

Actuarial Memorandum

In support of a premium rate increase request

Issuing state: Maryland (all policy forms)

This filing has been prepared by Oliver Wyman Actuarial Consulting, Inc. (“Oliver Wyman”) on behalf of the Rehabilitator of Senior Health Insurance Company of Pennsylvania (“SHIP”) in support of SHIP’s Approved Rehabilitation Plan (“Plan”).

Subsection V of Section VI (“Issue-state rate approvals”) of the Plan outlines a rate approval alternative for states that object to the Rehabilitator and the Court modifying premium rates for SHIP long-term care (“LTC”) insurance policies issued in those states, and elect to instead make their own determinations regarding such rate modifications. A state electing this alternative will be considered an Opt-Out State.

As an Opt-Out State, you have until February 15, 2022 to provide a disposition as to the premium rate modifications requested herein, otherwise this filing will be deemed denied in its entirety. A filing deemed denied in its entirety will result in policyholder options being calculated and implemented as if the state had approved a 0% premium rate increase for all policies.

If your state submits an opt-out election that is acknowledged by the Rehabilitator, but subsequently approves the requested rate increases in full, your state will be treated as if it had not opted out of the Plan (i.e., it will be deemed an Opt-In State). Policyholders issued in your state will be included in the Plan in the same manner as policies issued in states that did not opt out (“Opt-In States”).

If your state approves the requested rate increase in part, policy benefits may be reduced to amounts that can be supported by the approved rates on an If Knew Premium rating basis depending on the Plan options elected by affected policyholders. This matter is discussed in more detail in the Plan as well as in Section 14 below.

The table below shows the number of policies in force as of July 31, 2021 that were issued in Maryland and are affected by this filing, listed by policy form. Policies assumed by SHIP from Transamerica, Primerica, and American Health and Life (the “Assumed Policies”) will not be modified under the Plan. The table below excludes the Assumed Policies.

Table 1: Summary of policy count by policy form for policies affected by this filing

Policy form	Policy count	% count
10902	3	1%
10922	4	1%
10955	104	26%
10956	6	2%
11001	60	15%
500003	7	2%
FQ-LTC	23	6%

HHC-1	29	7%
HHC-3	2	1%
HHC-4	11	3%
LTC-1	32	8%
LTC-3	5	1%
LTC-6	107	27%
Total inforce policies issued in Maryland affected by this filing	393	100%

The above-referenced policy forms were issued in your state from 1987 through 2003 and are no longer being sold by SHIP in any state.

1. PURPOSE OF FILING

The purpose of this actuarial memorandum is to document the requested rate increase for the policies listed in Table 1 above. This rate increase is being requested in accordance with and subject to the terms of the Plan. Compliance with the applicable requirements of the 2017 National Association of Insurance Commissioners (“NAIC”) Long-Term Care Model Regulation (“Model Regulation”) and applicable laws and regulations in your state were not considered in preparing this rate submission. This filing may not be appropriate for other purposes.

2. REQUESTED RATE INCREASE

In support of Phase One of the Plan, SHIP is requesting that premium rates for certain LTC insurance policies be increased to a level equal to the If Knew Premium Rate (described in Section 14). The If Knew Premium Rate is calculated at the policy level, and the requested premium rates for all affected policies issued in your state are provided in Exhibit A.

This rate increase is being requested to establish premium rates that are reasonable in relation to benefits based on the policies’ actual experience and the current interest rate environment. The requested increases, even if approved, may not wholly eliminate SHIP’s deficit. A subsequent filing as part of Phase Two of the Plan may apply.

Some the original policy forms for the policies affected by this filing contain language that requires that any requested premium rate change apply to all policies issued in a given state under the respective policy form. This requirement is eliminated by the Plan and there are policies for which no rate increase is being requested in this filing. Moreover, this filing may request different rate increases for policies issued on the same form.

3. BENEFITS

Exhibit F contains a summary of benefits covered by the policy forms in this filing.

4. UNDERWRITING DESCRIPTION

All policies were subject to full medical underwriting in accordance with company standards in place at the time of issue.

5. RENEWABILITY

These policies are either qualified renewable or guaranteed renewable for life, as provided for under the terms and conditions of the policy forms.

6. APPLICABILITY

This rate filing applies to all inforce policies issued in your state on the policy forms listed in Table 1 that are not in non-forfeiture status or on premium waiver. The rate changes will apply to the premium for the base policy form and all associated riders. As noted above, the rate increase varies on a seriatim

basis and certain policies may not require an increase under the stated methodology (described in Section 14). Although this remains subject to change depending on changing circumstances, currently the Rehabilitator anticipates that the rate increases resulting from this request will be made effective in June or July 2022.

While policies on premium waiver are not included in this filing, these policies will have their benefit period reduced, if applicable, to the level corresponding to their current (waived) premium on an If Knew Premium rating basis.

