

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

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| <p align="right">DATE: <u>02/21/2020</u></p> <p>CONTACT PERSON: <u>Eric King</u></p> <p>TELEPHONE: <u>816-783-8234</u></p> <p>EMAIL ADDRESS: <u>eking@naic.org</u></p> <p>ON BEHALF OF: <u>Health Actuarial (B) Task Force</u></p> <p>NAME: <u>Perry Kupferman</u></p> <p>TITLE: <u>Chief Life Actuary</u></p> <p>AFFILIATION: <u>California Department of Insurance</u></p> <p>ADDRESS: _____</p> | <p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2020-14BWG MOD</u></p> <p>Year <u>2020</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X]</p> <p>Modifies Required Disclosure []</p> <hr/> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[] Received For Public Comment</p> <p>[X] Adopted Date <u>05/28/2020</u></p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p> |
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BLANK(S) TO WHICH PROPOSAL APPLIES

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| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input type="checkbox"/> QUARTERLY STATEMENT | <input checked="" type="checkbox"/> BLANK | |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input checked="" type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2020

IDENTIFICATION OF ITEM(S) TO CHANGE

Modify the columns and rows on the blank pages for the Long-Term Care Experience Reporting Forms 1 through 5 and make appropriate changes to the instructions for those forms.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

Changes are proposed to provide more accurate and useful information to regulators and their customers, and to facilitate greater consistency among and ease of reporting by insurers.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH AND PROPERTY

LONG-TERM CARE INSURANCE EXPERIENCE REPORTING FORMS 1 THROUGH 5

These reporting forms must be filed with the NAIC by April 1 each year.

The purpose of the Long-Term Care Insurance Experience Reporting Forms is to monitor the amount of such coverage and to provide data specific to this coverage on a nationwide basis. Long-term care expenses may be paid through life policies, annuity contracts and health contracts. When the long-term benefits portion of the contract is subject to rating rules based on the Long-Term Care Insurance Model Regulation (sections on required disclosure or rating practices to customers, loss ratio and premium rate increases), the adequacy of the pricing and reserve assumptions is critical to meeting the expectation of those sections.

For life or annuity products where no portion is subject to these rating rules, the products are not being included in the reporting in these forms. Companies may use an assumption that long-term care benefits that are “incidental” regardless of the date of issue, may be excluded. Incidental means that the value of long-term care benefits provided is less than ten percent (10%) of the total value of the benefits provided over the life of the policy (measured as of the date of issue). ~~If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on Forms 1, 2 and 4.~~

Form 1 gives an overview of the stand-alone LTC business and claims experience for both individual and group policies. Form 2 focuses on the experience of individual policies broken down into three Primary Issue Periods: Prior to 2003, 2003-2010, and 2011 and later. Form 3 focuses on the adequacy of claims reserves by presenting experience based on incurred year over the next several years. Because prior-year values should already be available; this form should be completed for at least the current and past four years. If available, all prior years should be completed. Form 4 focuses on the experience of group business. Form 5 provides a location to report data at the state level and additionally asks for data related to hybrid life or annuity products with LTC extended and/or accelerated benefits.

~~Form 1 focuses on the critical assumptions of morbidity and persistency while still presenting loss ratio data (without the level of detail in the original forms). As noted in the instructions specific to the form, prior year values will be filled in over time. Only information as of 2009 and subsequent years is required on the forms, unless it was required on the previous Long-Term Care Insurance Experience Reporting Forms. Companies are not required to supply information for spaces on the forms corresponding to any year prior to adoption of the forms, unless that information was previously reported. Form 2 focuses on the developing level of funds from the issue age premium basis and compares this to the active life reserve. As noted in the instructions specific to the form, prior year values will be filled in over time. Form 3 focuses on the adequacy of claims reserves by presenting experience based on incurred year over the next several years. Because prior year values should already be available; this form should be completed for at least the current and past four years. If available, all prior years should be completed. Form 4 is to include life and annuity products that are not exempt as outlined in the Long-Term Care Insurance Model Regulation. Form 5, which replaces the LTC experience Form C, requires information at the state level. In addition to the considerable changes in the structure and purpose of the forms, the new forms are based on adding additional calendar years of experience to prior results. To more appropriately compare the actual results with expectations, the expected values are based on the exposure at the beginning of that year, *not* the original assumed sales distribution used when completing the original forms.~~

Because of the relatively small claim rates and variable length and size of long-term care claims, the statistical credibility of long-term care insurance experience is lower than the amount of credibility assigned to similar amounts of experience on other types of health insurance. This should be taken into account when reviewing experience and assessing the adequacy of reserves and the critical assumptions underlying them.

