SERFF Number UNUM-131410665 as well as a new 2022 rate initiative of 25% across all insureds. The increase requested on policies with capped inflation and no inflation reflects a 2019 nationwide rate increase initiative of 45% and 25% respectively. As well as the 2022 rate initiative of 25% across all insureds.

The table below summarizes the rate increase request.

Inflation Type	Inflation Cap	Rate Increase	Maryland Insureds
5% Compound	None	75.0%	614
5% Simple	None	49.7%	177
3% Compound	None	25.0%	892
3% Simple	None	25.0%	270
3.2% Compound	None	16.9%	183
3.2% Simple	None	18.4%	83
4.7% Compound	None	75.0%	98
4.7% Simple	None	49.7%	24
5% Compound	2 x Cap	81.3%	119
5% Simple	2 x Cap	81.3%	136
No Inflation	NA	56.3%	193
Total			2,789

Please see the tables below that captures the requested rate increases applicable to insureds that had previously elected the landing spot.

Landing Spot Elections

Year	Landing Spot	Compound Inflation	Simple Inflation
2014	3.0%	25.0%	25.0%
2016	3.2%	16.9%	18.4%
2018	4.7%	75.0%	49.7%

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Future Rate Increase Offsets

Year	Landing Spot	Compound Inflation	Simple Inflation
2014	3.0%	0.0%	0.0%
2016	3.2%	0.0%	0.0%
2018	4.7%	0.0%	0.0%

The overall average rate request is 48.0% when including the reduced rate increases applicable to those insureds that previously elected the landing spot options.

19. Reserves

Active life reserves have not been used in this rate increase demonstration. Statutory claim reserves as of 12/31/2022 have been discounted to the date of incurrals of each respective claim and included in the historical incurred claims. Incurred But Not Reported claim reserves as of 12/31/2022 have also been allocated to the expected calendar year of incurrals and included in historical incurred claims and runoff in the projected experience.

20. Past and Future Projected Policy Experience and Demonstration of Satisfaction of Loss Ratio Requirements

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21. Proposed Effective Date

The rate increase will apply to policies on their policy anniversary date following a 90-day policyholder notification period.

22. Similar Forms

There are no similar forms currently marketed by the company.

23. Actuarial Certification

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

To the best of my knowledge, this rate filing is in compliance with the applicable laws and regulations of this state. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice including ASOP Number 8.

I certify that renewal premium rate schedules are not greater than new business premium rates schedules except for differences attributable to benefits. Unum is no longer writing any new individual or group long term care policies.

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I have taken into consideration the policy design, underwriting, and claims adjudication practices.

A handwritten signature in black ink that reads "Ronald L. Lucas". The signature is written in a cursive style with a large initial 'R' and 'L'.

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