

**MEDAMERICA INSURANCE COMPANY**

**Address: 165 Court Street, Rochester, New York 14647**

**Simplicity ii Actuarial Memorandum**

**August 24, 2020**

Product

Tax-Qualified Long-Term Care Policy Form

Number

SPL2-336-MD

MedAmerica Insurance Company (MedAmerica) is requesting a rate increase on the above-listed long-term care policy form(s). The company issued this policy form(s) in Maryland from December 2008 through April 2014. It is no longer being marketed in any jurisdiction.

Nationwide, MedAmerica is requesting a premium rate increase that varies by issue age and inflation option to achieve the same cumulative rate increase, except where limited by regulatory restrictions. This actuarial memorandum captures the pooled nationwide experience of the above-listed policy form(s) and similar policy forms issued nationwide by MedAmerica.

**1. Purpose of Filing**

This actuarial memorandum has been prepared for the purpose of demonstrating that the cumulative requested rate increase, as shown in Attachment 1, meets the minimum requirements of your jurisdiction and demonstrating compliance with its rate stability regulation. The enclosed supplement to the actuarial memorandum demonstrates compliance with the applicable regulatory requirements of this jurisdiction to the extent they differ from the Model Regulation and includes other commonly requested information of this jurisdiction. It may not be suitable for other purposes.

**2. Requested Rate Increase**

An average 38.5% premium rate increase is currently needed under rate stability regulation in Maryland, the rate increase request is being limited to 15% per 12-month period as required by COMAR 31.14.01.04.A(5). The increase varies by inflation option as provided in Attachment 1 of the supplement to this actuarial memorandum, and will be phased-in over 2 to 3 years.

Nationwide, the cumulative rate increase levels were determined to vary by issue age and inflation option to better align the rate increase with the adverse experience. MedAmerica's goal is equity across all jurisdictions, to the extent practical. The rate increase was determined in such a way that minimizes subsidization across jurisdictions due to differences in the previously filed rate increases.

The table below provides the average prior approved, current requested, and cumulative increases by issue age band and inflation option based on the December 31, 2019 nationwide distribution of business.

**Maryland <sup>[1]</sup> Rate Increase Request**

<b>Inflation Option</b>	<b>Prior Approved Increase(s)</b>	<b>Requested Increase</b>	<b>Cumulative Increase</b>
No Inflation	25.0%	25.6%	57.0%
With Inflation	25.0%	40.1%	75.1%
Average	25.0%	38.5%	73.2%

*[1] As of December 31, 2019 and excludes policies assumed to be paid in full prior to implementation of the requested rate increase.*

Corresponding rate tables reflecting the proposed rate increases for the policy form(s) affected by this rate increase are enclosed with this filing. Please note that the actual rates implemented may vary from those in the enclosed rate tables slightly due to implementation rounding algorithms.

Attachment 1 to this memorandum provides the nationwide issue age specific cumulative rate increases. As the company is not currently marketing new business, the required statement that the renewal premium rate schedules are not greater than the new business premium rate schedules is not applicable.

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**3. Description of Benefits**

This is a federally tax-qualified, individually underwritten policy form that provides comprehensive coverage on a cash basis. Riders that convert the coverage to either facility only or community only may have been available at issue. It has benefit eligibility requirements that involve activities of daily living (ADL) deficiencies or cognitive impairment. Waiver of premium is provided when certain benefits are being paid. A monthly benefit, cash benefit account, and elimination period were selected at issue.

At issue, the insured may have had the option to choose one of four riders providing inflation protection: simple inflation, compound inflation with no maximum at either 3% or 5%, or compound inflation with a maximum of two times the original benefit amount. The simple inflation option provides for benefit levels that increase each anniversary date by 5% of the monthly benefit amount chosen at issue for as long as the policy is in force. The compound inflation option with no maximum provides for benefit levels that increase on each anniversary date by 3% or 5% compounded annually for as long as the policy is in force. The compound inflation option with a maximum of two times the original benefit amount provides for benefit levels that increase on each anniversary by 5% compounded annually while the policy is in force, but limits the increase to two times the original benefit amount. The increasing benefits apply even when the insured is in claim status.