The Long-Term Care Insurance Experience Reporting Forms 1 through 5 should be filed whenever long-term care insurance has been sold, regardless of which annual statement has been filed. These forms are not only applicable to companies filing the life, accident and health annual statement. The list of the various annual statements is: life/fraternal, accident and health, property/casualty and health.

Include under the Individual portion both Individual policies and Group certificates if the group is approved by the state under statutes similar to Section 4E(4) of the Long-Term Care Insurance Model Act. Include under the Group portion group certificates if the group is approved by the state under statutes similar to Section 4E(1), (2) or (3) of the model act.

~~Experience for LTC insurance should be reported separately by stand-alone LTC policy form or by rider where experience is to be reported by form. Reporting by rider is applicable only to riders having distinct premiums for LTC coverage that are attached to products other than stand-alone LTC policies. Experience under forms that provide substantially similar coverage and provisions, that are issued to substantially similar risk classes and that are issued under similar underwriting standards, may be combined. If this option is utilized, the forms combined should be identified in the column captioned "Policy Form."~~

Claims incurred will need to reflect the loss of future premiums. These will occur because of the waiver of premium provision in the contract, waiver due to spouse's benefit status or other provisions in the contract that make it paid-up or not subject to collection of additional premiums for some future period. The claim incurred in each year will include the amount of the reserve established to reflect the loss of future expected premiums. The effect in future years will depend on the manner in which premiums from these policies are reported in following periods: ~~If the assumption is that the policy is paid up (no future premiums to be collected), the reserve and experience fund would be the paid-up value and future incurred claims will be only for LTC benefits. If the assumption is that future premiums (gross or net) will be considered as "paid by waiver," the reserve and experience fund will include in the reserve the present value of future premiums to be waived and the premium waived will be reported as both earned premium and a portion of the incurred claims.~~

- (1) If the assumption is that future premiums (gross or net) will be considered as "paid by waiver," the reserve will include in the reserve the present value of future premiums to be waived and the premium waived will be reported as both earned premium and a portion of the incurred claims.
- (2) If the assumption is that the policy is paid-up (no future premiums to be collected), the reserve would be the paid-up value and future incurred claims will be only for LTC benefits.

Report using (1) above unless there are system limitations which require data to be entered under assumption (2).

When reporting dollar amounts, report the amount in thousands (\$000 omitted). For non-dollar values, do not truncate the amounts.

Definition of Incurred Claims:

The amount of developed claims incurred during the calendar year is equal to the present value of all claim payments during the year and any changes in claim reserves. The discount rate is the statutory valuation interest rate for case reserves.

- Paid claims in the year of incurral are discounted one-quarter year.
- Paid claims subsequent to the year of incurral are assumed to be paid mid-year and discounted back to the midpoint of the incurred year.
- Outstanding claim reserves for a given incurred year plus transferred reserves from Part 3 of Form 3 are discounted from the valuation date to the midpoint of the incurred year.

If

iy = Incurred year

T = Report year – incurred year

v = Discount rate

${}_t\text{Paid Claims}_{iy}$ = Paid claims during current or prior calendar year t from claims incurred in year iy

${}_t\text{Case Reserve}_{iy}$ = Case reserve at end of calendar year t from claims incurred in iy

${}_t\text{Transferred Reserve}_{iy}$ = Transferred reserve at end of calendar year t from claims incurred in iy and

t = iy, iy+1, iy+2, . . . , iy + T

then the Present Value of Incurred Claims for incurred year iy:

For T=0

$$\underline{{}_{iy}\text{Paid Claims}_{iy} \times v^{1/4} + {}_{iy}\text{Case Reserve}_{iy} \times v^{1/2} + {}_{iy}\text{IBNR}_{iy} \times v^{1/2} + {}_{iy}\text{Transferred Reserve}_{iy} \times v^{1/2}}$$

