

In the Matter Of:

*LONG-TERM CARE PUBLIC HEARINGS*

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*HEARING*

*May 07, 2018*

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BEFORE THE  
MARYLAND INSURANCE ADMINISTRATION  
  
LONG-TERM CARE PUBLIC HEARINGS

Monday, May 7, 2018  
9:00 a.m. - 10:30 a.m.

MARYLAND INSURANCE ADMINISTRATION  
200 ST. PAUL PLACE  
24th FLOOR  
BALTIMORE, MARYLAND 21202

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REPORTED BY: BRIANNE WALLNER

1 PANEL MEMBERS:

2 Nancy Grodin, Deputy Commissioner

3 Todd Switzer, Chief Actuary

4 Robert Morrow, Associate Commissioner, Life & Health

5 Al Redmer, Insurance Commissioner

6 Jeff Ji, Senior Actuary

7 Adam Zimmerman, Actuary

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1 H E A R I N G

2 DEPUTY COMMISSIONER GRODIN: We're going  
3 to start today's conference. My name is Nancy  
4 Grodin. I'm the Deputy Commissioner of the  
5 Maryland Insurance Administration. This is our  
6 second public hearing on specific carrier rate  
7 increases for Long-Term Care Insurance in 2018.

8 We're going to focus on several rate  
9 increase requests and I'll read the companies  
10 and what they're proposing: Northwestern  
11 Long-Term Care Insurance Company, proposing  
12 increases of 0 percent to 13 percent, depending  
13 on the benefit period; Bankers Life and  
14 Casualty Company, proposing increases of 15  
15 percent; Continental Casualty Company proposing  
16 increases of 15 percent; and Unum Life  
17 Insurance Company of America, proposing  
18 increases of 74.9 percent to 101.1 percent,  
19 depending on uncapped inflation coverage type.

20 If anybody thinks I'm speaking extra  
21 slowly, it's because we have a court reporter  
22 in the room, who is responsible for

1 transcribing everything we say. And I will  
2 remind the people presenting and the people  
3 testifying today to slow it down and to speak  
4 up and out.

5 All right. These requests affect about  
6 8,290 Maryland policyholders. The goal of  
7 today's hearing is to allow the insurance  
8 company officials to explain their reasoning,  
9 to answer questions from the MIA. And then  
10 once they are finished testifying, we will  
11 allow anybody who's signed up either in today's  
12 meeting or signed up in advance through our  
13 conference call to then testify as well.

14 Let us take a minute to have everybody at  
15 the table here to introduce themselves and what  
16 their position is with the Insurance  
17 Administration.

18 MR. ZIMMERMAN: Hi, my name is Adam  
19 Zimmerman. I'm an actuary with the Office of  
20 the Chief Actuary.

21 MR. JI: Jeff Ji, Senior Actuary with the  
22 Office of Chief Interim.

1 MR. SWITZER: Todd Switzer, good morning,  
2 Chief Actuary.

3 ASSISTANT COMMISSIONER MORROW: Bob  
4 Morrow, Associate Commissioner for Life and  
5 Health.

6 DEPUTY COMMISSIONER GRODIN: In the  
7 audience we also have Joe Sviatko, who is part  
8 of our public relations staff. We also have  
9 Nancy Muehlberger, who is the assistant in the  
10 Office of Chief Actuary. And we have Al Redmer  
11 in the audience who is our Insurance  
12 Commissioner.

13 Hopefully, everybody is signed up on the  
14 sheets that were out on the table. Let me go  
15 over a few housekeeping procedures. There's a  
16 handout with all of our contact information, I  
17 encourage you to take that with you.

18 This hearing -- and I know we've said this  
19 before, this is our second hearing. This  
20 hearing is an opportunity for MIA staff to  
21 question carriers. It's also an opportunity  
22 for all of us to listen to the consumer

1 representatives and any other stakeholders.  
2 It's not a question and answer forum between  
3 stakeholders and carriers. The questions are  
4 our job. But the good news is we encourage  
5 written comments submitted in advance or until  
6 Monday, May 14th, all written comments are  
7 studied and they are also posted on our  
8 website. We will also be posting a transcript  
9 of today's hearing. That is on the MIA's  
10 long-term care page and on the  
11 quasi-legislation hearing page. If you go to  
12 MIA's website and you click on the long-term  
13 care tab on the left side of the screen under  
14 "Quick Links," you will come to all of this  
15 information.

16 I've already mentioned the court reporter,  
17 so it's important for all of us to slow  
18 ourselves down and speak clearly and loudly.  
19 If you're dialing into the conference, please  
20 mute your phones. We would ask that when you  
21 testify, you please restate your name and  
22 organization. We will be asking the carriers



1 to come up in alphabetical order.

2 Todd, would you like to say a few things  
3 before we start?

4 MR. SWITZER: I would, thank you. Thanks  
5 for being here. Two things, first, factually  
6 over the last six months, the MIA has looked at  
7 long-term care filings from nine carriers and  
8 the average requested increase was 36 percent.  
9 The average approved increase was about 12  
10 percent, about a third of what was requested  
11 from activity recently.

12 Secondly, we got a question from Mr. and  
13 Mrs. Edwards related to the Genworth  
14 acquisition. Thank you, if you are on the  
15 phone, for your question. The one comment in  
16 response to that regarding Genworth, the  
17 largest long-term care carrier in our state.  
18 We asked them three questions through the serve  
19 system, that is the formal rate filing system,  
20 and one of the questions was, we looked at the  
21 SCC filings regarding the potential of deals or  
22 transactions with China Oceanwide. We

1 understand that the decision on that has been  
2 moved to July 1st. We noticed that in this  
3 case that part of the transaction allowed for  
4 600 million to be contributed to the maturing  
5 debt; 525 million for the restructuring of the  
6 life insurance business. But one quote -- and  
7 I'll just read the quote from the SCC, "China  
8 Oceanwide has no future obligation as to  
9 personal intentions --

10 MS. REPORTER: I'm sorry, can you --

11 MR. SWITZER: I'm sorry, yeah. "China  
12 OceanWide has no future obligation and has  
13 expressed no intentions of contributing  
14 additional capital towards our right in the  
15 long-term care business." And our questions  
16 were please provide some incite as to why that  
17 would be the case and wouldn't this transaction  
18 present a unique opportunity for our LLC  
19 financial deficiencies and less requested rate  
20 increases. So no decision has been made on  
21 those filings, no actions have been taken, and  
22 we are going through our questions. So that

1 was all I wanted to put out there.

2 DEPUTY COMMISSIONER GRODIN: And I'll also  
3 let everyone know, Todd will be leaving a  
4 little early today to participate in other  
5 conference calls.

6 MR. SWITZER: And I'll come back if those  
7 end early.

8 DEPUTY COMMISSIONER GRODIN: All right, I  
9 don't think I forgot anything else. Anybody?  
10 Okay, good.

11 So we have Loretta Jacobs, from Bankers  
12 Life and Casualty Company. Hi, Loretta, why  
13 don't you come on up to that table?

14 MS. JACOBS: If everyone is wondering  
15 about my shoes, I'm getting over foot surgery,  
16 so I'm a little careful about my walking.

17 DEPUTY COMMISSIONER GRODIN: And just  
18 speak clearly and loudly, so not only you can  
19 be picked up by the court reporter, but also  
20 our microphones and conference calls. Thank  
21 you.

22 MS. JACOBS: Good morning, Commissioner

1 Redmer in the audience, Deputy Commissioner  
2 Grodin, Maryland Insurance Administration  
3 staff, and distinguished guests. My name is  
4 Loretta Jacobs, and I am the Senior Vice  
5 President of Health Product Management at CNO  
6 Financial Group. I am responsible for, among  
7 other things, the long-term care business of  
8 Bankers Life and Casualty Company, which is the  
9 largest insurance company under the CNO  
10 Financial Group umbrella. On behalf of my  
11 company, I would like to thank you for the  
12 opportunity to provide information regarding  
13 our recent request to increase premiums on  
14 several of our older long-term care insurance  
15 policy forms, including: GR-N050 Long-Term  
16 Care; GR-N100 Facility Care and related GR-N105  
17 Long-Term Care; GR-N160 Facility Care and  
18 related GR-N165 Long-Term Care; and GR-N240,  
19 and GR-N270 Facility Care and related GR-N250  
20 and GR-N280 Long-Term Care.

21 Before discussing the details of the  
22 filing, I would like to provide some

1 information around the long-term care business  
2 at my company. Bankers Life and Casualty  
3 currently ensures more than 300,000 individuals  
4 nationwide, approximately 5,000 in the state of  
5 Maryland, under a long-term care, home health  
6 care, nursing home, or short-term convalescent  
7 care policy. We have been writing business  
8 since 1987 and we remain actively selling new  
9 policies today, having issued over 300 new  
10 policies in the state of Maryland during 2017.

11 At Bankers Life, we are proud of our  
12 commitment to offering meaningful insurance  
13 coverage to middle market consumers at and near  
14 retirement and we believe our long-term care  
15 and short-term convalescent care products are  
16 an important component of our policyholders'  
17 financial security in their retirement years.

18 There are approximately 540 policyholders  
19 in the state of Maryland who are insured under  
20 one of the various policy series for which we  
21 are requesting to increase premiums at this  
22 time. These insureds were issued between 1993

1 and 2003, and on average have been in force for  
2 20 years as of the present time.

3 Across the United States, the policy forms  
4 that we are here to discuss with you today have  
5 been subject to either three or four separate  
6 35 percent premium increases over time; those  
7 without inflation protection subject to the  
8 three increases, and those with automatic  
9 inflation protection were subject to the four  
10 increases.