The available choices for the cash benefit account, monthly benefit, elimination period and inflation option are shown in Section 21.

At issue, the insured may have had the option of selecting additional riders that provide the following types of coverage: restoration of benefits, return of premium, shortened benefit period non-forfeiture, shared care, shared waiver, or survivorship benefit.

The insured may have had the option to select one of the following premium payment options: lifetime, 10-year, or paid up at age 65.

A contingent benefit upon lapse (CBUL) will be available to all insureds.

**4. Renewability**

These policies are guaranteed renewable for life.

**5. Applicability**

As this policy form is no longer being sold in any jurisdiction, this filing is applicable to in-force policies only. The premium changes will apply to the base forms as well as all applicable options and riders.

**6. Actuarial Assumptions**

- a. Morbidity reflects claim costs using the 2017 Milliman Long-Term Care Guidelines (Guidelines) with adjustments for underwriting selection, an all-lives exposure basis, and two years of retrospective improvement to bring claim costs forward to 2019, provided by MedAmerica. The claim costs were further adjusted by attained age, duration, payment type, and coverage type, to the extent credible.
- b. Mortality Rates reflect the gender distinct 2012 Individual Annuitant Mortality (IAM) Basic Table using the G2 Scale retroactively to December 31, 2019. These mortality rates are further adjusted based on the historical mortality experience by attained age and duration. The adjusted mortality rates are shown in the following table.

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2012 IAM Basic Mortality Table with Adjustments								
Attained Age	Male	Female	Attained Age	Male	Female	Attained Age	Male	Female
18	0.034%	0.019%	53	0.251%	0.144%	88	11.266%	7.852%
19	0.033%	0.017%	54	0.272%	0.159%	89	13.375%	9.136%
20	0.032%	0.016%	55	0.290%	0.173%	90	14.617%	10.261%
21	0.037%	0.017%	56	0.311%	0.191%	91	16.071%	11.392%
22	0.038%	0.018%	57	0.334%	0.211%	92	18.405%	13.304%
23	0.041%	0.019%	58	0.359%	0.235%	93	19.889%	14.853%
24	0.045%	0.020%	59	0.386%	0.261%	94	21.366%	16.377%
25	0.048%	0.019%	60	0.416%	0.287%	95	22.403%	18.213%
26	0.049%	0.020%	61	0.439%	0.313%	96	24.140%	20.298%
27	0.055%	0.021%	62	0.475%	0.349%	97	25.839%	22.397%
28	0.056%	0.022%	63	0.517%	0.384%	98	27.977%	24.718%
29	0.058%	0.023%	64	0.563%	0.426%	99	29.822%	26.872%
30	0.058%	0.025%	65	0.618%	0.465%	100	32.182%	29.087%
31	0.060%	0.025%	66	0.658%	0.502%	101	34.459%	31.377%
32	0.061%	0.027%	67	0.696%	0.526%	102	36.248%	33.154%
33	0.060%	0.029%	68	0.785%	0.577%	103	38.408%	35.184%
34	0.060%	0.030%	69	0.900%	0.664%	104	40.532%	37.289%
35	0.058%	0.032%	70	1.020%	0.743%	105	41.309%	39.381%
36	0.059%	0.034%	71	1.170%	0.820%	106	41.309%	41.029%
37	0.062%	0.037%	72	1.358%	0.918%	107	41.309%	41.665%
38	0.066%	0.040%	73	1.562%	1.036%	108	41.309%	41.665%
39	0.072%	0.044%	74	1.795%	1.155%	109	41.309%	41.665%
40	0.078%	0.048%	75	2.071%	1.312%	110	41.309%	41.665%
41	0.085%	0.053%	76	2.446%	1.498%	111	41.309%	41.665%
42	0.091%	0.057%	77	2.884%	1.822%	112	41.309%	41.665%
43	0.098%	0.061%	78	3.207%	2.090%	113	41.309%	41.665%
44	0.105%	0.065%	79	3.597%	2.367%	114	41.309%	41.665%
45	0.112%	0.069%	80	4.148%	2.702%	115	41.309%	41.665%
46	0.122%	0.073%	81	4.813%	3.217%	116	41.309%	41.665%
47	0.135%	0.079%	82	5.269%	3.597%	117	41.309%	41.665%
48	0.150%	0.086%	83	5.866%	4.029%	118	41.309%	41.665%
49	0.169%	0.095%	84	6.370%	4.549%	119	41.309%	41.665%
50	0.189%	0.106%	85	7.585%	5.479%	120	71.519%	71.925%
51	0.210%	0.118%	86	8.530%	6.300%	121	100.000%	100.000%
52	0.231%	0.131%	87	9.678%	6.888%			

