

## Unum Long Term Care Insurance Policy Rate Increase | Frequently Asked Questions (FAQ)

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### 1. Why is Unum implementing a rate increase?

- Due to several factors that impact pricing of long-term care insurance, including persistency (more people are keeping policies than expected), claims trends (claims are longer and more severe than anticipated), and mortality/morbidity (people are living longer, even with illness, due to medical advances).
- LTC Insurance started in the 1980s and pricing has historically been based on projected claims experience. As policies continue to mature and carriers can collect actual claims experience data, many of them are having to increase prices to ensure that they will have enough in reserves to be able to pay claims in the future.
- The rate increase will help Unum ensure that they have enough in reserves to pay claims in the future.
- While the economic environment is not being cited as a reason for the increase, we do know that the industry has been affected by the low-interest rate environment.

### 2. Is the increase specific to my employer's group plan?

- No. It is not specific to policyholders or employer groups based on age, health, etc. As a guaranteed renewable insurance product, the rates for an entire class of policyholders can increase if necessary to ensure future claims obligations can be met. A change in pricing on a class basis must be actuarially justified.
- The rate increase can vary by state, depending on what each state's insurance commissioner approves (if state requires review and approval).

### 3. I thought my rates were guaranteed?

- All LTC insurance carriers have the right to raise rates on existing policies. Any rate increase must be approved by the state insurance commissioner and cannot be for a specific individual or group but rather for an entire class. A company's requested rate must be reasonable in relation to the benefit it provides. If the information the company files doesn't support this, the insurance commissioner can ask for more information, approve a lesser rate, or reject an increase.
- LTCI is a guaranteed renewable product, which means your rates will never increase because of your health or as you age. However, the rates for an entire class of customers can increase to ensure future claims obligations can be met.

### 4. My employer is headquartered in MA, but I live in another state. What does this mean for my rate increase?

- Rate increases are based on the state where the employer is headquartered; regardless of the state of residence of individual employees. In this example, your rate increase would be based on the state of MA.

### 5. Will there be another increase in the future?

- It is possible that future increases may be needed, and we do anticipate Unum filing and implementing future increases.
- Rate increases must be filed and approved by the state insurance commissioner before they can take effect (if the state requires review and approval). The insurance commissioner must agree that a rate increase is necessary, and appropriate for the risk being covered.

### 6. Where does it say that rates can go up in the contract?

- In the "Premiums" section of the policy booklet, there is a disclaimer that Unum has the right to adjust pricing.

### 7. Why is my employer keeping Unum?

- In response to Unum's announcement, LTC Solutions has worked with your employer to evaluate your current plan and compare it to other plans available in the marketplace. We have found that even after the rate increase the Unum plan remains competitive in price and plan design, compared to both leading individual and group LTCI plans.

### 8. Have other insurance carriers raised their rates?

- Yes. Most LTCI carriers have raised rates. The actuarial and claims trends that Unum has experienced have been experienced by all LTCI carriers.

### 9. What are my options?

- There are defined plan options that may be available to you under the group policy from which you obtained your current coverage. We encourage you to contact LTC Solutions, Inc. at 877-286-2852 or [LTCiBenefitsTeam@ltc-solutions.com](mailto:LTCiBenefitsTeam@ltc-solutions.com) prior to changing your coverage.
  - **Maintain Your Coverage** | No action is required by you; the new premium will automatically become effective on the rate increase effective date.
  - **Decrease Your Coverage** | To decrease your coverage, please complete a *Request to Change Coverage* form. Additional state-required forms may also need to be completed.
  - **Cancel Your Coverage and elect Contingent Non-forfeiture (CNF)** | If you choose to cancel your coverage in response to the rate increase within the first 120 days following the rate increase effective date, you may request CNF, which means that your current Lifetime Maximum benefit will be reduced to the greater of the total premium paid into the policy for your coverage or one Facility monthly benefit amount. By electing CNF, you are cancelling your coverage, and should you elect this feature, you will not have the option to reinstate your plan in the future.

### 10. What is Contingent Non-forfeiture (CNF)?

- Contingent Non-forfeiture (CNF) is a benefit that Unum is offering due to the rate increase. If you choose to cancel your coverage within the first 120 days following the rate increase effective date, you may request CNF, which means that your current Lifetime Maximum benefit will be reduced to the greater of the total premium paid into the policy for your coverage or one Facility monthly benefit amount.
- By electing CNF, you are cancelling your coverage, and should you elect this feature, you will not have the option to reinstate your plan in the future.
- CNF must be requested by submitting the appropriate form within 120 days of the rate increase effective date.

### 11. Should I cancel this coverage or keep it?

- Cancellation of LTC insurance requires careful consideration, including the following:
  - You may not be able to obtain coverage in the future due to your health at the time of application.
  - If you purchase a new policy in the future, you will be re-rated at your newly attained age.
  - Cancelling coverage will mean losing any inflation that has accrued on your current plan.

### 12. What happens to all the money I have paid if I cancel coverage?

- You may exercise the Contingent Non-forfeiture benefit within 120 days of the rate increase effective date (see number 10 for more detail).
- LTCI is much like car or health insurance; you pay premiums for the month to be covered for the month. The premiums you pay do not go toward your pool of benefits.
- Your full pool of benefits is available to you on the effective date of your policy; regardless of how much you have paid in total premiums.

### 13. How long will I have to decide what to do?

- Policyholders will be provided with a detailed letter at least 60 days before the rate increase takes effect. At that time, you will be given the option to accept the increase, reduce coverage or cancel coverage and use Contingent Non-forfeiture (see number 10 for more detail).
- Reductions in coverage may occur at any time.
- Updated rates will be available from Unum approximately 60 days before the rate increase takes place. Until then, LTC Solutions is glad to assist in calculating what the anticipated rate increase will be like.

### 14. How long do I have to make any coverage changes before the effective date of the increase?

- Any requests to change coverage should be received at least 30 days in advance of the effective date of the increase.
- If you choose to elect Contingent Non-forfeiture (CNF) you must do so within the first 120 days following the rate increase effective date (see number 10 for more detail).