11 However, the State of Maryland has  
12 approved five 15 percent premium rate increases  
13 and a 4.2 percent increase for policyholders  
14 without inflation protection, and has approved  
15 seven 15 percent premium rate increases for  
16 policyholders with inflation protection.

17 Thus, the full nationwide premium rate  
18 level is 17.4 percent higher than the Maryland  
19 premium rate level for policyholders without  
20 inflation protection. And the full nationwide  
21 rate level is 24.9 percent higher than the  
22 Maryland premium rate level for policyholders

1 with inflation protection. As such, we are  
2 requesting that Maryland approve the maximum  
3 allowable 15 percent premium rate increase on  
4 all of these policies, both those with and  
5 without inflation protection, in order to bring  
6 the Maryland premium rate level more in line  
7 with the nationwide rate level.

8 We believe the equitable thing to do is to  
9 continue to pursue action -- rate action in  
10 states that have not approved the full amount  
11 of our prior rate increases with the goal of  
12 ultimately achieving rate parity across the  
13 nation.

14 We understand and respect that the State  
15 of Maryland has a 15 percent premium rate  
16 increase cap in its regulations. Therefore,  
17 absent any material change in the experience of  
18 these policy forms that would indicate a need  
19 to change the nationwide premium rate levels,  
20 we anticipate we would request an additional  
21 premium rate increase in the future for these  
22 policyholders in order to bring the Maryland

1 premium rate level on par with the nationwide  
2 rate level.

3 We understand that increasing premiums can  
4 be difficult for insureds who are on fixed  
5 incomes and we make a point to personalize each  
6 notice of a premium rate increase with options  
7 for customers to consider, including paying the  
8 increased amount or, if current coverage is  
9 above the minimum benefits we offer, reducing  
10 coverage by increasing the elimination period  
11 or reducing benefit period duration.

12 In addition, each customer is invited to  
13 call a 1-800 number to explore other possible  
14 benefit reductions that may be available in the  
15 event that the specific personalized option  
16 described in the rate increase notice are not  
17 satisfactory to them.

18 We understand that customers may wish to  
19 spend time considering the options available to  
20 them, so our current practice is to notify  
21 customers of an impending premium rate change  
22 at least 60 days in advance of the change. As



1 you know, we are required to provide at least a  
2 45-day advance notice of a premium rate change  
3 in the state of Maryland, so our current  
4 process complies with Maryland law and provides  
5 an additional 15 days of advance notice.

6 We have submitted financial projections to  
7 the Maryland Insurance Administration  
8 documenting the actuarial justification for the  
9 15 percent premium rate increase we are  
10 requesting. Each of the policy forms subject  
11 to this premium rate increase request is  
12 required to meet a minimum lifetime loss ratio  
13 of at least 60 percent, and each form's  
14 lifetime loss ratio projection is significantly  
15 higher than 60 percent. Each series of policy  
16 forms subject to this rate increase request,  
17 has accrued experience since inception that is  
18 fully credible from a statistical standpoint on  
19 a nationwide basis, but it's not credible for  
20 the state of Maryland alone.

21 Therefore, the experience data and  
22 analysis performed on each of these blocks of

1 business, utilizes the nationwide experience.

2 For the GR-N050 policy series, the  
3 lifetime loss ratio at Maryland's current rate  
4 level is 75.0 percent and decreases to 74.3  
5 percent assuming the premium rate increase is  
6 approved.

7 For the GR-N100 series the lifetime loss  
8 ratio projection at Maryland's current rate  
9 level is 92.4 percent and decreases to 90.6  
10 percent assuming the premium rate increase is  
11 approved.

12 Similarly, the current lifetime loss ratio  
13 at the Maryland rate level for the GR-N160  
14 series is 86.6 percent and would reduce to 84.5  
15 percent if the premium rate increase we have  
16 requested is approved.

17 Finally, the lifetime loss ratio for the  
18 GR-N250 series is 87.1 percent at the current  
19 Maryland rate level and we project it to  
20 decrease to 84.2 percent if the premium rate  
21 increase request is approved.

22 Please note that the lifetime loss ratios

1 that I just discussed are calculated as the  
2 ratio of the incurred claims paid benefits,  
3 plus the change in the claim forms to earned  
4 premiums. Active life reserves, or reserves  
5 accrued to fund future claims which have not  
6 yet occurred, are not included in the  
7 calculation.

8 One thing I would like to note, however,  
9 is that when an individual insured lapses  
10 coverage, the active life reserves associated  
11 with those individuals are released. In  
12 accordance with statutory and tax accounting  
13 requirements, the released reserves flow into  
14 unassigned surplus, where theoretically they  
15 could be reallocated to any line of business  
16 within our company.

17 However, our current practice at Bankers  
18 Life and Casualty is to voluntarily reallocate  
19 the reserves released due to rate increase  
20 related coverage changes and termination back  
21 to the long-term care line of business as part  
22 of the non-tax deductible Asset Adequacy

1 Reserves we have established for this line.

2 As of first quarter 2018, the Asset  
3 Adequacy Reserves held \$261 million. This  
4 reserve is scheduled to increase by an amount  
5 indicated by the financial projection results  
6 for the entire LTC line of business, which is  
7 currently \$12 million per quarter for the 2018  
8 calendar year plus the amount of reserves  
9 reallocated from the rate increase related  
10 coverage changes and terminations. This amount  
11 has recently been running between 1 and \$2  
12 million per quarter. This practice of  
13 voluntarily reallocating reserves enables  
14 Bankers Life and Casualty to build significant  
15 additional active life reserves to support our  
16 long-term care line of business.

17 I would like to close by noting that the  
18 premium rate increase requests we have made are  
19 designed to mitigate, or reduce, losses that  
20 are expected to merge in the future, and not to  
21 recover any past losses that have already  
22 occurred. While the LTC policies subject to

1 this premium rate increase request are  
2 regulated to meet a minimum lifetime loss ratio  
3 and are not subject to the rate stabilization  
4 standards that apply to more recently issued  
5 policies, the premium rate increases we have  
6 requested on these policies do actually comply  
7 with the requirements of the rate stabilization  
8 standards as well.

9 Bankers Life and Casualty believes it is  
10 in both our company's interest and our  
11 policyholders' interest to continuously monitor  
12 our business and work with regulators to adjust  
13 premiums as expeditiously as necessary to  
14 enable us to maintain a financially stable book  
15 of business and honor our commitments to our  
16 policyholders to be able to pay their claims  
17 when they arise.

18 We look forward to continuing to work with  
19 the Maryland Insurance Administration on this  
20 filing and any others that may be required on  
21 these or other policy forms in the future with  
22 the goal of meeting our mutual objective of

1 keeping our LTC business at Bankers Life and  
2 Casualty financially sound and stable.

3 Thank you again for providing me the  
4 opportunity to speak with you today. I  
5 sincerely appreciate being able to engage in  
6 dialogue on this important issue of the pending  
7 premium rate increases on several of our  
8 long-term care policy forms.

9 DEPUTY COMMISSIONER GRODIN: Thank you,  
10 Ms. Jacobs. Anybody on the MIA staff have any  
11 questions?

12 MR. SWITZER: I do. Thank you. So you  
13 mentioned that these filings affect 540  
14 Maryland members?

15 MS. JACOBS: Yes.

16 MR. SWITZER: But your total in Maryland  
17 for the business is about 5,000 members?

18 MS. JACOBS: Right, correct.

19 MR. SWITZER: So for the other 4500, are  
20 any of those achieving financial targets, or is  
21 that just for the subset outside of the ones  
22 that's 500?

1 MS. JACOBS: So we have in the past, in  
2 fact last year we had requested to increase  
3 premiums on one of the newer forms. I don't  
4 recall offhand how many policies that was. I  
5 think it was about 200, but, you know, I would  
6 have to look, so please don't totally quote me  
7 on it. I can get back to you if you need that  
8 number. We do have several thousand under our  
9 convalescent care program and those right now  
10 are doing right in line, behaving right in line  
11 with what is expected. So there's been no  
12 contemplated action on those present policies.

13 MR. SWITZER: Thank you. And some filing,  
14 that the mortality table being used is the 1994  
15 GAM table --

16 MS. JACOBS: Yeah.

17 MR. SWITZER: -- 90 percent of it.

18 MS. JACOBS: Yeah.

19 MR. SWITZER: Are there plans to update  
20 that data, I'm just trying to prepare, I know  
21 you said future rate increases may be coming  
22 within the byproduct of updating the table?

1 MS. JACOBS: You know, we've been looking  
2 pretty carefully at the termination experience  
3 and right now, in fact, we did a large study  
4 last year, the overall termination -- and of  
5 course it's a little -- sometimes it's a little  
6 difficult to separate, you know, you get  
7 termination and you don't necessarily know if  
8 it was lapse or a death.

9 MR. SWITZER: Sure.

10 MS. JACOBS: You know, we don't  
11 necessarily get all of that information, but we  
12 try our best to try to get that information  
13 when we can. So far we have not seen anything  
14 that indicates that that's not the correct  
15 table. It may not be, but so far we haven't  
16 seen anything indicating that that's not in  
17 line.

18 MR. SWITZER: Thank you.

19 ASSISTANT COMMISSIONER MORROW: You gave  
20 us the loss ratio, the current loss ratios.  
21 What year do you project those loss ratios to  
22 go over 100 percent?



1 MS. JACOBS: Well, those are the  
2 lifetimes, so several of the policy forms, you  
3 know, already like if you just look at current  
4 loss ratio are, you know, in excess of 100,  
5 so -- but you know, over the life, they would  
6 be at say 90 or 80 or whatever the number is.  
7 Let me see if I -- I'm like you, I have to take  
8 my glasses off in order to see. So for  
9 instance, the N100 series here, the current  
10 loss ratio, like the 2016 and 2017 year is  
11 180-ish percent. The N050 series, which is the  
12 oldest one, is well over 200 percent currently,  
13 current experience. The N160 series is running  
14 about 140 percent currently, the current year.  
15 And then the N250, the larger current series  
16 is -- it ran 100 percent exactly in 2015. It  
17 ran 122 in 2016, but that was a slightly  
18 adverse year. And then it went to 113, so it's  
19 a little over 100 already.