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- c. Voluntary Lapse Rates vary by duration, attained age, inflation option and premium payment option. The ultimate lifetime-pay lapse rates are shown in the following table.

**Ultimate Lapse Rate  
Lifetime Payment Term Policies**

Married		Single	
With Inflation	No Inflation	With Inflation	No Inflation
0.5%	0.7%	0.7%	0.9%

The lapse rates in the above table were adjusted for the limited-pay options based on the following criteria:

- For the ten-pay option, a reduction of 65% of the above lapse rates is assumed for durations one through four, a reduction of 70% of the above lapse rates is assumed for durations five through eight, and 0% thereafter
  - For the paid up at age 65 option, a reduction of 50% of the above lapse rates is assumed until attained age 55, a reduction of 75% of the above lapse rates is assumed for attained ages 55 to 59, and 0% thereafter.
- d. Benefit Expiry Rates reflect assumed policy termination due to exhaustion of benefits on limited benefit period policies. The rates are based on the Guidelines with adjustments for historical benefit expiry experience and vary by gender, benefit period, and attained age as shown in the following table. To derive benefit period for these policies, the cash benefit account was divided by the monthly benefit amount.

Gender	Benefit Period in Days Range	Attained Age*										
		<65	65	70	75	80	85	90	95	100	105	110+
Female	0	0.0%	0.1%	0.2%	0.3%	0.8%	2.3%	5.4%	9.7%	11.3%	19.3%	20.7%
	549	0.0%	0.0%	0.1%	0.2%	0.5%	1.6%	4.4%	8.2%	10.7%	19.0%	20.7%
	914	0.0%	0.0%	0.1%	0.2%	0.5%	1.3%	3.4%	6.7%	9.3%	19.0%	20.7%
	1279	0.0%	0.0%	0.1%	0.1%	0.3%	0.9%	2.5%	4.8%	7.1%	17.0%	20.7%
	1644	0.0%	0.0%	0.0%	0.1%	0.2%	0.6%	1.8%	3.7%	6.3%	14.4%	20.7%
	2191	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%	0.9%	2.6%	3.9%	8.5%	20.7%
	3104	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.9%	1.7%	4.0%	14.0%
	4381	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Male	0	0.0%	0.1%	0.1%	0.2%	0.5%	1.6%	4.0%	6.9%	7.8%	11.3%	20.7%
	549	0.0%	0.0%	0.1%	0.2%	0.4%	1.1%	2.8%	5.1%	6.0%	10.2%	20.7%
	914	0.0%	0.0%	0.1%	0.1%	0.3%	0.8%	1.9%	3.8%	4.8%	9.1%	20.7%
	1279	0.0%	0.0%	0.0%	0.1%	0.2%	0.4%	1.3%	2.4%	3.4%	7.9%	20.7%
	1644	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%	0.8%	2.1%	2.9%	6.8%	20.7%
	2191	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.4%	1.2%	2.1%	4.5%	9.4%
	3104	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.7%	2.1%	5.4%
	4381	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

\*The assumption varies by attained age, but is shown every five years for display purposes

- e. Policyholder Behavior Due to the Rate Increase. At the time of the rate increase, policyholders have the option to elect a CBUL or reduced benefit options (RBO). An increase in morbidity for adverse selection due to the rate increase based on the percentage of policies that elect CBUL and RBO is assumed.