For T>0

$$\underline{{}_{iy}\text{Paid Claims}_{iy} \times v^{1/4} + {}_{iy+1}\text{Paid Claims}_{iy} \times v^1 + {}_{iy+2}\text{Paid Claims}_{iy} \times v^2 + \dots + {}_{iy+T}\text{Paid Claims}_{iy} \times v^T + {}_{iy+T}\text{Case Reserve}_{iy} \times v^{T+1/2} + ({}_{iy+T}\text{IBNR}_{iy} \times v^{T+1/2}) + {}_{iy+T}\text{Transferred Reserve}_{iy} \times v^{T+1/2}}$$

If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

The total case reserves and IBNR equal the portion of the total direct liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health\fraternal) attributable to LTC business for life, accident & health and fraternal only.

This amount includes accrued and unaccrued claims liabilities that are incurred but not yet paid, both reported and not reported.

INSTRUCTIONS FOR FORM 1
Stand-Alone LTC Only (\$000 Omitted)

Long-Term Care Insurance Experience Reporting Form 1 is intended to track actual premium, claims, persistency, and reserves on a nationwide basis. Yearly and cumulative comparisons for direct, assumed, and ceded business are exhibited.

OVERVIEW

~~Long Term Care Insurance Experience Reporting Form 1 is intended to track actual claims and persistency against expected on a nationwide basis. Certain group business is reported separately from individual and some group business. (See Section 4(E) of the Long Term Care Insurance Model Act.) Policy forms are grouped into three categories: comprehensive, institutional only or non institutional. Yearly and cumulative comparisons are exhibited. Even though only policy form groupings are displayed, policy form level information should be kept. It may facilitate rating reviews by the regulators. If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on this form.~~

DEFINITIONS AND FORMULAS

Comprehensive

~~Policy forms that provide a combination of institutional or facility and non institutional coverage. These include institutional only policies with non institutional riders.~~

Institutional Only

~~Policy forms that provide institutional coverage only.~~

Non-Institutional Only

~~Policy forms that provide only non institutional coverage.~~

Current

~~Current calendar year of reporting.~~

~~*Example: For a specific policy form category, the first year of issue was 2001. This Form 1 is required starting for the year 2009 and the reporting year is 2011. The current year would be 2011.*~~

Prior

~~The year immediately prior to the year of reporting.~~

~~*Example: 2010*~~

2nd Prior

~~Two years prior to the year of reporting.~~

~~*Example: 2009*~~

3rd Prior

~~Three years prior to the year of reporting.~~

~~*Example: Blank, because the first year of reporting is 2009.*~~

4th Prior

Four years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

5th Prior

Five years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

Form Inception to Date

Aggregate experience data since the adoption of this Form 1.

Example: Data from 2009 through 2011.

Actual and expected in force counts are sums of counts for all years since adoption of Form 1.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Example: Data from 2001 through 2011.

Assumed/Ceded Rows

Does not include YRT reinsurance transactions. For columns that are reported as “Number of” (count) rather than an amount, assumed/ceded business is only recorded here if the business is 100% coinsured.

Column 1 – Earned Premiums

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

Life, Accident & Health, Fraternal and Property/Casualty Only

~~Total earned premiums should equal direct earned premiums for LTC business from Schedule H, Part 1, Line 2.~~

Total earned premiums should equal Accident and Health Policy Experience Exhibit Column 1, Line 10.3 for Individual Business section and Line 12 Group Business section.

Column 2 – Incurred Claims

Developed claims incurred during the calendar year. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.

- If i_y = Incurred year
- T = Report year incurred year
- V = Discount rate
- i_t Paid Claims $_{i_y}$ = Paid claims during claim duration t from claims incurred in year i_y , $t = 0, 1, 2, 3, \dots T$
- \dagger Case Reserve $_{i_y}$ = Case reserve at end of report year from claims incurred in i_y

Incurring claims for incurred year iy :

For $T=0$

$${}_0\text{Paid Claims}_{iy} \times v^{1/2} + {}_0\text{Case Reserve}_{iy} \times v^{1/2} + {}_0\text{IBNR}_{iy} \times v^{1/2}$$