7. ACTUARIAL ASSUMPTIONS

The assumptions used in our premium rating methodology and future experience projections are based on SHIP's historical experience from January 1, 2011 through December 31, 2019. We excluded 2020 data due to the COVID-19 pandemic. Short-term effects of COVID-19 (e.g., increased mortality) are not expected to persist; therefore, having such experience influence forward looking projections would not be appropriate. We determined that the underlying experience data for the policy forms encompassed in this filing is credible and generally consistent with LTC industry experience.

The assumptions used in this filing represent our best estimate of future experience based on information available today. They do not include provisions for adverse deviation.

The assumptions are summarized below and a detailed description of our experience analyses and assumptions will be provided upon request.

7.1. Incidence

Incidence assumptions were developed based on SHIP's historical experience using an approach that is consistent with a first-principles model that projects active and disabled lives separately. The incidence assumptions vary by attained age, gender, site of care, coverage type, benefit period, elimination period, marital status at issue, non-forfeiture status, inflation protection, medical necessity trigger, policy form grouping, and restoration of benefit option.

We do not apply assumptions for potential future changes in claim incidence rates that may result from possible environmental changes in care delivery or other factors that may affect prevalence in rates of disability.

7.2. Claim termination

Claim termination assumptions were developed based on SHIP's historical experience using an approach that is consistent with a first-principles model that projects disabled life recoveries, disabled deaths, and benefit exhaustions separately. The assumptions vary by claim duration, gender, site of care at incurral, coverage type, benefit period, restoration of benefits option, incurral age, and attained age. Disabled life mortality and recovery rate assumptions were developed as a proportion of the claim termination assumption.

7.3. Utilization

Utilization assumptions were developed using SHIP's historical experience and vary by coverage type, site of care at incurral, benefit type, maximum daily benefit at the time of payment, and benefit period. We applied a cost of care inflation trend to the utilization assumption for policies with a reimbursement benefit type (described in Section 11).

For currently open claims with over six months of experience, we applied a claim-level utilization assumption based on the experience for each specific claim.

7.4. Lapse

Active life lapse assumptions were developed using a combination of SHIP's historical experience and industry lapse trends from the "U.S. Long Term Care Insurance Persistency (2008-2011 data)" study jointly published by LIMRA and the Society of Actuaries ("SOA"). This industry data was used to supplement early policy durations where SHIP's historical lapse data displayed irregularities. We performed actual-to-expected analysis to reflect differences in ultimate lapse rates by attained age, benefit period, inflation protection, gender, and coverage type.

7.5. Active life mortality

Active life mortality assumptions were developed using the 2012 Individual Annuity Mortality table ("2012 IAM") with adjustment factors based on SHIP's historical experience. The adjustment factors vary by attained age, policy duration, gender, marital status at issue, inflation protection, benefit period, non-forfeiture status, and company.

We modeled active life mortality improvement beginning in 2012 using Projection Scale G2.

7.6. Interest

Calculations that require discounting or accumulating of earned premiums or incurred claims use an annual interest rate of 3.03%. This is based on SHIP's net investment yield as of July 31, 2021.

7.7. Expenses

Expenses have not been explicitly projected for the purpose of this rate filing or used in the development of the If Knew Premium Rate.

8. PREMIUMS

Premium rates are level and payable for life. Current premiums vary by issue age, daily benefit, benefit period, elimination period, inflation protection, any applicable riders selected, and any applicable discounts.

The rate increase requested in this filing has been prepared on a policy-level basis using an If Knew Premium rating methodology. This means that the requested rate increase is dependent on each individual policyholder's characteristics (e.g., gender, issue age) and product features (e.g., benefit

period, inflation protection), without regard to a policyholder's current attained age, state of issue, state of residence, health conditions, or premium-paying status.

A key element of If Knew Premium rating is that it does not seek to recuperate potential past losses incurred by the company; rather, policies are re-priced such that premiums are adequate on a lifetime basis using current best-estimate actuarial assumptions.

9. AREA FACTORS

Area factors are not used for these products.

10. RESERVES

Active life reserves have not been used in the experience exhibits supporting this rate increase analysis. Claim reserves as of July 31, 2021 have been discounted to the date of incurral of each respective claim and are included in historical incurred claims. Incurred but not reported reserve balances as of July 31, 2021 have been allocated and discounted to the calendar year of incurral and are included in historical incurred claims.

11. TREND ASSUMPTIONS

We assumed a 3.0% annual increase in LTC costs (across all service settings) for the purpose of projecting future morbidity for policies with a reimbursement payment type. This assumption is consistent with the *2020 Genworth Cost of Care Survey*. The *2016 John Hancock Cost of Care Survey* was also considered as a secondary benchmark, recognizing that this survey is a few years old.

12. PAST AND FUTURE POLICY EXPERIENCE

Exhibits B through E provide historical experience and projected future experience. The historical experience shown in these exhibits considers the actual premium rates charged to the policyholders, including any prior rate increases, and actual benefits incurred. Future experience uses the current best-estimate assumptions described in Section 7.