20 ASSISTANT COMMISSIONER MORROW: Okay. So  
21 they are all over 100, you're quoting the  
22 nationwide average?

1 MS. JACOBS: Yes, for the current year,  
2 but over the life they're still -- you know,  
3 just current year versus...

4 ASSISTANT COMMISSIONER MORROW: That's  
5 what I was trying to get to, but I'm guessing  
6 the lifetime loss ratio in getting up to that  
7 point, I guess a nationwide basis, because  
8 that's what we're looking at, is that two years  
9 out, is that ten years out? I'm just trying  
10 to...

11 MS. JACOBS: I'm not -- I don't think I  
12 understand the question exactly.

13 ASSISTANT COMMISSIONER MORROW: Okay. So  
14 the lifetime loss ratio that you quote --

15 MS. JACOBS: Yes.

16 ASSISTANT COMMISSIONER MORROW: -- 73  
17 percent [inaudible] --

18 MS. JACOBS: Yup.

19 ASSISTANT COMMISSIONER MORROW: What year  
20 do they get to 100 or close to 100, is it three  
21 years from now, is it ten years from now? I'm  
22 just trying to get a sense of that.

1 MR. SWITZER: Well, I think -- correct me,  
2 Todd, I think you did cumulative rather than  
3 yearly.

4 MS. JACOBS: Oh, okay, let's see. I don't  
5 know that I have that information in front of  
6 me. But I mean, you know, the total cumulative  
7 -- I mean, because you've got, you know, some  
8 of these policies like if I look at N050, you  
9 know, it's cumulative to the past is already  
10 76. And the overall future would be, you know,  
11 300 something percent. And then you have to  
12 discount and all -- and accumulate and all this  
13 kind of stuff. So I don't know that I have  
14 that information exactly in front of me. It's  
15 what year the aggregated number gets to over  
16 100. I don't know if I have that here. I  
17 would have to calculate that out.

18 ASSISTANT COMMISSIONER MORROW: Thank you.

19 DEPUTY COMMISSIONER GRODIN: Anything  
20 else?

21 MR. JI: Yes. I know you are saying  
22 long-term care is this amount, so what I want

1 to know is what are you doing differently now  
2 and in the future typical of apprising that  
3 many years ago, so to ensure your success, you  
4 know, to avoid this kind of rate increase in  
5 the future for the current production and new  
6 production in the future?

7 MS. JACOBS: Well, I mean, we -- in fact,  
8 last year when we were here we had increases --  
9 we were here on our increase request form for  
10 one of the newest long-term care policies  
11 priced under the rate stabilization standard.  
12 We did that because we thought, you know, it's  
13 important if we see any deviation to act  
14 expeditiously, because that reduces the  
15 opportunity to get further and further off and  
16 potentially have numbers go further and further  
17 off. We also have really pivoted, if you will,  
18 to coverage that we think -- and again, our  
19 market's a bit different than a lot of other  
20 company's market. We're a middle market  
21 company, and long-term care is an expensive  
22 product. So we have sold a lot more on the

1 shorter short-term convalescent care products.  
2 They're doing really well. We focus very  
3 strongly on that market and we're happy with  
4 it. But, again, we know one thing to learn is  
5 watch the business carefully, make sure you  
6 accrue experience and you weigh it  
7 appropriately and act when indicated. So  
8 that's one of the things we've learned.

9 MR. JI: Thank you.

10 DEPUTY COMMISSIONER GRODIN: Anything  
11 else? All right, thank you, Ms. Jacobs.

12 Oh, sorry.

13 INSURANCE COMMISSIONER REDMER: I  
14 apologize. I couldn't hear what you said, did  
15 you say that you are or are not writing new  
16 business?

17 MS. JACOBS: We are writing new business.

18 DEPUTY COMMISSIONER GRODIN: Thank you.

19 Seth Lamont from Continental Casualty  
20 Insurance.

21 MR. LAMONT: Good morning. My name is  
22 Seth Lamont. I currently serve as Assistant

1 Vice President of Government Relations for CNA.  
2 I appear before you today regarding the  
3 long-term care rate filing of Continental  
4 Casualty Company, which is a principal  
5 underwriting subsidiary of CNA Financial. We  
6 are grateful for this opportunity to explain  
7 our rate need in greater detail.

8 As MIA is aware, long-term care represents  
9 a substantial portion of CNA's overall  
10 business. As of 2017, the LTC book accounted  
11 for approximately 8 percent of CNA's total  
12 gross premium written and roughly 40 percent of  
13 the company's total reserving obligation. The  
14 fact that LTC reserves comprise such a  
15 substantial portion of the company's total  
16 reserves is reflective of the long-tail nature  
17 of this business and serve to highlight the  
18 fact that rate increases are vital to meeting  
19 future policyholder obligations.

20 While the reasons for our rate need are  
21 not necessarily unique, we respectfully request  
22 that the MIA and policyholders alike recognize

1 that these increases are vital to ensuring that  
2 adequate reserves are available to CNA in order  
3 to satisfy future claims.

4 As we have said on a number of occasions,  
5 CNA is committed to meeting policyholder  
6 obligations. Our primary focus in this regard  
7 is maintaining adequate reserving levels in  
8 order to meet future policyholder obligations.  
9 We have also made significant investments in  
10 our long-term care claim operation.

11 Despite the fact that CNA's long-term care  
12 business is compromised solely of closed  
13 blocks, we continue to actively manage the  
14 business to ensure the claims are processed in  
15 an appropriate and timely manner.

16 To reiterate, the company's goal with  
17 respect to this rate request is to mitigate the  
18 adverse impact of these blocks of business on  
19 the enterprise. If an increase of 15 percent  
20 were to be approved, the lifetime loss ratios  
21 for the blocks subject to our most recent rate  
22 filing would fall between 130 and 140 percent.

1 As a part of the filing process, we have  
2 reduced our original rate requests, which  
3 ranged roughly from 30 percent to 50 percent  
4 range for these products downward to 15 percent  
5 for all four products. Given the lifetime loss  
6 ratios well in excess of 100 percent, CNA,  
7 rather than policyholders, will continue to  
8 absorb the vast majority of the financial  
9 burden associated with these policies going  
10 forward. As MIA is aware, CNA has and will  
11 continue to pay billions of dollars in  
12 long-term care claims on a nationwide basis.

13 Given the age of these blocks of business,  
14 we colloquially refer to them as older  
15 products. While we have six of these blocks,  
16 we determined that we would limit our rate  
17 request to four out of the six products,  
18 including LTC1, Premier Classic, Preferred  
19 Advantage, and Tax Qualified or TQ. We elected  
20 not to include the other two given the high  
21 attained age and relatively limited number of  
22 policyholders. There are approximately 4,000



1 Maryland policyholders whom collectively pay  
2 8.8 million in premium across these four  
3 products. With an increase of 15 percent,  
4 average yearly premiums for these products  
5 would be in the range of 2,000 to 3,000  
6 dollars.

7 It should also be noted that these  
8 products were written during a time period  
9 where many policies issued by the industry as a  
10 whole included such benefits as automatic  
11 inflation riders, an unlimited benefit; and as  
12 such, many of these policyholders subject to  
13 CNA's rate filing also include these generous  
14 benefits. In addition to being able to avail  
15 themselves of benefits that might not be  
16 available in the current marketplace, given  
17 that these are guaranteed renewable policies,  
18 our insureds will be able to renew their  
19 policies without any additional health  
20 screening at rates that are moderately greater  
21 than what they are now paying. If a 15 percent  
22 increase were to be approved, our policyholders

1 would pay an additional few hundred dollars per  
2 year on these policies. With respect to the  
3 limited number of policyholders who elect not  
4 to retain their coverage, the associated  
5 reserves are expected to be largely devoted to  
6 the funding of future claim obligations.

7 Benefit reduction options available to  
8 policyholders to mitigate the impact of the  
9 proposed rate increase include reducing the  
10 maximum benefit period, reducing the daily  
11 benefit, increasing the elimination period,  
12 and/or dropping any other optional rider, such  
13 as inflation.

14 Paid up benefits. In addition to the  
15 aforementioned options, CNA also offers our  
16 policyholders the opportunity to discontinue  
17 paying premiums while retaining a lifetime  
18 benefit amount equivalent to the nominal sum of  
19 their lifetime premium paid to date. Known to  
20 the experts in the room as the contingent  
21 non-forfeiture option, this is being offered to  
22 all insureds, regardless of issue age or rate

1 increase amount.

2 As I appear before you today, CNA's rate  
3 need is not only the factors unique to CNA, but  
4 rather erroneous assumptions that were made at  
5 the outset by the industry as a whole in our  
6 originally filed and approved rates. As most  
7 are aware, both macro-oriented assumptions as  
8 well as more micro-oriented assumptions put  
9 into place at the outset with respect to  
10 long-term care rates have proved erroneous.  
11 Persistency remains a key driver of our  
12 collective rate need going forward. At the  
13 outset, as an industry, we projected that  
14 approximately three times as many policyholders  
15 would terminate their policies than did so in  
16 reality.

