April 30, 2025
Actuarial Memorandum Supporting Rate Revision for Public Version
The Prudential Insurance Company of America
Group Long-Term Care Insurance Plan
Maryland

1. Scope and Purpose

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for the following The Prudential Insurance Company of America's Tax-Qualified group long-term care Forms and their associated riders:

Product Name	Form Number
GLTC4	83500 COV 5030

This product was first available nationwide in 2009. Some riders may not be available in all states. This rate filing is not intended to be used for other purposes.

These revisions are necessary because the current best estimate projections of the nationwide lifetime loss ratios are higher than the expected loss ratios. The higher lifetime loss ratios are driven by morbidity deterioration.

Prudential is pursuing a nationwide rate increase on these forms and will submit increases to the various jurisdictions in accordance with applicable legal and regulatory requirements. No further premium rate schedule increases are anticipated if the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized.

Upon approval of this rate revision, Prudential will communicate to insureds their options to reduce the impact of the rate increase. There will also be opportunities for most, if not all, certificate holders to keep the premium close to the same level they were paying prior to the rate revision. In addition, the contingent non-forfeiture benefit will be available for all certificate holders regardless of their age or rate increase amount.

Please refer to Section 20 for a description of the information contained in each Appendix included in the filing.

2. Description of Benefits

The policies issued on these forms are referred as the "GLTC4" product series. This plan was a Guaranteed Renewable, Group Long-Term Care policy that was issued to eligible active employees and retirees of employer groups and eligible members of association groups. In addition, coverage was offered to spouses, surviving spouses, parents, parents-in-law, grandparents, and adult children aged 18 and older and their spouses of eligible active employees/retirees and members in these groups, or otherwise qualified adults.

This product provides comprehensive long-term care coverage for care received in a nursing home, assisted living facility, home and community-based care or hospice care. This product is intended to be a Tax Qualified Long Term Care Insurance Contracts as defined by the internal revenue code section 7702B(b).

This product reimburses covered long-term care expenses subject to the amount of coverage purchased. A benefit waiting / elimination period, daily or monthly maximum benefit amount for nursing home, assisted living facility and home and community care, lifetime maximum benefit period and inflation protection option are selected by at issue. The Group client selects a limited number of benefit choices for their employees to choose from. Several optional riders were also available.

The benefit eligibility criteria are based on the insured's loss of the ability to perform activities of daily living (ADLs) or having a severe cognitive impairment. Activities of Daily Living are bathing, continence, dressing, eating, toileting, and transferring. Premiums will be waived beginning the first day of the next month following completion of the applicable elimination period.

3. Renewability Clause

These products are Guaranteed Renewable, Group Long Term Care policies.

4. Applicability

The premium increase contained in this memorandum will be applicable to all certificate holders of the policy form and riders described in Section 1 as well as all future periodic inflation protection offers.

5. Actuarial Assumptions

The assumptions used in this filing are Prudential's 2024 best estimate expectations of future experience for the group long-term care block of business, and do not include any provisions for adverse experience. These assumptions are also the basis for the assumptions being used in Prudential's internal cash flow testing. Changes to morbidity, mortality and voluntary lapse rates are used to justify the rate increase.

Interest Rate

An annual interest rate of 4.0% was used to calculate the lifetime loss ratio in the supporting appendices. This was determined based on the predominant number of certificates issued in years that the maximum statutory valuation rate was 4.0%.

Expenses

The need for a rate increase is based on the lifetime loss ratio being in excess of the minimum loss ratio. Expenses do not directly impact the lifetime loss ratio and therefore are not used as justification for the rate increase. As such, expenses are not being projected and are not included in this filing.

6. Issue Age Range

This product was available for issue ages up to 85. Premiums are based on issue age.

7. Area Factors

Prudential did not use area factors within the state in the premium scale for this product.

8. Average Annual Premium

The average annual premium for this product both before and after the impact of the requested rate increase, is in Appendix A to this memorandum.

9. Modal Premium Factors

Modal loads are required because of the varied expenses incurred by Prudential and the effect of interest and persistency. The modal premium factors will remain unchanged from the current factors.

10. Claim Liability and Reserve

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims.