Exhibit B includes all policy forms issued by SHIP nationwide and assumes that the premium rates currently in place will continue to be charged. Exhibit C is the same as Exhibit B except that future premiums reflect the increased rate levels applicable for policies nationwide using the If Knew Premium rating methodology described in this memorandum.

Exhibit D is the state-specific version of Exhibit B, and Exhibit E is the state-specific version of Exhibit C.

The above four exhibits have been included for informational purposes and have no influence on the premium rating methodology described in this rate filing.

Historical experience is shown by claim incurral year with the loss ratio for each loss year calculated by the following formula:

$$LR_j = \frac{\sum_{t=j}^{ValYR} {}_jPmt_{PmtDT} v^{(PmtDT - IncDT)} + {}_jCR_{ValDT} v^{(ValDT - IncDT)} + {}_jIBNR_{ValDT} v^{(ValYR - j + \frac{1}{12})}}{EP_j}$$

LR_j = loss ratio for year j

{}_jPmt_{PmtDT} = claim payments on date PmtDT, for claims incurred in year j

{}_jCR_{ValDT} = open claim reserve held on July 31, 2021 for claims incurred in year j

{}_jIBNR_{ValDT} = incurred but not reported reserve as of July 31, 2021 attributable to claims incurred in year j

EP_j = earned premium in year j, assumed mid-year

IncDT = exact claim incurral date

PmtDT = exact payment date

ValDT = July 31, 2021

ValYR = 2021

j = year of claim incurral

t = year of claim payment

v = 1 / 1.0303 = 0.970591

A future annual loss ratio is calculated, with and without interest, as anticipated incurred claims divided by earned premiums.

A lifetime loss ratio as of July 31, 2021 was calculated as the sum of accumulated past experience and discounted future experience where accumulation and discounting occur at 3.03%.

13. PROJECTED COLLECTED PREMIUMS AND PAID CLAIMS

Exhibits B, C, D, and E contain lifetime projections of earned premium and incurred claims for the affected policy forms, excluding interest discounting. The methods and assumptions used to prepare these exhibits are described in other sections of this memorandum.

14. REQUESTED RATE INCREASE AND DEMONSTRATION OF SATISFACTION OF LOSS RATIO REQUIREMENTS

In support of Phase One of the Plan, SHIP is requesting that premium rates for the policies included in this filing be increased to the If Knew Premium Rate. The If Knew Premium Rate is the rate that, if charged from policy issue, achieves an expected 60% lifetime loss ratio. To calculate the If Knew Premium Rate, we model each policy from its issue date over a 60-year projection, assuming that current best-estimate assumptions for morbidity, lapse, mortality, and interest are used from inception. We also assume that the current premium rate has been charged since issue and will be charged in all

future periods (i.e., following the July 31, 2021 valuation date). The cash flows from this projection are used to produce an expected lifetime loss ratio based on the policy's current benefits and premium rate. We then solve for the If Knew Premium Rate by dividing this loss ratio by 60%, which is a common pricing target in the LTC industry.

As shown in Exhibit E, the undiscounted expected lifetime loss ratio for the policy forms in this state (considering premiums collected in the past and assuming the proposed rate increases are approved) is 154%. The discounted expected lifetime loss ratio is 115.1%.

Exhibit C shows that the corresponding undiscounted and discounted expected lifetime loss ratios are 132.7% and 103.8%, respectively, if this rating methodology is applied nationwide. Please note that the volume for your state may be small and subject to high volatility.

There are 393 policies issued in your state for which we are requesting a premium rate increase.

There are 508 policies issued in your state for which we are **not** requesting a premium rate increase. Premium rate increases are not being requested for policies satisfying any of the following conditions (summarized in Table 2 below):

- (1) the If Knew Premium Rates are equal to or below the current premium rates, and/or
- (2) the policy is currently on premium waiver, or
- (3) the policy is in paid-up non-forfeiture status.

Table 2: Breakdown of policies issued in your state that are not affected by this filing

Description	Policy count
(A) Policies affected by this filing	393
(B) Policies not affected by this filing due to the following reasons:	508
(B.1) Premium paying and If Knew Premium Rates \leq current premium rates	112
(B.2) Policies currently on premium waiver	186
(B.3) Paid-up nonforfeiture policies	210
Total inforce policies issued in Maryland, (A) + (B)	901

The 298 policies contained in categories (B.1) and (B.2) above are included in Exhibits B through F, as well as the Seriatim Rehabilitation Option file available on the Secure Data Site ("*SHIP - Seriatim Rehabilitation Options 2021 10 14.xlsx*"). However, as indicated above, these policies are unaffected by this filing.

As a reminder, if this rate increase request is approved in full, all policies issued in your state will be treated as if your state had never opted out of the Plan.

If you approve an amount less than the full requested premium rate increase, policyholders will have four options provided to them, as described in the Plan. Depending on the option elected by an affected policyholder, benefits under their policy may be reduced to the amount that can be funded by the

effective premium rate on an If Knew Premium rating basis. This matter is discussed in more detail in the Plan.