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Insureds who elect a CBUL are modeled as a lapse (i.e., the CBUL benefit is not modeled), which results in a slightly lower lifetime loss ratio than if the CBUL benefit had been modeled. The following table provides the CBUL and RBO election rates, reduction to premiums and benefits due to the impact of RBO elections, and increase in morbidity for lifetime-pay policies based on the varying requested rate increase levels. Limited-pay policies are assumed to not elect CBUL or RBO.

**Policyholder Behavior Assumptions**

<b>Requested Rate Increase</b>	<b>CBUL Election Rate</b>	<b>RBO Election Rate</b>	<b>Approximate Reduction for RBO</b>	<b>Morbidity Increase for Adverse Selection</b>
<25%	0%	0%	0.0%	0.0%
25%-39.9%	2%	2%	0.4%	0.5%
40%-59.9%	5%	5%	1.7%	1.5%
60%-75%	9%	9%	3.4%	2.6%

- f. Interest Rate of 4.50%
- g. Annual Improvement in the mortality and morbidity assumptions is assumed for 10 years starting in 2020. Annual mortality improvement factors vary by attained age based on the G2 improvement scale from the 2012 Individual Annuity Mortality table. Annual morbidity improvement is assumed to be 1.0%
- h. Expenses have not been explicitly projected. Original filed expense assumptions are assumed to remain appropriate, except that reductions are made to the renewal commission rates so that the total commissions paid before and after any increase in premium are similar (i.e., commissions are not paid on the increased premium).

The above assumptions are based on the experience of MedAmerica Insurance Company, MedAmerica Insurance Company of New York and MedAmerica Insurance Company of Florida (MedAmerica Companies) that issued the same products, industry experience and judgment. These assumptions are based on the nationwide experience through 2019 of the particular policy forms in this filing and other similar policy forms where appropriate. The above assumptions are deemed reasonable for the particular policy forms in this filing and are considered “most likely” (without explicit margin).

In establishing the assumptions described in this section, the policy design, underwriting, and claims adjudication practices for the above-referenced policy form were taken into consideration. Appendix A to this memorandum provides a description of the development of and justification for the assumptions used in this filing.

The company is not currently marketing long-term care products. As a result, the requirement to reflect on any assumptions that deviate from those used for pricing other forms currently available for sale is not applicable.

**7. Marketing Method**

This policy form was marketed in Maryland by agents and brokers of MedAmerica.

**8. Underwriting Description**

These policies were fully underwritten with the use of various underwriting tools in addition to the application, which may have included medical records, an attending physician’s statement, prescription

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screen, telephone interview, and/or face-to-face assessment. Employer sponsored groups were eligible for reduced underwriting for actively at work employees age 65 and less.

**9. Premiums**

Premiums are unisex and payable for life unless the insured selected a limited premium payment option. The premiums may vary by issue age, cash benefit account, initial monthly benefit, community care level, elimination period, inflation option, premium payment option, medical underwriting, marital status, employer sponsored/multi-life discounts, and the selection of any riders.

**10. Issue Age Range**

Issue ages are from 18 to 85.

**11. Area Factors**

Area factors are not used for this product.

**12. Premium Modalization Rules**

The following modal factors and nationwide percent distributions (based on in-force count as of December 31, 2019 of the MedAmerica Companies) are applied to the annual premium (AP):

<b>Premium Mode</b>	<b>Modal Factors</b>	<b>Percent Distribution</b>
Annual	1.0000*AP	41%
Semi-Annual	.5150*AP	5%
Quarterly	.2600*AP	29%
Monthly	.0900*AP	25%

**13. Reserves**

Active life reserves and reserves for the election of a CBUL have not been used in this rate increase analysis. Claim reserves as of December 31, 2019 have been discounted to the incurral date of each respective claim and included in historical incurred claims. A best estimate of the incurred but not reported (IBNR) reserve balance as of December 31, 2019 has been allocated to the 2019 calendar year of incurral and included in historic incurred claims.