17 Long-term care insurance was originally  
18 priced as a lapse-supported product, which  
19 means the original premiums could be lower for  
20 the block if some policyholders were assumed to  
21 voluntary -- voluntarily lapse their policies  
22 at some point in the future without ever

1 claiming benefits. In rough terms, some of the  
2 originally filed and approved rates across the  
3 country assumed greater than 10 percent lapse  
4 rates, and experience has shown that lapse  
5 rates would be less than 1 percent. Greater  
6 than expected persistency has led to a  
7 dramatically increased -- has led to  
8 dramatically increased and anticipated claim  
9 costs as significantly more policyholders have  
10 chosen to retain their policy -- significantly  
11 more policyholders have chosen to retain their  
12 policies than was originally anticipated. This  
13 persistency impact to rates is driven not only  
14 by policyholder lapses, but also lower than  
15 expected mortality. While this is positive  
16 from a societal perspective, this leads to a  
17 greater rate need to support additional  
18 expected future claims.

19 Terminations stand at 34 percent of what  
20 was originally assumed for our individual  
21 long-term care business. Put more simply, of  
22 these policyholders that we estimated would

1 terminate, we have seen only one-third of those  
2 actually terminate their policies. While this  
3 figure includes terminations owing to deaths,  
4 in our view, this figure demonstrates that,  
5 even in the face of significant increases,  
6 policyholders continue to find substantial  
7 value in retaining the benefits that are  
8 offered under our long-term care policies.

9 As noted, long-term care is significant to  
10 CNA from an enterprise perspective with 40  
11 percent of our total reserves being devoted to  
12 these anticipated liabilities.

13 The company remains committed to meeting  
14 policyholder obligations from both a financial  
15 and operational perspective. Policyholders are  
16 being offered a number of options to reduce  
17 their benefits in order to mitigate the impact  
18 of the proposed premium increase.

19 CNA's current experience is not unique,  
20 but rather on par with that of our peers in  
21 terms of the challenges resulting especially  
22 from the originally filed and approved interest

1 rate and lapse assumptions. Despite  
2 significant upward adjustments in premiums in  
3 recent years, terminations are running at 34  
4 percent of what was originally assumed, which  
5 again indicates that policyholders see  
6 substantial value in retaining their coverage.

7 DEPUTY COMMISSIONER GRODIN: Thank you,  
8 Mr. Lamont. Questions from the MIA?

9 MR. SWITZER: Please. Thank you. In  
10 looking at the 2017 form five and experience of  
11 a long-term care block, of that cumulative  
12 actual for the Maryland home business had a  
13 loss ratio of 69 percent, 500 million, half a  
14 billion income nationwide loss ratio of 75  
15 percent, Maryland six points lower, was any  
16 credibility assigned to the Maryland honing  
17 experience for those 4,000 members beyond  
18 clearing out the rate increase on the claims  
19 side?

20 MS. REPORTER: I'm sorry, beyond what?

21 MR. SWITZER: Was credibility, any  
22 credibility, partial or otherwise given to the

1 Maryland experience, not so much on the income  
2 side, where I can see the model and where you  
3 laid out the Maryland increases rather than the  
4 nationwide increases, but on the claims side,  
5 the six point loss ratio difference?

6 MR. LAMONT: My understanding, and I will  
7 verify with our actuarial team and get back to  
8 you, but my understanding is that we primarily  
9 would use nationwide experience.

10 MR. SWITZER: Fully?

11 MR. LAMONT: Yeah, that's my  
12 understanding, but I will verify that for you.

13 MR. SWITZER: Thank you. You answered my  
14 other one, thanks.

15 ASSISTANT COMMISSIONER MORROW: Quick  
16 question. Did I hear you correctly you said  
17 the only lapse that you see are from death?

18 MR. LAMONT: No, no. I said that the  
19 terminations include lapses by reason of death.

20 ASSISTANT COMMISSIONER MORROW: And the 10  
21 percent lapse that was assumed originally when  
22 the policies were sold, was that industry

1 average?

2 MR. LAMONT: No, I would say it was around  
3 4 percent probably. My understanding is that  
4 they've been as high as 10 percent. That's why  
5 that was included.

6 ASSISTANT COMMISSIONER MORROW: So you  
7 made an assumption, 10 percent, in the industry  
8 was more along the lines of 4, 5 percent?

9 MR. LAMONT: I don't know that ours was,  
10 I mean, that's more of a general industry  
11 comment.

12 ASSISTANT COMMISSIONER MORROW: Okay.

13 DEPUTY COMMISSIONER GRODIN: Anybody else?  
14 Oh, Jeff?

15 MR. JI: Oh, you originally asked average  
16 around 44 percent rate increase for all of  
17 those forms. I would like to know if the  
18 assumption is sustainable as to that, the total  
19 you are looking for for these four forms?

20 MR. LAMONT: We chose to substantially  
21 reduce our ask, owing to the age and the  
22 distress nature of these blocks. I mean, if we



1 were to target a 60 percent lifetime loss ratio  
2 for instance, as you know the rate increase  
3 would be substantially more. Running in the  
4 thousands of percentage points.

5 MR. JI: Right, right.

6 MR. LAMONT: So, no, I would not say that  
7 what we've asked for would, quote, unquote,  
8 stabilize these blocks. I mean, our goal here  
9 is just to minimally mitigate the, you know,  
10 adverse financial impact of these four blocks  
11 to our enterprise.

12 MR. JI: But even we, you know, under 44  
13 percent rating or these four blocks or forms,  
14 they are lifetime loss ratio of above 100  
15 percent. So you have a big range of the, you  
16 know, options to ask for rate increase, so what  
17 is the best point, you know, you think the  
18 point you can pursue? So is my question clear?

19 MR. LAMONT: I'm not sure I fully  
20 understand.

21 MR. JI: I think so you can ask a 100  
22 percent rate increase, 200 percent increase,

1 the lifetime loss is still, you know, pretty  
2 high, still above 60 percent, so we would like  
3 to know what is the best point for you?

4 MR. LAMONT: What is the best rate --

5 MR. JI: Rate increase --

6 MR. LAMONT: -- level for CNA to have for  
7 these blocks?

8 MR. JI: Yeah, yeah. I mean --

9 MR. LAMONT: Again, it would be many  
10 multiples of what we've asked for, but we've  
11 made a business decision not to impose that on  
12 our policyholders with respect to these four  
13 blocks.

14 MR. JI: It looks like currently you don't  
15 have a good idea how much you even ask for  
16 after this 44 percent rate increase, how much  
17 more you're going to pursue?

18 MR. LAMONT: I would say we won't -- I can  
19 say fairly confidently that we probably will  
20 not pursue anything of greater magnitude for  
21 these blocks than what we're presently  
22 pursuing. And I say that because, you know,

1 two of the -- two of the four that we decided  
2 not to pursue rate increases for because of the  
3 attained age and the distress nature of those  
4 blocks as these blocks become more and more  
5 stressed, I -- distressed, I would not  
6 anticipate that we would be asking for more  
7 rate than we're presently asking for.

8 MR. JI: Okay, thank you.

9 DEPUTY COMMISSIONER GRODIN: Thank you.  
10 Anything else? All right, thank you,  
11 Mr. Lamont.

12 Next up we have Northwestern Long Term  
13 Care Insurance Company with Mr. Gurlik.  
14 Welcome.

15 MR. GURLIK: Good morning, and thank you  
16 for holding today's hearing and inviting  
17 Northwestern Long Term Care Insurance Company,  
18 which I will refer to as NLTC, to participate.  
19 Also, thank you to the consumer who is here  
20 today. We appreciate your comments and  
21 participation as well.

22 My name is Greg Gurlik, and I'm an actuary

1 with NLTC, and responsible for pricing our  
2 long-term care insurance products. I'm going  
3 to provide some background on our LTC product  
4 line, and our approach to the LTC business.  
5 Then I'll share some information on our  
6 consumer research and our communications plans  
7 associated with our rate increases.

8 NLTC is wholly owned by its mutual parent  
9 company, Northwestern Mutual. And NLTC  
10 embraces the mutual values of its parent by  
11 selling participating policies and focusing on  
12 long-term policy owner value. We try to keep  
13 the cost of our long-term care policies low  
14 through consistent underwriting, prudent  
15 investments, and diligent expense management.

16 NLTC came relatively late to the LTC  
17 market, having sold its first policies in 1998.  
18 Especially with our high anticipated  
19 persistency, based on the experience from  
20 Northwestern Mutual's life insurance products,  
21 we initially had much higher premiums than most  
22 of our competitors. Unfortunately, however, we

1 are not immune to the challenges in the LTC  
2 marketplace.

3 Our recent experience evaluations  
4 indicated that sizable rate increases are  
5 appropriate on our policies sold from 1998 to  
6 2013. However, after gathering input from our  
7 financial representatives, we decided to take a  
8 more measured approach. Late in 2016, we began  
9 filing our first LTC rate increase nationwide  
10 for amounts primarily ranging from 10 to 30  
11 percent. With the rate increase annual limits  
12 in Maryland, we requested and received approval  
13 for increases of 10 to 15 percent. In 2017, we  
14 followed up with this rate increase request to  
15 keep the premium rate increase for Maryland  
16 policy owners in alignment with the rest of the  
17 nation.

18 As part of our rate increase filing, we  
19 are providing a paid-up Non-Forfeiture Option  
20 to all affected policy owners, even though our  
21 requested increase is smaller than the  
22 thresholds, which are required for most

1 policies. Under this feature, a policy owner  
2 choosing to not pay the increased premiums  
3 within 120 days of the premium increase  
4 effective date will receive a paid-up benefit  
5 equal to the total amount of all premiums paid  
6 since they first bought the policy.

