

**Unum Life Insurance Company of America (Company)  
Group Long Term Care (GLTC) Rate Increase Filing 2012  
with the Delaware Department of Insurance**

Delaware SERFF #: UNUM-128558322

Policy forms: B.LTC and GLTC 95

Certificate holders: 921 (DE only)

Inforce Premium: \$394,299 (DE only)

Initially priced: B.LTC: 1988  
GLTC 95: 1994

Actively marketed: B.LTC: 1989 - 2003  
GLTC 95: 1995 - 2003

Certificates with employer funded base coverage: 73%

Average annual premium per DE certificate holder prior to increase: \$428

Average annual premium per DE certificate holder after 25% increase: \$535 (\$107 additional)

**Requested Increase:**

The Company requested a 75% rate increase, which represents our best estimate of the increase necessary for actuarial certification pursuant to rate stability laws. Per the cost disclosure provided in each customer's policy and required by Delaware insurance law, the Company should have limited the rate increase request to 25%.

**Reasons why rate increases are needed:**

The premium increase we are requesting is due to a number of factors that include persistency, mortality and morbidity. Additionally, a sustained and broadly unfavorable economic environment have added significant uncertainty of risk and pricing trends to GLTC business. These financial challenges impact the entire GLTC market.

The GLTC industry is still relatively young and claims experience trends are emerging differently than originally projected. As more customers recognize the importance of GLTC coverage, they are retaining this valuable insurance coverage at unprecedented levels, resulting in a greater number of claims than projected as the block of business matures.

**Insured Options:**

In order to minimize the financial impact of an approved premium rate increase, our Company will provide each policyholder with the option of making policy changes to offset some or all of the premium increase. Policy changes options available will be determined by the specific features available pursuant to each customer's policy and permissible by the laws of the State of Delaware. Typical options available to our customers include: 1)

reducing monthly benefit amount; 2) reducing the benefit period available (e.g. from lifetime to a fixed number of years); 3) reducing the scope of coverage (e.g. removing the home care benefit); and 4) contingent non-forfeiture (e.g. eliminate the need for future premium payments, while providing a residual level of benefits equal to the premiums that have been paid to date).

Additionally, because many of our GLTC policies have some level of employer contribution, the Company expects some employers to reevaluate their funding levels, as well as whether or not to continue offering this GLTC coverage to employees. If an employer decides to terminate the master policy, insureds will have the option of continuing their GLTC coverage (portability) on a direct-bill basis. Customers who elect to port their coverage will be subject to the approved premium rate increase.

**Future Rate Increase Filings:** We will continue to monitor emerging experience in order to assess future rate increase needs. If experience emerges as currently expected, we would anticipate filing for an additional rate increase of 25% to be effective 3 years after any approved rate increase associated with this filing. If no increase is approved, we would anticipate re-filing in 2013 reflecting another year's worth of experience.