11. Active Life Reserves

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum required loss ratios. Incurred claims exclude any change in active life reserves.

12. Trend Assumption

Benefits payable are equal to or less than the daily or monthly benefit limit. We have not included any medical trend in the projections.

13. Requested Rate Increase and Demonstration of Satisfaction of Loss Ratio Requirements

Prudential is requesting a 32.0% rate increase applicable to GLTC4 certificate holders with No Inflation and a 20.0% rate increase applicable to GLTC4 certificate holders with Automatic Inflation or a Guaranteed Purchase Option. In order to satisfy Maryland's regulation COMAR 31.14.01.04A(6), Prudential would plan to phase in the total amount approved in increments capped at 15% per year.

Satisfaction of the loss ratio requirement is demonstrated in Appendix A. The demonstration is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. This approach requires that the sum of the historical and projected future incurred claims must exceed the sum of 58% of the initial premium and 85% of the increased premium.

14. Distribution of Business

The historical experience reflects the actual distribution of policies during the experience period. We used the current distribution of business as of June 30, 2024 to project future experience.

15. Experience – Past and Future

The historical and projected nationwide experience, both with and without the rate increase, is contained in Appendix B. Note that there is a 5% margin for adverse deviation in the future incurred claim projections in the "Projection with Rate Increase" section of Appendix B. Additionally, the historical and projected nationwide experience provided is on a Maryland rate basis to avoid subsidization amongst states.

For several groups, Prudential replaced another insurer, with certificateholders offered to voluntarily transfer to a Prudential policy. Reserves were then transferred from the other insurer to Prudential, accordingly. Those reserves were added to the historical premium in the year of the transfer. Any premium and claims prior to the transfer are not included.

Historical experience is shown by claim incurral year.

16. Lifetime Loss Ratio

The anticipated nationwide lifetime loss ratios, both without a rate increase and with the requested rate increase, are shown in Appendix A. The development of these nationwide lifetime loss ratios is shown in Appendix B.

The rate increase is assumed effective August 1, 2025 in our projections.

17. History of Rate Adjustments

See Appendix A for a history of previous rate adjustments on this policy form.

18. Number of Insureds

The current number of insureds as of June 30, 2024 can be found in Appendix A.

19. Proposed Effective Date

This rate revision will be implemented following state approval and a minimum of a 60-day notification to the certificate holder. Implementation will be no earlier than August 1, 2025.

20. Summary of Appendices

Appendix A primarily contains information that is specific to the state in which this filing is made. Examples of some items included are the requested rate increase, the average annual premium, demonstration of meeting required minimum loss ratio standards, the number of policyholders in force, etc.

Appendix B contains historical and projected nationwide experience for all policies issued under this form on a Maryland state rate basis. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase. Note that there is a 5% margin for adverse deviation in the future incurred claim projections in the "Projection with Rate Increase" section of Appendix B.

21. Relationship of Renewal Premium to New Business Premium.

Prudential is no longer selling any new Long-Term Care business. Therefore, the comparison of renewal premium rates after the rate increase to Prudential's current new business premium rate schedule is not applicable.

22. Actuarial Certification

I am 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. This opinion is in accordance with all Actuarial Standard of Practice including No. 8, "Regulatory Filings for Health Plan Entities".

To the best of my knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions.

The policy design and coverages, the underwriting used at the time of issue, and the claim adjudication process were taken into consideration.

In forming my opinion, I have used actuarial assumptions and actuarial methods as I considered necessary. The pricing assumptions are consistent with Prudential's 2024 best estimates and do not include a margin for adverse experience. The premium rates are not excessive or unfairly discriminatory.

If the requested premium increase is implemented and the underlying assumptions with a 5% load for moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

If the future experience deteriorates beyond the 5% moderately adverse load to future incurred claims, and exceeds the lifetime ratio shown in Appendix A, Section 22b, Prudential may need to file for additional in-force premium increases on these forms. If that were to occur, the requested increase would be calculated to manage the block to the target lifetime loss ratio as shown in Appendix A, Section 22a.

Michael Zilberman, FSA, MAAA
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Prudential Long Term Care
April 30, 2025