7 As I indicated earlier, the 2016 filing  
8 was the first rate increase ever for  
9 Northwestern on in force LTC policies in our  
10 now 20 years in the long-term care insurance  
11 business. We heard loud and clear from  
12 consumers that communication and transparency  
13 are of utmost importance. As such, we held  
14 consumer focus groups as well as engaged in an  
15 ongoing dialogue with our financial  
16 representatives, to help inform our processes  
17 and decision-making. We learned the importance  
18 of explaining to policy owners why this rate  
19 increase was needed, as well as the importance  
20 of providing clients with a wide variety of  
21 options if they choose not to pay the full  
22 increase.



1 For instance, over half of our long-term care  
2 policy owners also own other Northwestern  
3 Mutual products as part of a comprehensive  
4 financial plan. As such, our financial  
5 representatives are in a fairly unique position  
6 to discuss the rate increase with their clients  
7 and to provide options so that their clients  
8 can make well-informed decisions. Toward this  
9 end, we provide our financial representatives  
10 with lists of impacted clients so that they can  
11 proactively work with their clients to provide  
12 client-specific options.

13 Third, as I mentioned, we have a dedicated  
14 home office service center where the sole focus  
15 of the service reps is to answer policy owner  
16 questions and to provide options related to  
17 this rate increase.

18 Then, because we heard from consumers that  
19 it is important that they have enough time to  
20 make more-informed decisions on how to proceed,  
21 we decided to send the specific policy owner  
22 notifications 60 to 120 days prior to the



1 policy owner's anniversary, depending on the  
2 timing of state approval, generally providing  
3 more time than the minimum required note.  
4 These notifications provide specific  
5 information regarding the amount of the rate  
6 increase and the range of available options to  
7 reduce benefits in order to maintain the  
8 premium or reduce the amount of the increase.  
9 We have heard from consumers that having an  
10 option is extremely important, so in addition  
11 to the options in the letter, we provide  
12 contact information for our dedicated service  
13 team to discuss the other options available to  
14 policy owners' specific circumstances.

15 While being faced with a rate increase is  
16 certainly not ideal, we are striving to be  
17 transparent and to make the client's experience  
18 as positive as possible, allowing consumers to  
19 make sound decisions for their particular  
20 circumstances.

21 Thank you again for holding today's  
22 hearing, and for inviting us to participate.

1 DEPUTY COMMISSIONER GRODIN: Thank you,  
2 Mr. Gurlik. Anybody have questions?

3 MR. SWITZER: Thank you. I see that these  
4 filings, as you've mentioned affect 2100  
5 Maryland members out of a total in the state of  
6 about 3100, so about two-thirds. And, again,  
7 from form 5 in the 2017 financial statements, I  
8 see the Maryland loss ratio at 9.7 percent, the  
9 nationwide loss ratio at 16 percent. I had as  
10 a rule of thumb that these 2100 policies, the  
11 duration they were sold in about 2002, about  
12 duration 16. So my question is: With the  
13 Maryland loss ratio at 9.7 and the nationwide  
14 at 16 percent, is not a present value, just a  
15 straight cumulative, how far off is that from  
16 what you were hoping to get at this point in  
17 time if you had any kind of sense of that,  
18 please?

19 MR. GURLIK: From what we were hoping to  
20 get?

21 MR. SWITZER: Yeah. When you initially  
22 priced and had your long-tail business, when

1 you looked at the initial loss ratio to be very  
2 low, loss ratio today, that ratio is 15 plus  
3 very high, given that we're maybe halfway  
4 through the life of a typical policy, our  
5 general tables would expect, although it's a  
6 lot of range, that if you're halfway through  
7 your loss ratio cumulative maybe year round  
8 30ish or so, but we're seeing 10 and 16,  
9 wondering if you had a comment on that?

10 MR. GURLIK: No, and actually we're  
11 nowhere near halfway through the benefit side  
12 of the equation. So right now if we look at  
13 this block of business, and you looked at the  
14 claims that we anticipate seeing over the  
15 lifetime of the block, we have not even seen 5  
16 percent of the present value of claims. So  
17 nationwide even, we do not feel that our  
18 business is credible, and certainly not  
19 credible at the state level. The nationwide  
20 experience, you quoted something, 16.9 or  
21 something like that --

22 MR. SWITZER: 16 percent.

1 MR. GURLIK: Our experience to date has  
2 not been significantly worse on these blocks  
3 than anticipated.

4 MR. SWITZER: Okay.

5 MR. GURLIK: Our primary concern is that  
6 the future expectation is much worse than what  
7 we originally anticipated. A lot of that is  
8 driven by changes in the claim cost anticipated  
9 certainly, but also that there are going to be  
10 far more people still in those later durations  
11 who we anticipate will have claims. And we are  
12 trying to get in early now, so that the class  
13 can be spread over a larger pool of policy  
14 owners.

15 MR. SWITZER: And I understand the  
16 nationwide to go up to 48,000 first --

17 MR. GURLIK: Right.

18 MR. SWITZER: But yet I fully understand  
19 that at the second half of what's going to  
20 happen or projected to happen, trying to get  
21 that first piece of empirically what has  
22 actually happened. I hear you say so far it's



1 we use relatively low lapse rates in our  
2 original pricing, they were still well in  
3 excess of what we now anticipate. Back when we  
4 were pricing these products we had relatively  
5 low price -- or we had high persistency. Our  
6 policyholders stay around forever, basically on  
7 the life side. We anticipated the same sort of  
8 thing in the LTC side. But LTC persistency  
9 rates are even higher than life insurance in  
10 general. Much higher.

11 MR. ZIMMERMAN: Thank you.

12 DEPUTY COMMISSIONER GRODIN: Anyone else?  
13 Thank you. Oh, I'm sorry, go ahead, Jeff.

14 MR. JI: So how do you ensure your  
15 business practice is effective typical for  
16 claim management, in the rate implementation,  
17 so any improvement in the future?

18 MR. GURLIK: In claim administration?

19 MR. JI: Yeah, and administration on the  
20 rate implementation.

21 MR. GURLIK: Yeah, I think practices have  
22 changed dramatically over the lifetime of the

1 business. And in general, we're a company that  
2 we don't really manage the loss ratios. We  
3 price the business on regular basis and in the  
4 past when we priced the business, every year we  
5 would take a look at assumptions, update them.  
6 We actually did pay dividends in past years,  
7 and that was around 2007 until around 2012,  
8 2013. And as we've priced the business more  
9 recently, obviously we've seen our assumptions  
10 deteriorate and that's driving the need for the  
11 rate increase.

12 On the claim administration side, I think  
13 we've certainly taken a look at our processes  
14 and our objective is to pay all legitimate  
15 claims. At the same time that means we have an  
16 obligation to our other policy owners to make  
17 sure that we aren't paying fraudulent claims.  
18 We aren't paying claims of people who have not  
19 yet met the eligibility criteria of the  
20 policies.

21 MR. JI: How about the rate implementation  
22 side?

1 MR. GURLIK: The rate implementation side,  
2 as you know, we've had a recent challenge in  
3 Maryland. That was a unique situation where  
4 Maryland had a state-specific version of a  
5 benefit for a period of time, which they  
6 discontinued in 2008. So at that time we  
7 started issuing our nationwide version of that  
8 benefit. And we did have a little challenge  
9 implementing the last rate increase where we  
10 eliminated the state-specific rates in  
11 Maryland. So when we discovered that, we did  
12 make a decision that impacted about 14 policy  
13 owners. We made a decision to honor the lower  
14 rates that were implemented than we  
15 anticipated. And we also looked ahead and  
16 said, well, in the future, the rates would have  
17 actually been higher than what the  
18 state-specific benefit was. So we are honoring  
19 the lower of the nationwide in Maryland  
20 specific rates on that benefit in the future.

21 MR. JI: How about any improvement in the  
22 future to avoid this kind of, you know,



1 inconsistency?

2 MR. GURLIK: Yeah, I think that our  
3 procedures were actually fairly robust for  
4 almost all situations. Unfortunately, with the  
5 state-specific benefit here, we do have changes  
6 in our process so that we can test a wider  
7 selection of rates.

8 MR. JI: Thank you.

9 DEPUTY COMMISSIONER GRODIN: Adam,  
10 anything?

11 ASSISTANT COMMISSIONER MORROW: I  
12 apologize if I missed it. Did you address the  
13 released reserves, what happened with those to  
14 the extent --

15 MR. GURLIK: Released reserves? Well --  
16 and here I know Loretta kind of covered it in  
17 general, but when we're repricing the business  
18 every year, those releases are part of what we  
19 are evaluating from a pricing perspective.  
20 We're not managing the business by a loss  
21 ratio. We're managing to get a return on the  
22 business that helps grow surplus for the

1 company in the future and then we check to make  
2 sure that we're meeting minimum loss ratio  
3 requirements. That's a little different  
4 approach than from other companies.

5 ASSISTANT COMMISSIONER MORROW: Thank you.

6 DEPUTY COMMISSIONER GRODIN: Thank you  
7 very much.

8 And our last company is Unum. And do I  
9 have this right, Mr. Lemoine?

10 MR. LEMOINE: Yes.

11 DEPUTY COMMISSIONER GRODIN: All right.

12 MR. LEMOINE: Good morning, everyone. On  
13 behalf of Unum, we would like to thank the  
14 Maryland Insurance Administration, members of  
15 the staff here today, and others for holding  
16 this hearing. And we want to thank each of you  
17 who are participating or listening in today.

18 My name is John Lemoine and I am the  
19 Assistant Vice President and legal counsel for  
20 Unum's Closed Block Operations business unit.

21 With me today is Jeff Condit, who is also  
22 a member of that business unit and who is the

1 Senior Vice President of Finance for Unum's  
2 Closed Block Operations.

3 The Closed Block Operations business unit  
4 is comprised of products that Unum no longer  
5 markets, including our long-term care business.