The four options include:

- Option A: Pay the approved premium rate increase and have policy benefits reduced to the benefit level supported on an If Knew Premium rating basis by the increased premium rate.
- Option B: Do not pay the approved premium rate increase, continue paying the current rate, and have policy benefits reduced to the benefit level supported on an If Knew Premium rating basis by the current premium rate.
- Option C: Elect a reduced paid-up non-forfeiture option.
- Option D: Voluntarily pay the full If Knew Premium Rate (even if not approved by the state) and maintain the current policy benefits.

Please understand that a filing deemed denied will result in policyholder options being calculated and implemented as if your state had approved a 0% premium rate increase for all affected policies.

If this filing is not approved in full, policyholders on waiver of premium will not be subject to any approved rate increase and will not be able to choose any of the above-listed options. However, if their current (waived) premium is below their If Knew Premium Rate and their maximum policy value is greater than the Guaranty Association limit, their policy's maximum benefit period will be reduced. Refer to the Plan for further detail.

As noted above, If Knew Premium Rates are calculated at the policy level under the Plan. As such, we strongly encourage you to consider evaluating and deciding on the requested premium rate increases at the policy level. Approving a rate increase on a grouped basis (e.g., approving a uniform rate increase for all or a group of policyholders) may result in the following adverse outcomes:

- Policyholders may pay a higher premium rate than would have otherwise been effective if the requested rate increase were approved (or if the state had not opted out of the Plan).
- If the approved premium rate increase results in a lower premium than would have resulted from a policy-level decision, policy benefits may be reduced below what would have resulted from a policy-level decision.

15. MARYLAND AVERAGE ANNUAL PREMIUM

The average annualized premium for policies affected by this rate increase in Maryland as of July 31, 2021 is summarized in the table below:

Table 3: Average annualized premium for policies affected by this filing

	Average annualized premium
Before rate increase	\$3,022
After rate increase	\$7,132

16. PROPOSED EFFECTIVE DATE

If the rate increase is approved in full for all affected policies, your state will be deemed an Opt-In State and the rate increase will apply to policies, after applicable policyholder elections, on their next monthiversary date following a date that is yet to be determined (currently estimated to be March 31, 2022).

If the requested rate increase is not approved in full for all affected policies, the approved rate increase will apply to policies, after applicable policyholder elections, on their next monthiversary date following a date that is yet to be determined (currently estimated to be June 15, 2022).

17. INFORCE DISTRIBUTION

The number of policies and annualized premium affected by this rate increase in Maryland and nationwide as of July 31, 2021 is summarized in the table below:

Table 4: Policy count and inforce annualized premium for policies affected by this filing

Issue state	Policy count	% count	Inforce annualized premium (\$)	% premium
Maryland	393	3.1%	\$1,187,727	4.2%
All others	12,154	96.9%	\$27,282,577	95.8%
Total	12,547	100%	\$28,470,303	100%

18. ACTUARIAL CERTIFICATION

I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Academy's qualification standards to render this actuarial opinion and am familiar with the requirements for filing LTC insurance premiums and rate increases.

This rate filing is being requested in accordance with and subject to the terms of the Plan. Compliance with the applicable requirements of the 2017 NAIC Model Regulation and applicable laws and regulations in your state were not considered in preparing this rate submission.

This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice (ASOPs), including ASOP No. 8, "Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits" and No. 18, "Long-Term Care Insurance".

In my opinion, the actuarial assumptions are appropriate, and the rates are not excessive or unfairly discriminatory. This rate filing will enhance premium adequacy but may not prevent future rate action as part of Phase Two of the Plan.

In forming my opinion, I have relied on data and information provided by SHIP. I have reviewed and taken into consideration the policy design and coverage provided by these policy forms as well as SHIP's underwriting and claims adjudication processes. I have not audited or independently verified the data and information provided but have reviewed it for reasonableness.



Stephanie Moench, FSA, MAAA
Senior Consultant

Date: November 29, 2021

EXHIBIT A. REQUESTED PREMIUM RATES

Refer to the accompanying Microsoft Excel workbook, “Exhibit A – requested premium rates (Maryland)”.

EXHIBIT B. NATIONWIDE EXPERIENCE (PRE-RATE INCREASE)