For $T>0$

$${}_0\text{Paid Claims}_{iy} \times v^{1/2} + {}_1\text{Paid Claims}_{iy} \times v^{1-} + {}_2\text{Paid Claims}_{iy} \times v^{2-} + \dots + {}_T\text{Paid Claims}_{iy} \times v^{T-} + {}_T\text{Case Reserve}_{iy} \times v^{T+1/2} + ({}_T\text{IBNR}_{iy} \times v^{T+1/2})$$

~~This is the developed claim amounts for claims incurred during the specific calendar year. For each claim, the incurred claim equals the present values of all claim payments and the present value of any outstanding case reserve. This will be different from the reported financial incurred claims. The financial incurred claims, including the change in claim reserves that contains gain or loss due to reserve estimation different from actual payments for claims incurred in prior years.~~

For purposes of the present value calculation, assume all payments are made in the middle of the calendar year and the case reserve is at the end of the calendar year. The discount rate is the statutory valuation interest rate for case reserve. For the current calendar year, an Incurred But Not Reported (IBNR) reserve should be assigned. If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

~~The total case reserves and IBNR equal the portion of the direct liability attributable to long term care business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities, which are incurred but not yet paid, both reported and not reported.~~

~~The incurred claims should be consistent with the claims exhibited on Form 3.~~

Column 3 – Number of Claims Opened

The number of claims that have at least one benefit payment made during the year after the elimination period but have no payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. A claim that has terminated by the end of the year should be included in the count.

Column 4 – Number of Claims Closed

Number of claims that had been opened, which became closed during the year due to recovery, exhaustion of benefits, or death.

Column 5 – Number of Claims Remaining Open

Open claims are all claims that have been opened at any date, but have not been closed as of the end of the year.

Column 6 – Number of Terminations

Total number of policy or certificate holders whose coverage ended during the year for any reason, including death, lapse, or benefit exhaustion.

Column 7 – Number of Policies/Certificates In-force at Year End

Total number of policies or certificates in force at the end of the year.

Column 8 – Number of Lives In-force at Year End

Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.

Column 9 – Active Life Reserves

Total amount of active life reserves held for policyholders, including those in non-forfeiture status. The amount reported in annual statement Exhibit 6, Line 2 for life, accident & health, and fraternal only.

The amount reported in annual statement Underwriting and Investment Exhibit 2D, line 2, less the premium deficiency reserve in footnote (a) of that exhibit.

Column 10 – Claim Reserves

Total amount of reserves held for payment of claims that have been incurred but not yet paid, including claims on policies in non-forfeiture status.

Column 11 – Other Reserves

Total amount of any other reserves associated with long-term care policies, including premium deficiency reserves, unearned premium reserves, and additional actuarial reserves. For the additional actuarial reserve, use the lesser of the aggregate additional reserve and a reserve calculated specifically for LTC business.

A reserve must be carried for any block of contracts for which future gross premiums when reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims or services.

~~Column 3~~ – ~~Valuation Expected Incurred Claims~~

~~The expected claim cost for an individual covered under a policy in force⁺ at the beginning of the calendar year based on statutory active life reserve morbidity assumption. This is the interpolation of successive policy year expected claim cost for all coverages in force at the beginning of the year. Simple averaging is acceptable.~~

~~An acceptable approximation is the expected claim cost multiplied by an exposure adjustment, where expected claim cost is the sum of claim costs during the year based on the valuation morbidity assumption of each life in force at the beginning of the year. The valuation claim cost during the year is an interpolation of successive claim costs by policy year. Other approximations may also be acceptable. Any changes in method should be disclosed on the form.~~

~~**The exposure adjustment is:**~~

$$\text{[Actual Number of Lives In Force at Beginning of Year} - (\text{Expected Deaths} + \text{Expected Lapses}) \div 2] \div \text{Actual Number of Lives In Force at Beginning of Year,}$$

~~where Expected Deaths and Expected Lapses are based on valuation assumptions. They can be derived from a single average decrement rate combining deaths and lapses, or specific decrement rates applying to actual exposures. If there is no in force at the beginning of the year, the expected claim cost can be zero.~~

~~Column 4~~ – ~~Actual to Expected Incurred Claims~~

~~Actual incurred claims as a percentage of valuation expected incurred claims.~~

~~Column 5~~ – ~~Open Claim Count~~

⁺ If active life reserves are not held for claimants, then exclude the claimants.