6 Unum exited the individual long-term care  
7 market in 2009 and exited the group long-term  
8 care market in 2012. The vast majority of our  
9 long-term care policies were issued between  
10 1989 and 2012. Unum has just under a million  
11 long-term care insureds nationwide, including  
12 approximately 3600 Maryland individual  
13 long-term care policyholders and approximately  
14 14,000 insureds who are covered under group  
15 long-term care policies issued to Maryland  
16 employers.

17 As context for today's hearing, this  
18 pending increase is focused on our older block  
19 of Maryland individual policies. Those that  
20 were typically sold from approximately 1991 to  
21 2003. Under that block of policies, the total  
22 number of Maryland policyholders who would be

1 impacted by this requested increase would be  
2 approximately 1600 insureds. And I'll provide  
3 a bit more information about those  
4 policyholders in just a moment.

5 We at Unum take our commitment to our LTC  
6 policyholders very seriously. We have a team  
7 of over 180 LTC professionals who are dedicated  
8 to providing customer service and administering  
9 benefits. Our top priority is to meet our  
10 obligations to each of our customers, including  
11 providing benefits in their time of need.

12 During 2017 we paid over \$371 million in  
13 long-term care benefits nationwide and over 9  
14 million in long-term care benefits to Maryland  
15 policyholders. Another priority of ours is to  
16 manage all of our insurance products to ensure  
17 the financial stability of our operating  
18 companies, both for the short-term horizon and  
19 for long-term sustainability. This is  
20 extremely important not only for our LTC  
21 policyholders, but for all of our  
22 policyholders.



1 result of the combination of these factors, our  
2 long-term care block has suffered significant  
3 overall losses.

4 In 2006, when the financial reality of  
5 Unum's long-term care business started to  
6 become more clear and credible, we filed our  
7 first long-term care rate increase request to  
8 mitigate financial and enterprise risk. Our  
9 goal in the long-term care rate increases we  
10 are requesting on these individual policies is  
11 not to generate profits, nor to recoup any of  
12 the past losses we have experienced. Instead,  
13 rate increase requests on these policies have  
14 been aimed solely at moving these policies to a  
15 point of self-sustainability on a go-forward  
16 basis.

17 We want to ensure that our reserves plus  
18 premiums for this block of policies are  
19 sufficient to pay all projected claims and  
20 expenses. With that in mind, the rate  
21 increases we have requested nationwide on this  
22 block of individual policy forms represents

1 only above 24 percent of the amounts we could  
2 ask for as actuarially justified.

3 Here in Maryland, because of the state's  
4 15 percent per year increase cap, our current  
5 request is for a 15 percent increase each year  
6 over five years for policies that currently  
7 include a 5 percent compound unlimited benefit  
8 inflation; and a 15 percent increase each year  
9 for four years for policies that currently  
10 include a 5 percent simple unlimited inflation.  
11 As a result, this pending rate increase request  
12 would apply to just under 1600 of our Maryland  
13 individual policyholders. With this rate  
14 increase request, we are also proposing a  
15 "landing spot" option to help our policies  
16 mitigate the impact of this increase. And I  
17 will describe that "landing spot" option in  
18 just a moment.

19 We will continue to monitor and evaluate  
20 the experience of our LTC business, as we are  
21 charged to do under regulatory and actuarial  
22 standards. If experience develops adversely to

1 our current projection, we may need to return  
2 to Maryland with rate increase requests in the  
3 future.

4 Even though we are seeking less than what  
5 is actuarially justified, we at Unum recognize  
6 that long-term care rate increases may present  
7 many of our customers with a significant  
8 challenge in maintaining their coverage. For  
9 that reason, we have developed our version of a  
10 rate increase "landing spot" for each of our  
11 individual customers who will be faced with  
12 this rate increase.

13 Here is how our landing spot option works:

14 First, as mentioned earlier, this proposed  
15 individual long-term care rate increase applies  
16 only to our customers who have a policy  
17 currently containing a 5 percent uncapped  
18 compound, or a 5 percent uncapped simple  
19 inflation feature. And related to that point,  
20 this proposed increase would not apply to any  
21 policies that do not include uncapped  
22 inflation, or to policyholders -- or to



1 policyholders who were offered and who elected  
2 a landing spot option in an earlier rate  
3 increase.

4 Second, each of our Maryland policyholders  
5 subject to this rate increase may entirely  
6 avoid the proposed increase by electing to  
7 reduce their annual inflation adjustment from 5  
8 percent to 3.4 percent on a go-forward only  
9 basis. In other words, a policyholder who  
10 elects the landing spot with this rate  
11 increase, would retain the 5 percent annual  
12 benefit increases that have already been  
13 applied to their coverage, with inflation  
14 increases then applied on a go-forward basis at  
15 the reduced annual rate of 3.4 percent.

16 Finally, our rate increase request  
17 proposes that impacted Maryland policyholders  
18 who do elect this landing spot, rather than  
19 accepting the proposed premium increase, will  
20 avoid not only the first proposed 15 percent  
21 incremental increase, but will avoid each  
22 additional 15 percent increment up to the full

1 amount requested in this filing. That is,  
2 policyholders with 5 percent compound uncapped  
3 inflation, who elect this 3.4 percent landing  
4 spot, will avoid a total of 5 increases of 15  
5 percent each, and policyholders with 5 percent  
6 simple uncapped inflation will avoid a total of  
7 4 such increases.

8 Unum's landing spot has been approved in  
9 49 states to date. And we have seen a positive  
10 response to this option by our customers.

11 Also in addition to this landing spot  
12 option, whether related to a rate increase or  
13 not, Unum's customers also continue to have the  
14 option to adjust other benefit features on a  
15 go-forward basis to reduce the level of their  
16 premium. These adjustments might include  
17 reducing the benefit period, increasing the  
18 elimination period, or adjusting daily benefit  
19 levels.

20 Also, in connection with Unum's long-term  
21 care premium increases, we provide each of our  
22 impacted policyholders with the ability to

1 select a non-forfeiture option, where the  
2 policyholder may choose to no longer pay  
3 premiums going forward, but nevertheless  
4 retains long-term care coverage in an amount  
5 equal to the total premiums paid by the  
6 policyholder on that policy.

7 We at Unum believe that no long-term care  
8 policyholder should surrender his or her  
9 coverage as the result of a rate increase, and  
10 we believe these options offer reasonable  
11 alternatives to our insureds at various levels  
12 of affordability.

13 In closing, we acknowledge how difficult  
14 long-term care rate increases can be for our  
15 policyholders. And, we will continue to serve  
16 our customers as effectively as possible by  
17 offering reasonable alternatives to manage  
18 affordability and by providing quality service  
19 during the life of the policy, including most  
20 importantly at the time of claim.

21 Thank you again and we would be happy to  
22 answer any questions you might have.

1 DEPUTY COMMISSIONER GRODIN: Thank you  
2 very much. Questions for Mr. Lemoine?

3 MR. SWITZER: Thank you. And I apologize  
4 in advance if you've answered a question that I  
5 wasn't here for when I left the room. So I see  
6 that for which you filed 5 rate increases in  
7 the past that have been approved, so since 2006  
8 rates have above doubled, and the request here  
9 is for five more so that the lifetime would be  
10 increase factor of about 4.7, almost five times  
11 increase. So my question is: Recognizing that  
12 these aren't the only Unum filings, we've  
13 worked with you on others, so this filing  
14 affects 3600 Maryland members, we got -- in  
15 Maryland, Unum's got about 19,000 Maryland  
16 members and similar questions for you as other  
17 companies, are there any subsets of Maryland  
18 business that are achieving targets or is the  
19 whole Maryland pool that you have not achieving  
20 targets, please?

21 MR. LEMOINE: The history of the rate  
22 increases we've filed that you mentioned

1 reflects -- we got -- we've divided our block  
2 of business into sort of three blocks based on  
3 the issue era, the issue ages -- not ages, but  
4 the issue time periods of the blocks. And  
5 there are three blocks that we have sought rate  
6 increases on, which you're familiar with.  
7 There's one block of group policies that are  
8 our most recently issued business that we have  
9 not sought rate increases on to date. But we  
10 have the entire block of our long-term care  
11 business, in 2014 we did a comprehensive review  
12 of the business and put the entire block into  
13 loss recognition status. And we continued to  
14 assess our experience against our current  
15 assumptions that we are using today to test  
16 that experience and will continue to do that  
17 over time to see whether additional action  
18 might be necessary. But to answer your  
19 question at this moment, there is a block  
20 regarding a group policy that we have not  
21 sought rate increases on.

22 MR. SWITZER: That helps, thank you.

1 MR. CONDIT: And I think you also asked of  
2 the 3600 policyholders in this coverage cohort,  
3 are there any components of that that are  
4 achieving pricing --

5 MR. SWITZER: Well, I meant --

6 MR. CONDIT: -- or achieving profitability  
7 goals or are achieving our objectives.

8 MR. SWITZER: Outside of the 3600 with  
9 19,000 total in the state, of the non 3600, are  
10 any of those --

11 MR. CONDIT: Oh, okay, I misunderstood  
12 your question. I think you got the question  
13 right.

14 DEPUTY COMMISSIONER GRODIN: Anything else  
15 from the MIA? Oh, I'm sorry, Jeff.

16 MR. JI: The -- I noticed your experience  
17 in Maryland is so far there is a loss ratio  
18 that are much better than nationwide, also with  
19 the size of the policyholders. So I want to  
20 know how much of the corporate is that found  
21 into the --

22 MS. REPORTER: I'm sorry, I didn't hear

1 what you said.

2 MR. JI: Consider -- best consider  
3 Maryland experience, corporate Maryland  
4 experience into the rate increase request?

5 MR. LEMOINE: So I will attempt to answer  
6 that, but our chief pricing actuary who was  
7 here with us for the last hearing was  
8 unavoidably unable to be here today, so he  
9 might be able to answer that question directly  
10 for you. I don't have that information and we  
11 will certainly try to provide that to you when  
12 we return to the office.