Nationwide historical and projected experience (without interest)¹

Prior to proposed rate increase

Data as of July 31, 2021

Calendar year	Earned premiums	Incurred claims	Loss ratio	Calendar year	Earned premiums	Incurred claims	Loss ratio
1975 - 1990	\$304,161,246	\$3,118,395	1%	2021	\$41,962,237	\$231,726,132	552%
1991	\$124,834,791	\$7,335,834	6%	2022	\$35,133,511	\$238,854,335	680%
1992	\$148,477,436	\$16,113,673	11%	2023	\$28,705,583	\$219,081,511	763%
1993	\$183,004,526	\$28,541,470	16%	2024	\$23,308,672	\$199,605,309	856%
1994	\$225,046,195	\$58,552,777	26%	2025	\$18,834,206	\$180,434,028	958%
1995	\$269,744,456	\$107,956,865	40%	2026	\$15,144,330	\$161,950,929	1069%
1996	\$340,806,247	\$167,411,203	49%	2027	\$12,113,551	\$144,339,567	1192%
1997	\$391,929,582	\$251,190,506	64%	2028	\$9,643,591	\$127,772,737	1325%
1998	\$406,219,846	\$250,898,937	62%	2029	\$7,644,569	\$112,307,704	1469%
1999	\$413,593,662	\$284,572,459	69%	2030	\$6,035,865	\$98,100,038	1625%
2000	\$414,792,393	\$303,825,064	73%	2031	\$4,748,053	\$85,390,641	1798%
2001	\$399,612,115	\$333,625,077	83%	2032	\$3,721,663	\$73,956,732	1987%
2002	\$367,011,782	\$345,045,102	94%	2033	\$2,906,701	\$63,923,553	2199%
2003	\$342,761,159	\$329,340,719	96%	2034	\$2,261,507	\$55,326,154	2446%
2004	\$321,513,511	\$303,532,557	94%	2035	\$1,752,588	\$48,047,560	2742%
2005	\$292,696,848	\$308,658,231	105%	2036	\$1,352,135	\$41,673,393	3082%
2006	\$270,282,715	\$324,461,433	120%	2037	\$1,037,858	\$36,067,667	3475%
2007	\$252,516,754	\$309,690,660	123%	2038	\$792,161	\$31,055,872	3920%
2008	\$241,637,296	\$326,502,059	135%	2039	\$601,025	\$26,632,068	4431%
2009	\$223,143,227	\$332,196,610	149%	2040	\$453,170	\$22,790,970	5029%
2010	\$179,493,425	\$342,885,671	191%	2041	\$339,515	\$19,382,716	5709%
2011	\$171,257,951	\$343,047,218	200%	2042	\$252,753	\$16,354,742	6471%
2012	\$152,494,170	\$348,241,776	228%	2043	\$186,987	\$13,723,924	7339%
2013	\$136,122,906	\$329,631,700	242%	2044	\$137,552	\$11,485,432	8350%
2014	\$121,358,248	\$326,100,592	269%	2045	\$100,683	\$9,544,139	9479%
2015	\$105,188,487	\$309,837,393	295%	2046	\$73,437	\$7,885,123	10737%
2016	\$91,539,686	\$295,243,891	323%	2047	\$53,461	\$6,489,369	12139%
2017	\$79,756,329	\$269,749,802	338%	2048	\$38,889	\$5,325,916	13695%
2018	\$69,989,915	\$272,699,026	390%	2049	\$28,288	\$4,338,581	15337%
2019	\$59,315,110	\$266,673,847	450%	2050	\$20,577	\$3,510,934	17063%
2020	\$49,094,472	\$219,306,066	447%	2051+	\$52,632	\$13,163,625	25010%
Lifetime totals							
Without interest	\$7,368,834,232	\$10,026,228,015	136.1%	With interest	\$12,919,369,818	\$13,583,905,099	105.1%

¹ The above figures exclude the Assumed Policies, as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies in non-forfeiture status, policies on premium waiver, and policies with current premiums equal to or in excess of the corresponding If Knew Premium Rates).

EXHIBIT C. NATIONWIDE EXPERIENCE (POST-RATE INCREASE)

