

RIVERSOURCE LIFE INSURANCE COMPANY

Address: 227 Ameriprise Financial Center, Minneapolis MN 55474

Actuarial Memorandum for Policy Form 30225 Series

March 2021

Policy forms 30225-MD, 30225-MD1 and 30225A-MD1 are individual policy forms providing benefits to individuals for confinement in a nursing home. These policy forms were issued in Maryland from January 15, 1993 to July 15, 1999. Policy form 30225A-MD1 only was issued with revised rates in Maryland for applications received January 1, 1999 and later; this rate filing does not apply to policies issued under policy form 30225A-MD1 with 1997 revised rates.

1. Purpose of Filing

This Actuarial Memorandum has been prepared to describe new Benefit Increase Options that RiverSource Life Insurance Company ("RiverSource Life") plans to offer to policyholders in conjunction with a premium rate increase and to demonstrate the compliance of the premium rates for these new options with the applicable laws of the State of Maryland and with the rules of the Administration. It may not be appropriate for other purposes.

2. Applicability

The Administration filed a premium rate increase on this policy form on April 24, 2020, SERFF Tracking #AERS-132063489, and the premium rate increase is being implemented over a three-year period of time with an initial effective date of October 15, 2020.

The company plans to offer the new Benefit Increase Options for policyholders who currently have a 5% Simple or 5% Compound Benefit Increase Option in conjunction with the second and third years of the multi-year increase with an initial effective date of October 15, 2021. The new options will be available to policyholders who currently have a 5% Simple or a 5% Compound Benefit Increase Option and are described in section 4 below.

3. Existing Benefit Increase Options

At the time the policy was originally issued, the insured had the choice to elect No Benefit Increase Option, the 5% Simple Benefit Increase Option or the 5% Compound Benefit Increase Option. The 5% Simple Benefit Increase Option increases the original daily benefit amount by 5% of the original daily benefit amount each year starting with the second policy year and continuing for the life of the policy. The 5% Compound Benefit Increase Option increases the previous year's daily benefit amount by 5% each year starting with the second policy year and continuing for the life of the policy. The benefit increase option will apply even when the policy is in claim status.

4. Alternatives to Premium Rate Increases

RiverSource Life currently offers policyholders affected by a premium rate increase the option of reducing their policy benefits to lessen or eliminate the additional financial outlay that would otherwise result. Depending on the policyholder's current coverage, these options could include:

- shorten the benefit period;

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- lower the current daily benefit amount;
- lengthen the elimination period; and
- reduce the coverage on the optional home care rider.

The available benefit and rate combinations are consistent with the combinations presented in the original premium rate tables approved by the Administration at the time of the original filing.

New Benefit Increase Options

In addition to the options available at the time of original issue, the company plans to offer new Benefit Increase Options for policyholders who currently have a 5% Simple or a 5% Compound Benefit Increase Option. These new Benefit Increase Options include:

- A new 0% Simple Benefit Increase Option, which will be available only to those policyholders who currently have a 5% Simple Benefit Increase Option.
- A new 2% Compound Benefit Increase Option and a new 0% Compound Benefit Increase Option, which will be available only to those policyholders who currently have a 5% Compound Benefit Increase Option.

If a policyholder chooses a new benefit increase option ("BIO"), they would retain any prior increases to the current daily benefit amount. An adjusted original daily benefit amount ("adjusted original DBA") will be calculated under the new BIO such that the adjusted original DBA grows to the same current daily benefit amount ("current DBA") under the existing BIO at the time the change is made.

[REDACTED]

5. Premium Rates

[REDACTED]

6. Proposed Effective Date

The new Benefit Increase Options will be initially be offered to policyholders in conjunction with the second year of the multi-year increase, with an initial effective date of October 15, 2021 following a 60-day notification period.

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7. Maryland and Nationwide Distribution of Business by Benefit Increase Option

The following table provide the number of policies and annual premium inforce in Maryland and nationwide as of December 31, 2019. [REDACTED]

	Number of Insureds	Annual Premium
Maryland:		
Policies with No BIO	36	\$ 49,391
Policies with 5% Simple BIO	368	742,613
Policies with 5% Compound BIO	<u>590</u>	<u>1,229,270</u>
Total	994	\$2,021,274
Nationwide:		
Policies with No BIO	3,829	\$ 4,964,135
Policies with 5% Simple BIO	14,606	27,824,849
Policies with 5% Compound BIO	<u>18,309</u>	<u>35,068,769</u>
Total	36,744	\$67,857,753

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8. Actuarial Certification

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries, and I meet the Academy's qualification standards for preparing health rate filings and to render the actuarial opinion contained herein.

I believe this rate filing is in compliance with the applicable laws of the State of Maryland and with the rules of the Administration. This Actuarial Memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8.

I hereby certify that, to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of the State of Maryland. Furthermore, the actuarial assumptions used in the premium rate increase filed on April 24, 2020 are appropriate for this filing. In my opinion, the rates are not excessive or unfairly discriminatory. The rates that were filed by the Administration on April 24, 2020 as well as the rates in this filing progress toward premium adequacy but may not be sufficient to prevent future rate action. Therefore, benefits cannot be certified as reasonable in relation to premiums.



Anju Gupta-Lavey, FSA, MAAA
Senior Director - Actuary
RiverSource Life Insurance Company
Date: April 16, 2021