13 MR. JI: Okay.

14 MR. CONDIT: I mean, to my knowledge,  
15 we're pricing generally nationwide experience  
16 because of the credibility of that.

17 MR. JI: We notice -- yeah, normally we  
18 see that, but for this finding you have around  
19 3600 members in force, it's a good size.

20 MR. CONDIT: Yeah, that doesn't  
21 necessarily mean we've hit a point where those  
22 have reached claim levels. Just the number of

1 policyholders isn't necessarily an indication  
2 of credibility of the claim circumstances we'll  
3 be dealing with.

4 MR. JI: Okay. Also, I noticed that your  
5 current finding is based on 2014, so how often  
6 do you update the assumption?

7 MR. CONDIT: So in 2014 we did a  
8 comprehensive update of our experience and  
9 actually strengthened our gap basis reserve,  
10 and we've been using that assumption basis for  
11 pursuing rate increase requests nationwide  
12 including Maryland.

13 We at this time are going through a  
14 comprehensive update again, now that four or  
15 five years have passed. So we don't have the  
16 results of that at this most recent update on  
17 our assumptions to tell you where that's going  
18 to go. But we do update it ever three to four  
19 years, basically.

20 As this experience is very, very long  
21 term, very, very long-tail, it takes a number  
22 of years for us to see whether or not our



1 expectations are holding or not. We don't  
2 simply react to one-quarter or another.

3 MR. JI: Thank you.

4 DEPUTY COMMISSIONER GRODIN: Thank you.  
5 Anything else?

6 MR. ZIMMERMAN: No.

7 DEPUTY COMMISSIONER GRODIN: Thank you  
8 very much. That concludes the first part of  
9 this hearing, which is the testimony from the  
10 carriers. We're going to turn now to six  
11 individuals who have asked to speak as  
12 interested parties.

13 And I'll begin with Mr. Burgan who is here  
14 with us today. Mr. Burgan, do you mind coming  
15 up to the table? Welcome.

16 MR. BURGAN: Thank you. Good morning,  
17 everyone. My name is Elwood Barry Burgan. I  
18 am a disabled vet. I'm on a fixed income. And  
19 my reason for being here today is because of  
20 the constant increase that I've been receiving  
21 with my long-term health care.

22 I called several years ago to try to find

1 out why all of a sudden I was receiving an  
2 additional cost premium. My policy's with CNA.  
3 And I received a cover letter stating that in  
4 accordance with Section 11-704 of the Maryland  
5 insurance code, this serves to notify that  
6 information about my proposed premium has been  
7 decided with you people. Well, I was just  
8 appalled by it because I couldn't visualize  
9 after having purchased the policy and I've had  
10 it now since I was in my 50s, my wife and I  
11 lost our child a long time ago, so thereby we  
12 have no one. And knowing that we have no one,  
13 we decided to take on and purchase a long-term  
14 health care policy.

15 We figured that for the best interest of  
16 both her and myself not having any other  
17 siblings of any sort that we would want to be  
18 able to be taken care of in the future, so that  
19 was the whole purpose of purchasing this.

20 We also bought this policy with the fact  
21 of having the inflation clause put into it.  
22 And thereby, I was kind of astounded by the

1 fact that for the past several years, I've been  
2 getting this letter telling me that my policy  
3 will be increased by 15 percent. Well, that's  
4 when I got on the horn, emphatically this year  
5 and was able to make contact with Nancy. I  
6 don't remember your last name. And she  
7 referred me to a young man by the name of  
8 Benjamin Deigo [phonetic]. He informed me of  
9 this meeting today, because I asked him -- he  
10 said, well, these meetings take place  
11 periodically, and I asked when the next meeting  
12 was going to be, because I wanted to be able to  
13 speak with you all to find out why you're  
14 allowing me or my policy to be increased by the  
15 insurance people.

16 Again, I'm not an attorney, and I'm not an  
17 insurance agent. But I am a policyholder and I  
18 am on a fixed income. I am -- I did receive a  
19 letter back from Benjamin and I would like to  
20 show you this and maybe you all can answer this  
21 because this will -- this will apply to me  
22 within the next year. Regulations -- and I

1 quote, "Regulations also require insurer or  
2 insurance agent selling long-term care coverage  
3 to deliver to the prospective applicant an  
4 outline of coverage that includes, among other  
5 things, a statement of probable or expected  
6 premium increases up to age 75." And this is  
7 coming from the State of Maryland. So does  
8 this mean, and I'm asking as a layperson, that  
9 once I hit 75, CNA or the other insurance  
10 companies will not increase my policy? Is that  
11 what this is saying through your agency,  
12 through the State agencies?

13 MR. ZIMMERMAN: No, it does not mean that.  
14 There's a law or regulation in place that at  
15 time of purchase --

16 MR. BURGAN: Okay.

17 MR. ZIMMERMAN: -- the consumer has to be  
18 given a projected, I guess, assumptions of the  
19 number of increases up to age 75. So if you  
20 purchased a policy at 60, the applicant at time  
21 of sale has to be disclosed of potential  
22 increases over the next 15 years, or expected

1 increases over the next 15 years.

2 MR. BURGAN: All right. Well, you're  
3 still not answering my question. My question  
4 is: Up to the age 75 --

5 MR. ZIMMERMAN: Correct.

6 MR. BURGAN: -- which I will be next year,  
7 does this mean -- and, again, I'm disabled  
8 veteran on a fixed income, does this mean that  
9 the insurance company will be able to increase  
10 my policy after the age of 75, that's what I'm  
11 asking?

12 MR. ZIMMERMAN: Yes.

13 MR. BURGAN: This is what you're stating  
14 here. You're saying yes, they can?

15 MR. ZIMMERMAN: Yes.

16 MR. BURGAN: Even though this is written  
17 by the Maryland State agency. I don't  
18 understand. Something in here that I'm not  
19 reading correctly.

20 DEPUTY COMMISSIONER GRODIN: After the  
21 meeting is over, let us sit down individually  
22 with you and we can talk through that. Is that

1 acceptable?

2 ASSISTANT COMMISSIONER MORROW: Yeah. I  
3 would like to take a look at what exactly  
4 you're quoting and get back to you.

5 DEPUTY COMMISSIONER GRODIN: I think that  
6 would be -- if you'd give us more of an  
7 opportunity to speak individually with you.

8 MR. BURGAN: Well, how is it then or is  
9 there any way that you can deny these agencies  
10 for increasing, you know, my policy? Again,  
11 I'm on a fixed income and, again, it's my wife  
12 and I and it's only us that are here so to  
13 speak. So I need help, I need help and that's  
14 why I called and spoke with Nancy and that's  
15 why she gave me this fellow Benjamin to act on  
16 my behalf and try to get my policy.

17 MR. SWITZER: I understand.

18 MR. BURGAN: I can't, you know -- I  
19 mean --

20 DEPUTY COMMISSIONER GRODIN: If we  
21 could -- let's let Todd answer the first  
22 question and then we can move on to the next.

1 MR. SWITZER: Well, first I just want to  
2 relay that our -- when we look at the filings,  
3 one of our responsibilities is to make sure  
4 they're not excessive. And one of my first  
5 statements was that even though carriers in the  
6 last six months have filed for 36, we approved  
7 12. So we can deny, we can decrease, and we  
8 have.

9 The second, when the long-term care  
10 industry started, and I don't remember if the  
11 number is right, and you all can correct me,  
12 but I believe we had 25 long-term care carriers  
13 in the market, we're down to less than five.  
14 We had one long-term care carrier go bankrupt,  
15 Penn Treaty, and all the other carriers picked  
16 up that loss.

17 We are not -- we are trying to find the  
18 right balance and we hear what you're saying,  
19 and we take you very seriously, as well as the  
20 letters, that we're not asking the carriers --  
21 we're trying to find the balance of not letting  
22 it get back to break even or to a gain, but

1 what is the right mix of companies that are  
2 actually losing money and what's happened in  
3 the past, no recouping of past losses, but  
4 recognizing the burden it puts on consumers and  
5 recognizing the financial plight of the  
6 carriers, and that balance is not easy. But  
7 you've heard some of the long-term lifetime --  
8 rather loss rate showed about 100 percent. And  
9 for every \$1 premium, paying 110 or more for  
10 claims, trying to balance that in with the  
11 realities of a fixed income and increases of  
12 this magnitude is burdensome.

13 MR. BURGAN: Well, that's where I stand.  
14 I mean, I can't afford this constant increase  
15 continually year after year after year.  
16 Especially when I had it in my policy that --  
17 and my wife and I both sat down with our agent  
18 and we encountered the inflation period. We  
19 had that in the policy. So if that was in the  
20 policy, why is it that we are being hit with an  
21 additional 15 percent every year. You know,  
22 that's not right. I'm sorry, but it's not



1 right. And, again, I only have X amount of  
2 dollars that, you know, I'm receiving every  
3 month, you know, being a disabled vet. It's  
4 hard.

5 DEPUTY COMMISSIONER GRODIN: Mr. Burgan,  
6 we want to thank you for coming in today. And  
7 if you wouldn't mind staying for the remainder  
8 of the meeting --

9 MR. BURGAN: Yes, ma'am.

10 DEPUTY COMMISSIONER GRODIN: -- and we  
11 will find you after the meeting and we will  
12 talk to you individually.

13 MR. BURGAN: Thank you.

14 DEPUTY COMMISSIONER GRODIN: Thank you  
15 very much for coming.

16 MR. BURGAN: Thank you for your time.

17 DEPUTY COMMISSIONER GRODIN: Ms. Orndorff,  
18 are you on the phone?

19 MS. ORNDORFF: Good morning, I was able to  
20 listen in this morning. I didn't want to --  
21 how are you guys?

22 DEPUTY COMMISSIONER GRODIN: We're just

1 fine. We're sitting here and if you would like  
2 to testify today, now is your time.