**14. Trend Assumptions**

An explicit medical cost trend is not included in the projections.

**15. Demonstration of Satisfaction of Loss Ratio Requirements**

This filing uses pooled nationwide experience of the above listed form(s) and similar policy forms issued nationwide by MedAmerica. The pooled experience is appropriate because the products issued are identical, the marketing and distribution is similar, and MedAmerica manages the entire block.

Exhibit I provides actual and projected experience using current assumptions. Actual experience is provided from inception through 2019 and then projected on a seriatim basis for 60 years using the current assumptions described above in Section 6. The actual and projected experience is based on nationwide premiums that reflect prior rate increases filed for use between 2015 and 2019, which average 24% across all jurisdictions. The after increase projected experience reflects the additional increase needed to achieve the cumulative increases shown in Section 2 on a seriatim basis.

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Values in Exhibit I are shown (a) before and (b) after the nationwide requested rate increase. Included are calendar year earned premiums, incurred claims, end of year lives, annual loss ratios, and cumulative loss ratios. The following table provides the lifetime loss ratios by inflation option before and after the increase.

**Nationwide Lifetime Loss Ratios at the Maximum Valuation  
Interest Rate by Issue Age and Inflation Option**

<b>Inflation Option</b>	<b>Before Increase</b>	<b>After Increase</b>
No Inflation	77%	69%
With Inflation	112%	94%
All	103%	87%

**16. Actual to Expected Experience**

The following table provides a comparison of actual and projected experience using current assumptions to that expected using original pricing assumptions. Values in the following table are shown (a) before and (b) after the nationwide requested rate increase.

<b>Inflation Option</b>	<b>Lifetime Loss Ratio</b>			<b>Actual-to-Expected</b>	
	<b>Before Increase</b>	<b>After Increase</b>	<b>Expected</b>	<b>Before Increase</b>	<b>After Increase</b>
No Inflation	70%	64%	48%	1.46	1.33
With Inflation	100%	84%	59%	1.69	1.42
All	92%	79%	56%	1.64	1.41

Actual and projected experience in the above table is identical to that described in Exhibit I, using the best estimate interest rate assumption of 4.50%. This rate represents MedAmerica’s expectation of its long-term investment earnings rate, which is supported by the average net investment earnings rate projected for MedAmerica’s cash flow testing.

Expected experience uses the actual policies sold and projects from issue on a seriatim basis using the original pricing assumptions.

Exhibit III provides a comparison of the current and original pricing assumptions that underlie the actual and expected experience described above.

**17. History of Previous Rate Revisions**

In Maryland, three prior rate increases have been approved and implemented on these policy forms. In December 2015, the Department approved a 15% increase. In January 2018, the Department approved a 4.3% increase and in November 2018 the Department approved a 4.2% increase.

As part of this rate increase process, an increase has been or is expected to be requested in all jurisdictions. In certain jurisdictions, the requested rate increase may be limited due to regulatory restrictions.

**18. Analysis Performed to Consider a Rate Increase**

The experience table in Section 16 above demonstrates that experience has been more adverse from expected using the expected pricing assumptions as the A:E loss ratio exceeds 1.0. The adverse experience is due to a combination of higher morbidity, higher persistency, and lower interest.

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The following table provides a comparison of actual and projected nationwide experience to that expected in pricing with respect to morbidity, mortality, lapse (combination of voluntary lapse and benefit expiry), interest, and improvement. The current and original pricing assumptions are provided in Exhibit III. Please note that to isolate the impact of each changed assumption from pricing, the experience in the table below has been restated to reflect no prior rate increases.