~~Number of claims that have at least one benefit payment made during the year after the elimination period. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. Examples are payments of caregiver training benefits and optional care coordination benefits. For these examples, if the amounts paid are included as benefits under the policy, they should be included in the claim amounts but excluded from the claim counts. A claim should be included in the count, even though it has terminated by the end of the year.~~

~~Column 6 — New Claim Count~~

~~Number of claims that have at least one benefit payment made during the year after the elimination period but have no payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. A new claim should be included in the count even though it has terminated by the end of the year.~~

~~Column 7 — Lives In Force End of Year~~

~~Actual number of lives in force at the end of the year. Joint policies should be counted by number of lives.~~

~~Column 8 — Expected Lives In Force End of Year~~

~~Expected number of lives in force at the end of the year:~~

~~$$\text{Actual Number of Lives In Force at Beginning of Year} + \text{New Issue Lives} - \text{Expected Deaths} - \text{Expected Lapses};$$~~

~~where Expected Deaths and Expected Lapses are based on valuation assumptions. They can be derived from a single average decrement rate combining deaths and lapses or specific decrement rates applying to actual exposures. Joint policies should be counted by number of lives.~~

~~Column 9 — Actual to Expected Lives In Force~~

~~Actual number of lives in force as a percentage of expected number of lives in force at the end of the year.~~

NOTES

- ~~1. Form 1 applies to direct business only.~~
- ~~2. Prior years' figures, except for incurred claims, should be the same as the figures from prior years' Form 1.~~
- ~~3. Form Inception to Date figures, except for incurred claims, should be the corresponding figures from prior year Form 1 plus the figures for the current year. No interest discounting is required to determine Form Inception to Date and Total Inception to Date figures.~~
- ~~4. If Incurred But Not Reported reserves must be allocated by policy form, the allocation should be based on paid claims and change in case reserves.~~
- ~~5. Use the valuation assumptions corresponding to the current reserves being held. They are not necessarily the original reserve assumptions if strengthening or release of reserves has been made in the past. The assumptions for each year should be applied to the actual in force (age, gender, plan distribution), not the distribution originally expected or issued.~~
- ~~6. An insurance company may use more refined methods in determining the required information than those described in the definitions and instructions. Methods must be consistent from report year to report year.~~

INSTRUCTIONS FOR FORM 2
Direct Individual Experience – Stand-Alone Only (\$000 Omitted)

Primary Issue Period Splits

Experience data for each policy should be aggregated in one of the three Primary Issue Year Periods shown on the experience form. It would be permissible for a company to include 100% of a policy form's experience in just one of the three Primary Issue Year periods (using the issue year period where the majority of the policies were originally issued). It would also be permissible for a company to split a policy form's experience by issue year into multiple Primary Issue Year periods shown in the form based upon policy issue year.

OVERVIEW

~~The purpose of Form 2 is to calculate a ratio of an experience reserve to the reported reserve by calendar year on a nationwide basis. Summary data by policy form is to be reported. Data for the current reporting year, as well as that reported in each of the prior two reporting years, is to be shown on Form 2.~~

~~The following formulae specify data by calendar duration (t) and calendar year of issue (n). Data at this detail is required for the calculation of the experience reserve, although only totals by policy form are illustrated. Experience data is notated by a superscript E to distinguish from valuation assumptions. The experience reserve reported in column 13 is developed from: 1) the experience reserve at the end of the prior reporting year (t-1); 2) valuation net premiums and interest rates; and 3) experience incurred claims, earned premiums, and actual persistency. The valuation net premiums used are the actual net premiums used for that reporting year. *As an example, if a factor file method is used, the valuation net premiums used to calculate the reserve factors would be used for Form 2.*~~

~~For 2009, the experience reserve (column 13) was calculated using the reported reserve as of the end of 2008 as the prior year's reserve. Similarly, for acquired business, the experience reserve as of the year end following acquisition is set equal to the reported reserve as of that date. The experience reserve as of subsequent periods is developed from the first experience reserve reported in this form. If a policy form has had no policies in force and all claims on the policy form have been settled for more than one year, then the policy form is no longer reported on this form.~~

~~Experience and valuation data are reported by base policy form. Rider forms will be reported with the base forms to which they are attached.~~

~~Only summary data by reporting year is illustrated. *The reporting company should have detail by calendar duration available upon request.*~~

DEFINITIONS AND FORMULAS

Current

Current calendar year of reporting.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Comprehensive

Policies that provide a combination of institutional or facility and non-institutional coverage. These include institutional only policies with non-institutional riders.