3 MS. ORNDORFF: Oh, I just want to thank  
4 you very much for allowing me the chance to  
5 testify today. I do have questions for the  
6 insurers, and that's just one question if  
7 possible --

8 DEPUTY COMMISSIONER GRODIN: Well, what we  
9 will do is --

10 MS. ORNDORFF: What's the chance -- is  
11 that possible to ask a question?

12 DEPUTY COMMISSIONER GRODIN: Well,  
13 actually today is a forum, is really for you to  
14 testify on your own behalf --

15 MS. ORNDORFF: Got it.

16 DEPUTY COMMISSIONER GRODIN: -- as opposed  
17 to a question-answer, but I know that you  
18 submitted written comments. And as you know,  
19 our actuarial staff is very good about  
20 answering those comments. Have you submitted  
21 that --

22 MS. ORNDORFF: Yes.



1 should consider. No one is making money in a  
2 low interest rate environment. This is just  
3 the way interest rates go. It's the way the  
4 economy goes. And it's really hard on your  
5 policyholders when you have this right to come  
6 and make increases, ask for increases for  
7 premiums and on policies where many of us felt  
8 like the premium that we were quoted when we  
9 bought the policy was going to be the premium  
10 for the rest of our lives. And that was  
11 exactly what was sold to us.

12 And my policy, I'm a Unum customer. I  
13 hold a group policy. I know Unum had mentioned  
14 today that they had not sought increases for  
15 the group policies, and I would probably  
16 follow-up with a question about that to the  
17 Insurance Administration to get a clarifying  
18 statement on what group policies do they not  
19 ask increases for.

20 But in general, I just want to make a  
21 statement that, you know, policyholders are in  
22 the same situation. If multiple increases are

1 not sustainable for many, you talk about  
2 compound interest, compound premium increases  
3 are the same. Fifteen percent on top of 15  
4 percent on top of 15 percent is not just simple  
5 interest, it's a compound situation.

6 So with that in mind, I don't want to take  
7 up the whole day today, but I'm grateful to  
8 issue these observations into the record.

9 DEPUTY COMMISSIONER GRODIN: Thank you,  
10 Ms. Orndorff. Also let me remind you that you  
11 have until May 14th to submit additional  
12 written comments if you have any other  
13 questions that you've thought of. Okay?

14 MS. ORNDORFF: That's brilliant. Thank  
15 you for that clarification. I appreciate it.

16 DEPUTY COMMISSIONER GRODIN: Thank you.  
17 Next we have Mr. Jolles, Mr. Brian Jolles from  
18 Jolles Insurance. Are you on the line, sir?

19 MR. JOLLES: Can you hear me okay?

20 DEPUTY COMMISSIONER GRODIN: Yes, we can,  
21 thank you.

22 MR. JOLLES: Just an observation, I just

1 wanted to suggest that I've had an obviously  
2 significant increase on behalf of my clients, I  
3 have sold quite a bit of long-term care in my  
4 career. I did tell and notify all of my  
5 clients, to the client, every single one, that  
6 it's a probability and not a possibility that  
7 there will be increases on these contracts. I  
8 was telling them 20 years ago, even before we  
9 ever saw that it would happen. I think it's  
10 completely ridiculous that any carrier would  
11 ever consider 10 percent on the lapse ratio. I  
12 don't think it takes an actuary to realize how  
13 unfortunate that was for those kind of  
14 decisions.

15 My final comment, I just wanted to say  
16 that I heard the Unum actuary offer the 3.4  
17 percent option as a way to resolve the --  
18 escape some of the future increases down from a  
19 5 percent compound. I just want to make an  
20 observation, I wish more of the companies, and  
21 I wish the Insurance Administration would focus  
22 on that type of a solution versus, you know,

1 some of the other options that we are seeing,  
2 which are not going to retain someone's  
3 benefit, you know, over time. Those are my  
4 only comments. And I thank you for your work  
5 today.

6 DEPUTY COMMISSIONER GRODIN: Thank you,  
7 Mr. Jolles.

8 Next on the list we have Mr. David Beers.  
9 Mr. Beers, are you on the line? Mr. Beers, you  
10 may be on mute.

11 We will go on to the next individual,  
12 which is Mr. Bob Maloney. Mr. Maloney, are you  
13 on the line? All right.

14 Next is Mr. Mark Gage. Mr. Gage, are you  
15 on the line?

16 MR. GAGE: Yes, I am.

17 DEPUTY COMMISSIONER GRODIN: Thank you.

18 MR. GAGE: Yes, my name is Mark Gage. I  
19 am with Northeast Brokerage. I have been in  
20 the insurance business for 32 years. I've been  
21 in the long-term care marketplace --

22 MS. REPORTER: Can you ask him to speak

1 up, please?

2 MR. GAGE: -- [inaudible] the entire time.  
3 I've worked for Travelers, worked for CNN for  
4 15 years. And then in brokerage for the last  
5 15 years representing multiple insurance  
6 companies. The actuaries were responsible for  
7 evaluating the risk in the very beginning.  
8 They looked at persistency, they looked at  
9 morbidity. They looked at investment  
10 performance back then for pricing. They also  
11 looked very closely at the riders and the cause  
12 and effect of the riders and the benefits for  
13 those contracts, including all aspects of  
14 inflation and the exposures that were there for  
15 both the insureds, as well as the policyholders  
16 and the carriers. Those exposures in fact  
17 through their brochures showed how the impact  
18 was going to be on the buckets of money for the  
19 insureds in the later years. So they were  
20 aware of the claims exposures that was tied to  
21 that.

22 Rate increases should be limited in my



1 opinion to 5 percent, rather than the 15  
2 percent gap in Maryland per year. The rate  
3 increases also should have an overall gap from  
4 the beginning of the policy until the end so  
5 that the policyholders know that at some point  
6 in time there will be a cessation to the rate  
7 increases, perhaps when they reach a doubling  
8 of the premium at the highest.

9 Under the rate increases that were  
10 discussed today, in lieu of the prior rate  
11 increases that have been given to these  
12 carriers in the past is absolutely outrageous.  
13 The rate increases were based upon, you know,  
14 the idea that we give a rate increase based  
15 upon what's happened in other states and that  
16 they have also allowed a rate increase is a  
17 little infuriating to me as well.

18 Rate increases are more prominent with  
19 lifetime benefits, also with compound inflation  
20 matters. These riders of how they impact the  
21 available buckets of money were known when they  
22 were created. It's just not just to create a

1 bait and switch environment. And the Maryland  
2 Insurance Department to advocate for their  
3 interests, insurance companies are engaged in  
4 multiple product lines and there is not a  
5 guaranty that the Maryland systems are required  
6 to keep every block profitable.

7 If a carrier has made poor actuarial  
8 decisions in their pricing, then they should  
9 absorb the losses, not the policyholders. I'd  
10 advocate for restricting the cap to 5 percent  
11 with a maximum frozen and a maximum overall  
12 rate increase of doubling the premiums.

13 Now, what's particularly frustrating to me  
14 is carriers have known for 20 years about  
15 persistency. And yet they still continue to  
16 create and design products with that  
17 persistency knowledge and now today they're  
18 coming to the table claiming that they weren't  
19 aware of the persistency adjustments. They're  
20 claiming that they weren't aware of the impact  
21 with 5 percent compound and simple increase  
22 riders. And those were the most obvious

1 actuarial items to identify at the time. And  
2 now those mistakes are being passed on to  
3 policyholders rather than being absorbed by  
4 insurance companies. Thank you for your time.

5 DEPUTY COMMISSIONER GRODIN: Thank you  
6 very much, Mr. Gage.

7 Let me just go back and ask if Mr. Beer is  
8 on the line or Mr. Maloney is on the line? All  
9 right, then that's all of who I have signed up  
10 to testify today.

11 I want to thank everybody for your time.  
12 And those of you on the phone and here, please  
13 remember again that written testimony will be  
14 accepted until Monday, May 14th. Thank you  
15 very much folks.

16 (Hearing concluded at 10:30 a.m.)

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1 CERTIFICATE OF SHORTHAND REPORTER - NOTARY PUBLIC

2 I, Brianne M. Wallner, Registered

3 Professional Reporter, the officer before whom the  
4 foregoing proceedings were taken, do hereby certify

5 that the foregoing transcript is a true and correct  
6 record of the proceedings; that said proceedings

7 were taken by me stenographically and thereafter  
8 reduced to typewriting under my supervision; and

9 that I am neither counsel for, related to, nor

10 employed by any of the parties to this case and have  
11 no interest, financial or otherwise, in its outcome.

12 IN WITNESS WHEREOF, I have hereunto set my  
13 hand and affixed my notarial seal this 18th day of  
14 May, 2018.

15

16 My Commission expires:  
17 August 27, 2018

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21 NOTARY PUBLIC IN AND FOR  
22 THE STATE OF MARYLAND

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<b>\$1</b> 79:9	<b>120</b> 45:3 47:22	<b>1989</b> 58:10	<b>2015</b> 24:16
<b>\$12</b> 19:7	<b>122</b> 24:17	<b>1991</b> 58:20	<b>2016</b> 24:10,17 44:8 45:7 46:5 52:6
<b>\$2</b> 19:11	<b>13</b> 4:12	<b>1993</b> 12:22	<b>2017</b> 37:10 44:13 49:7 52:6 59:12
<b>\$261</b> 19:3	<b>130</b> 30:22	<b>1994</b> 22:14	<b>2018</b> 4:7 19:2,7
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