**Impact of Changing from Pricing to Current Assumptions**

<b>Scenario</b>	<b>Lifetime Loss Ratio (LLR)</b>	<b>Incremental Impact on the LLR <sup>[1]</sup></b>	<b>Increase Needed <sup>[2]</sup></b>
Original pricing assumptions	56%	N/A	N/A
Historical experience through 2019 & projections with pricing assumptions	56%	0%	0%
Historical experience through 2019 & projections with pricing assumptions except for current:			
Interest	64%	14%	20%
Interest, lapse	77%	20%	37%
Interest, lapse, mortality	103%	33%	49%
Interest, lapse, mortality, morbidity	114%	11%	15%
Interest, lapse, mortality, morbidity, improvement	105%	-8%	-12%
Historical experience through 2019 & projections with all current most-likely assumptions <sup>[3]</sup>	105%	88%	137%

*[1] Calculated as the ratio of the lifetime loss ratio in a given row to that in the row immediately above it less one.*

*[2] Shows the rate increase needed to reproduce the lifetime loss ratio in the row immediately above it. Calculated without regard to CBUL, RBO, adverse selection and higher waiver claims due to the needed rate increase.*

*[3] This row is calculated in regard to the pricing lifetime loss ratio of 56%.*

This rate increase request is a follow-up to the 2015 nationwide rate increase request. It is intended to achieve a rate increase level which the company believes is needed to alleviate the adverse performance on this block of business. As a part of the 2015 nationwide request, the company certified that rates would remain stable under moderately adverse experience (MAE) if the rate increase was approved as requested. The certification required that experience deteriorate past the company's threshold for MAE, which was defined as a lifetime loss ratio of 72%.

Section 16 demonstrates that the "All" lifetime loss ratio before the requested rate increase using current assumptions has deteriorated beyond the 72% lifetime loss ratio threshold, and as a result additional rate increases could be considered.

A comparison of the current assumptions used in this filing and the assumptions used in the 2015 nationwide request is provided in Exhibit IV.

**19. Average Annual Premium in Maryland (Annualized Premium Based on December 31, 2019 In-Force)**

The number of insureds and the corresponding average annual premium that will be affected by the filing are shown in the table below. The values provided exclude policies assumed to be paid up prior to the implementation of the requested rate increase, and the annualized premium reflects all rate increases filed for use.



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Inflation Option	Issue Age Band	Number of Insureds	Before Increase Premium	After Requested Increase Premium
All	<40	17	\$713	\$992
All	40-44	13	1,242	1,543
All	45-49	15	1,228	1,648
All	50-54	24	1,850	2,745
All	55-59	22	3,814	5,689
All	60-64	25	4,318	5,905
All	65-69	6	3,066	4,577
All	70-74	2	7,727	10,822
All	75+	0	0	0
No Inflation	All	22	1,520	1,909
With Inflation	All	102	2,778	3,891
All	All	124	2,555	3,539

Corresponding rate tables reflecting the proposed rate increases are enclosed with this filing. Please note that actual rates implemented may vary from those in the enclosed rate tables slightly due to implementation rounded algorithms.

Exhibit II-a provides a demonstration that the expected rate increase meets the 58%/85% test required by rate stability regulation. This exhibit shows that the sum of the accumulated value of incurred claims without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:

1. Accumulated value of the initial earned premium times 58%
2. 85% of the accumulated value of prior premium rate schedule increases,
3. Present value of future projected initial earned premium times 58%, and
4. 85% of the present value of future projected premium in excess of the projected initial earned premium.

Present and accumulated values in Exhibit II-a are determined at the maximum valuation interest rate for contract reserves applicable for the year of issue, which ranges from 3.5% to 4.0% and averages 3.86%.

Exhibit II-b provides a demonstration that the expected rate increase meets the Prospective Present Value (PPV) approach. The PPV approach (also known as the Texas approach) calculates the required rate increase to fund the prospective deficient premium for active, premium-paying policyholders brought about by an actuarially supported change in assumption(s). We believe the PPV approach addresses the issue of the recoupment of past losses in LTC rate increase filings.

**20. Proposed Effective Date**

The rate increase will apply to policies on their next premium payment date following at least a 60-day policyholder notification period following being filed for use by the Department of Insurance, but no sooner than 12 months after the prior rate increase was effective.