Nationwide historical and projected experience (without interest)¹

With proposed rate increase

Data as of July 31, 2021

Calendar year	Earned premiums	Incurred claims	Loss ratio	Calendar year	Earned premiums	Incurred claims	Loss ratio
1975 - 1990	\$304,161,246	\$3,118,395	1%	2021	\$54,934,312	\$231,768,056	422%
1991	\$124,834,791	\$7,335,834	6%	2022	\$63,771,640	\$238,890,002	375%
1992	\$148,477,436	\$16,113,673	11%	2023	\$53,113,672	\$219,132,590	413%
1993	\$183,004,526	\$28,541,470	16%	2024	\$44,026,560	\$199,678,543	454%
1994	\$225,046,195	\$58,552,777	26%	2025	\$36,356,297	\$180,521,560	497%
1995	\$269,744,456	\$107,956,865	40%	2026	\$29,906,067	\$162,040,071	542%
1996	\$340,806,247	\$167,411,203	49%	2027	\$24,495,991	\$144,419,598	590%
1997	\$391,929,582	\$251,190,506	64%	2028	\$19,994,320	\$127,848,415	639%
1998	\$406,219,846	\$250,898,937	62%	2029	\$16,272,587	\$112,382,354	691%
1999	\$413,593,662	\$284,572,459	69%	2030	\$13,208,943	\$98,172,855	743%
2000	\$414,792,393	\$303,825,064	73%	2031	\$10,696,168	\$85,461,212	799%
2001	\$399,612,115	\$333,625,077	83%	2032	\$8,641,244	\$74,025,216	857%
2002	\$367,011,782	\$345,045,102	94%	2033	\$6,963,499	\$63,987,930	919%
2003	\$342,761,159	\$329,340,719	96%	2034	\$5,595,257	\$55,386,559	990%
2004	\$321,513,511	\$303,532,557	94%	2035	\$4,481,192	\$48,102,441	1073%
2005	\$292,696,848	\$308,658,231	105%	2036	\$3,575,105	\$41,718,309	1167%
2006	\$270,282,715	\$324,461,433	120%	2037	\$2,839,277	\$36,096,518	1271%
2007	\$252,516,754	\$309,690,660	123%	2038	\$2,243,510	\$31,076,462	1385%
2008	\$241,637,296	\$326,502,059	135%	2039	\$1,763,132	\$26,648,341	1511%
2009	\$223,143,227	\$332,196,610	149%	2040	\$1,377,841	\$22,803,981	1655%
2010	\$179,493,425	\$342,885,671	191%	2041	\$1,070,709	\$19,393,254	1811%
2011	\$171,257,951	\$343,047,218	200%	2042	\$827,583	\$16,364,014	1977%
2012	\$152,494,170	\$348,241,776	228%	2043	\$636,431	\$13,732,059	2158%
2013	\$136,122,906	\$329,631,700	242%	2044	\$487,287	\$11,492,646	2358%
2014	\$121,358,248	\$326,100,592	269%	2045	\$371,745	\$9,550,552	2569%
2015	\$105,188,487	\$309,837,393	295%	2046	\$282,906	\$7,890,377	2789%
2016	\$91,539,686	\$295,243,891	323%	2047	\$214,943	\$6,492,568	3021%
2017	\$79,756,329	\$269,749,802	338%	2048	\$163,039	\$5,328,357	3268%
2018	\$69,989,915	\$272,699,026	390%	2049	\$123,427	\$4,340,647	3517%
2019	\$59,315,110	\$266,673,847	450%	2050	\$93,138	\$3,512,771	3772%
2020	\$49,094,472	\$219,306,066	447%	2051+	\$250,885	\$13,173,702	5251%
Lifetime totals							
Without interest	\$7,558,175,190	\$10,027,418,574	132.7%	With interest	\$13,082,759,949	\$13,584,828,124	103.8%

¹ The above figures exclude the Assumed Policies, as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies in non-forfeiture status, policies on premium waiver, and policies with current premiums equal to or in excess of the corresponding If Knew Premium Rates).

EXHIBIT D. STATE EXPERIENCE (PRE-RATE INCREASE)

Maryland historical and projected experience (without interest)¹

Prior to proposed rate increase

Data as of July 31, 2021

Calendar year	Earned premiums	Incurred claims	Loss ratio	Calendar year	Earned premiums	Incurred claims	Loss ratio
1975 - 1990	\$2,102,480	\$633	0%	2021	\$1,565,771	\$9,191,166	587%
1991	\$1,378,155	\$19,011	1%	2022	\$1,289,407	\$9,377,970	727%
1992	\$1,804,756	\$110,197	6%	2023	\$1,064,768	\$8,498,050	798%
1993	\$2,550,799	\$425,373	17%	2024	\$881,529	\$7,702,437	874%
1994	\$3,440,674	\$73,132	2%	2025	\$729,924	\$6,948,336	952%
1995	\$4,279,701	\$845,362	20%	2026	\$603,562	\$6,224,613	1031%
1996	\$5,577,299	\$1,504,642	27%	2027	\$497,656	\$5,536,307	1112%
1997	\$6,560,010	\$1,986,420	30%	2028	\$409,232	\$4,920,476	1202%
1998	\$7,151,565	\$2,726,701	38%	2029	\$335,519	\$4,330,431	1291%
1999	\$7,419,943	\$3,323,694	45%	2030	\$274,138	\$3,799,441	1386%
2000	\$7,780,267	\$4,936,039	63%	2031	\$223,001	\$3,333,705	1495%
2001	\$7,705,654	\$3,747,609	49%	2032	\$180,436	\$2,936,161	1627%
2002	\$7,378,058	\$7,067,241	96%	2033	\$145,016	\$2,588,517	1785%
2003	\$6,978,334	\$4,934,042	71%	2034	\$115,647	\$2,298,320	1987%
2004	\$6,940,830	\$3,578,731	52%	2035	\$91,393	\$2,056,839	2251%
2005	\$6,595,334	\$5,487,676	83%	2036	\$71,470	\$1,840,721	2576%
2006	\$6,282,770	\$6,834,377	109%	2037	\$55,206	\$1,627,081	2947%
2007	\$6,255,944	\$4,928,361	79%	2038	\$42,043	\$1,445,464	3438%
2008	\$6,138,720	\$6,761,577	110%	2039	\$31,554	\$1,281,663	4062%
2009	\$6,060,512	\$6,399,101	106%	2040	\$23,310	\$1,129,141	4844%
2010	\$5,415,445	\$7,056,245	130%	2041	\$16,960	\$992,699	5853%
2011	\$5,268,135	\$8,416,654	160%	2042	\$12,176	\$864,317	7098%
2012	\$4,621,773	\$8,015,469	173%	2043	\$8,653	\$742,823	8584%
2013	\$4,284,713	\$12,434,790	290%	2044	\$6,137	\$630,643	10277%
2014	\$3,889,335	\$9,523,926	245%	2045	\$4,399	\$531,251	12077%
2015	\$3,442,106	\$9,783,941	284%	2046	\$3,227	\$445,384	13803%
2016	\$3,136,737	\$8,449,210	269%	2047	\$2,454	\$372,622	15184%
2017	\$2,676,446	\$10,313,156	385%	2048	\$1,947	\$311,482	16001%
2018	\$2,333,610	\$6,704,128	287%	2049	\$1,608	\$258,269	16060%
2019	\$2,088,803	\$9,260,766	443%	2050	\$1,371	\$212,522	15503%
2020	\$1,732,074	\$7,590,711	438%	2051+	\$7,155	\$1,005,953	14059%
Lifetime totals							
Without interest	\$157,967,645	\$256,673,714	162.5%	With interest	\$256,694,751	\$304,034,780	118.4%

¹ The above figures exclude the Assumed Policies, as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies in non-forfeiture status, policies on premium waiver, and policies with current premiums equal to or in excess of the corresponding If Knew Premium Rates).

EXHIBIT E. STATE EXPERIENCE (POST-RATE INCREASE)

Maryland historical and projected experience (without interest)¹

With proposed rate increase

Data as of July 31, 2021

Calendar year	Earned premiums	Incurred claims	Loss ratio	Calendar year	Earned premiums	Incurred claims	Loss ratio
1975 - 1990	\$2,102,480	\$633	0%	2021	\$2,236,908	\$9,191,286	411%
1991	\$1,378,155	\$19,011	1%	2022	\$2,644,632	\$9,377,692	355%
1992	\$1,804,756	\$110,197	6%	2023	\$2,207,914	\$8,497,901	385%
1993	\$2,550,799	\$425,373	17%	2024	\$1,842,205	\$7,703,183	418%
1994	\$3,440,674	\$73,132	2%	2025	\$1,534,770	\$6,950,148	453%
1995	\$4,279,701	\$845,362	20%	2026	\$1,276,719	\$6,226,669	488%
1996	\$5,577,299	\$1,504,642	27%	2027	\$1,058,537	\$5,537,272	523%
1997	\$6,560,010	\$1,986,420	30%	2028	\$875,445	\$4,921,256	562%
1998	\$7,151,565	\$2,726,701	38%	2029	\$722,225	\$4,331,484	600%
1999	\$7,419,943	\$3,323,694	45%	2030	\$594,332	\$3,800,595	639%
2000	\$7,780,267	\$4,936,039	63%	2031	\$487,561	\$3,335,100	684%
2001	\$7,705,654	\$3,747,609	49%	2032	\$398,482	\$2,938,595	737%
2002	\$7,378,058	\$7,067,241	96%	2033	\$323,993	\$2,591,892	800%
2003	\$6,978,334	\$4,934,042	71%	2034	\$261,838	\$2,302,401	879%
2004	\$6,940,830	\$3,578,731	52%	2035	\$210,052	\$2,061,607	981%
2005	\$6,595,334	\$5,487,676	83%	2036	\$167,042	\$1,845,190	1105%
2006	\$6,282,770	\$6,834,377	109%	2037	\$131,452	\$1,628,153	1239%
2007	\$6,255,944	\$4,928,361	79%	2038	\$102,194	\$1,445,641	1415%
2008	\$6,138,720	\$6,761,577	110%	2039	\$78,446	\$1,281,751	1634%
2009	\$6,060,512	\$6,399,101	106%	2040	\$59,407	\$1,129,209	1901%
2010	\$5,415,445	\$7,056,245	130%	2041	\$44,419	\$992,806	2235%
2011	\$5,268,135	\$8,416,654	160%	2042	\$32,865	\$864,717	2631%
2012	\$4,621,773	\$8,015,469	173%	2043	\$24,159	\$743,392	3077%
2013	\$4,284,713	\$12,434,790	290%	2044	\$17,776	\$631,286	3551%
2014	\$3,889,335	\$9,523,926	245%	2045	\$13,255	\$531,908	4013%
2015	\$3,442,106	\$9,783,941	284%	2046	\$10,115	\$445,926	4409%
2016	\$3,136,737	\$8,449,210	269%	2047	\$7,981	\$372,684	4669%
2017	\$2,676,446	\$10,313,156	385%	2048	\$6,530	\$311,482	4770%
2018	\$2,333,610	\$6,704,128	287%	2049	\$5,522	\$258,269	4677%
2019	\$2,088,803	\$9,260,766	443%	2050	\$4,789	\$212,522	4438%
2020	\$1,732,074	\$7,590,711	438%	2051+	\$26,000	\$1,005,966	3869%
Lifetime totals							
Without Interest	\$166,678,544	\$256,706,895	154.0%	With interest	\$264,251,349	\$304,058,035	115.1%

¹ The above figures exclude the Assumed Policies, as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies in non-forfeiture status, policies on premium waiver, and policies with current premiums equal to or in excess of the corresponding If New Premium Rates).