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**21. Nationwide Distribution of Business as of December 31, 2019 (based on in-force insured count)**

The number of insureds and annualized premium that will be affected by this filing are shown in the tables below. The values provided in the tables below exclude policies assumed to be paid in full prior to implementation of the requested rate increase, and the annualized premium reflects all rate increases filed for use.

<b>Issue Ages</b>	<b>Percent Distribution</b>
<40	11%
40-44	8%
45-49	13%
50-54	19%
55-59	21%
60-64	16%
65-69	8%
70-74	2%
75+	<1%

<b>Elimination Period</b>	<b>Percent Distribution</b>
30-day	12%
60-day	8%
90-day	78%
180-day	<1%

<b>Cash Benefit Account</b>	<b>Percent Distribution</b>
\$100,000	26%
\$200,000	31%
\$300,000	22%
\$500,000	13%
\$1,000,000	7%

<b>Inflation Option</b>	<b>Percent Distribution</b>
None	36%
5% Simple	7%
3% Compound	34%
5% Compound	3%
5% Compound 2x	20%

<b>Payment Term</b>	<b>Percent Distribution</b>
Ten-Pay	6%
Pay to Age 65	3%
Lifetime-Pay	91%

<b>Coverage Type</b>	<b>Percent Distribution</b>
Facility Only	1%
Comprehensive	98%
Home Health Only	<1%

**MEDAMERICA INSURANCE COMPANY**

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**22. Number of Insureds and Annualized Premium**

The number of insureds and annualized premium that will be affected by this filing are shown in the tables below. The values provided in the tables below exclude policies assumed to be paid in full prior to implementation of the requested rate increase, and the annualized premium reflects all rate increases filed for use.

**Maryland**

<b>Inflation Option</b>	<b>Issue Age Band</b>	<b>Number of Insureds</b>	<b>Annualized Premium</b>
All	<40	17	\$12,127
All	40-44	13	16,146
All	45-49	15	18,424
All	50-54	24	44,391
All	55-59	22	83,911
All	60-64	25	107,945
All	65-69	6	18,398
All	70-74	2	15,454
All	75+	0	0
No Inflation	All	22	33,435
Inflation	All	102	283,360
All	All	124	316,795

**Nationwide**

<b>Inflation Option</b>	<b>Issue Age Band</b>	<b>Number of Insureds</b>	<b>Annualized Premium</b>
All	<40	1,524	\$1,477,294
All	40-44	1,038	1,473,586
All	45-49	1,707	3,317,141
All	50-54	2,570	5,857,016
All	55-59	2,894	7,912,384
All	60-64	2,243	6,891,515
All	65-69	1,013	3,797,926
All	70-74	311	1,484,985
All	75+	80	486,077
No Inflation	All	4,782	8,165,721
Inflation	All	8,598	24,532,202
All	All	13,380	32,697,923

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**23. Actuarial Certification**

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

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 this jurisdiction and the rules of the department of insurance.

In my opinion, the rates have been calculated in a manner that complies with accepted actuarial practices, are uniformly applied to all policies within each issue age rate class, are not excessive or unfairly discriminatory, and bear reasonable relationship to the benefits based on the loss ratio standards of this jurisdiction. If the requested premium rate schedule increase is implemented and the underlying assumptions, with moderately adverse conditions reflected, are realized, no further premium rate schedule increases are anticipated. Moderately adverse conditions are defined as any combination of deterioration in the experience or assumptions that results in a lifetime loss ratio in excess of 87%.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary. Based on these assumptions, or statutory requirements where necessary, the premium rate filing is in compliance with the loss ratio standards of this jurisdiction.

I have relied on data and information provided by MedAmerica to develop this memorandum, including but not limited to management's view of when a rate change may be considered, underwriting and claim adjudication process, seriatim in-force data, claim data, and the company's long-term earnings rate. I have not audited or independently verified the data and information provided, but have reviewed it for reasonableness.

The basis for contract reserves has been previously filed and there is no anticipation of any changes.



Todd M. Moltumyr, ASA, MAAA  
TriPlus Services, Inc.

Date: August 24, 2020