EXHIBIT F. SUMMARY OF POLICY BENEFITS (1 OF 3)

Maryland summary of policy benefits by policy form¹

Data as of July 31, 2021

Policy form	Policy count	Policies with lifetime benefit period (%)	Average benefit period in days (for policies with a limited benefit period)	Average maximum daily benefit (highest level of care)	Policies with zero-day elimination period (%)	Policies with indemnity benefits (%)
10618	1	0%	730	\$60	100%	100%
10902	3	100%	n/a	\$150	100%	100%
10922	7	0%	625	\$73	100%	0%
10955	120	78%	1,230	\$421	93%	100%
10956	6	100%	n/a	\$404	83%	100%
11001	66	68%	1,268	\$373	92%	100%
500003	8	63%	1,095	\$201	25%	0%
FQ-LTC	33	36%	1,390	\$247	27%	0%
HHC-1	60	0%	1,745	\$223	92%	0%
HHC-2	10	0%	785	\$80	80%	0%
HHC-3	7	57%	608	\$193	57%	0%
HHC-4	34	35%	846	\$233	94%	0%
LTC-1	68	13%	1,132	\$237	69%	100%
LTC-3	11	0%	1,161	\$343	73%	100%
LTC-6	250	20%	1,197	\$265	60%	100%
LTC-89	3	0%	1,080	\$118	100%	100%
WD	4	0%	815	\$74	75%	75%
Total	691	35%	1,230	\$288	74%	77%

¹ The above figures exclude the Assumed Policies and policies in non-forfeiture status as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies on premium waiver and policies with current premiums equal to or in excess of the corresponding If Knew Premium Rates).

EXHIBIT F. SUMMARY OF POLICY BENEFITS (2 OF 3)

Maryland summary of policy benefits by policy form¹

Data as of July 31, 2021

Policy form	Policy count	Policies with 0% inflation (%)	Policies with 5% (ongoing) inflation (%)	Policies with other (ongoing) inflation (%)	Policies with extension of benefits (%)
10618	1	100%	0%	0%	0%
10902	3	100%	0%	0%	0%
10922	7	100%	0%	0%	100%
10955	120	40%	60%	0%	100%
10956	6	17%	83%	0%	0%
11001	66	33%	67%	0%	0%
500003	8	63%	25%	13%	100%
FQ-LTC	33	45%	55%	0%	100%
HHC-1	60	100%	0%	0%	100%
HHC-2	10	100%	0%	0%	100%
HHC-3	7	71%	29%	0%	100%
HHC-4	34	65%	35%	0%	100%
LTC-1	68	62%	38%	0%	100%
LTC-3	11	18%	82%	0%	100%
LTC-6	250	42%	58%	0%	100%
LTC-89	3	100%	0%	0%	100%
WD	4	100%	0%	0%	100%
Total	691	52%	48%	0%	89%

¹The above figures exclude the Assumed Policies and policies in non-forfeiture status as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies on premium waiver and policies with current premiums equal to or in excess of the corresponding If Knew Premium Rates).

EXHIBIT F. SUMMARY OF POLICY BENEFITS (3 OF 3)

Maryland summary of policy benefits by policy form¹

Data as of July 31, 2021

Policy form	Policy count	Policies with restoration of benefits (%)	Policies with return of premium (%)	Policies with waiver of premium (%)	Rehabilitation Plan benefit eligibility ² (%)
10618	1	0%	0%	0%	0%
10902	3	100%	0%	100%	0%
10922	7	100%	0%	0%	0%
10955	120	100%	0%	100%	0%
10956	6	100%	0%	100%	0%
11001	66	100%	3%	100%	0%
500003	8	0%	0%	100%	63%
FQ-LTC	33	0%	0%	100%	100%
HHC-1	60	100%	2%	100%	0%
HHC-2	10	100%	0%	100%	0%
HHC-3	7	100%	14%	100%	0%
HHC-4	34	100%	0%	100%	0%
LTC-1	68	100%	19%	100%	0%
LTC-3	11	100%	64%	100%	0%
LTC-6	250	100%	12%	100%	0%
LTC-89	3	100%	0%	100%	0%
WD	4	100%	0%	100%	0%
Total	691	94%	8%	99%	5%

¹The above figures exclude the Assumed Policies and policies in non-forfeiture status as this business will not be modified under the Plan. Note, this exhibit may include policies that are not affected by this rate filing (i.e., policies on premium waiver and policies with current premiums equal to or in excess of the corresponding If Knew Premium Rates).

² Rehabilitation Plan benefit eligibility requires that you 1) be expected to require care for at least 90 days and be unable to perform at least two of six Activities of Daily Living (i.e., eating, dressing, bathing, transferring, toileting, and continence) without substantial hands-on or standby assistance; or 2) need substantial assistance due to a severe cognitive impairment for at least 90 days. In either case a licensed healthcare professional must certify a plan of care.