Institutional Only

Policies that provide institutional coverage only.

Non-Institutional Only

Policies that provide only non-institutional coverage.

Column 1 – Calendar Year of Peak Issues

Calendar year in which the largest number of policies in the block were sold. When reporting figures for inception-to-date, include all policies ever sold in the block. For the current year, include only those policies that remain inforce as of 12/31.

Column 2 – Percent Male Lives Insured

Percentage of males within the block of policyholders. For example, a block consisting of 60% males would be reported as 60. When reporting figures for inception-to-date, include all policies ever sold in the block. For the current year, include only those policyholders that remain insured as of 12/31.

Column 3 – Average Attained Age

Arithmetic mean of the attained ages of all inforce policyholders in the block at year end.

Column 4 – Earned Premium

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

Total earned premiums should equal Accident and Health Policy Experience Exhibit Column 1, Line 10.3 for Individual Business section and Line 12 Group Business section.

Column 5 – Incurred Claims

Developed claims incurred during the calendar year. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.

Column 6 – Number of Lives In-force Year End

Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.

Column 7 – Number of Terminations

Total number of policyholders whose coverage ended during the year for any reason including death, lapse, or benefit exhaustion.

Column 8 – Number of New Lives Insured

Total number of new lives issued LTC policies during the year. Values in rows that are labeled “inception-to-date” should be the sum of all new lives insured in each year during which the form was sold.

Column 3 — Last Year Issue

For closed blocks of business, report the last year a policy was issued for the policy form. For open blocks of business, leave blank.

Column 4 — Earned Premiums

${}_tEP_n$ — The direct earned premium in calendar duration t for all business of Calendar Year of Issue (CYI) n. Include earned premiums only for the reporting year. Total direct earned premiums should equal direct earned premiums for LTC business from Schedule H, Part 1, Line 2 for life, accident & health, fraternal and property/casualty only.

Column 5 — Incurred Claims

${}_tIC_n^E$ — The experience incurred claims of all business of CYI n in calendar duration t for the reporting year.

$${}_tIC_n^E = [({}_t\text{Paid Claims})_n] + [{}_tCLiab_n^E \times (1+i_n)^{-1/2} - ({}_{t-1}CLiab_n^E) \times (1+i_n)^{1/2}]$$

Where:

$(\text{Paid Claims})_n$ — The paid claims of all business of CYI n in calendar duration t for the reporting year. Paid claims is the total direct paid claims for LTC business from Exhibit 8, Part 2, Line 1.1 for life, accident & health and fraternal only.

i_n — The valuation interest rate for CYI n.

${}_tCLiab_n^E$ — The claim liability of all business of CYI n in calendar duration t for the reporting year. ${}_tCLiab_n^E$ is the portion of the total direct claim liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health, and fraternal only. This amount includes accrued and unaccrued claims liabilities, which are incurred but not yet paid, both reported and not reported.

${}_{t-1}CLiab_n^E$ — The claim liability of all business of CYI n in calendar duration t-1 for the prior reporting year. ${}_{t-1}CLiab_n^E$ is the total direct claim liability for LTC business from Exhibit 8, Part 2, Line 4.1 (life, accident & health and fraternal) of the current year's annual statement plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business on the prior year's annual statement for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities that were incurred but not paid at the prior year end, both reported and not reported.

Column 6 — Loss Ratio

${}_tLR_n$ — The incurred claims loss ratio in calendar duration t for all business of CYI n.

$${}_tLR_n = \frac{{}_tIC_n^E}{{}_tEP_n}$$

$$\text{Column 6} = \text{Column 5} / \text{Column 4} \times 100$$

Column 7 — Annual Net Premium/Annual Gross Premium

The ratio of annual net premium to annualized gross premium.

Annual Net Premium = \sum (annual valuation net premiums for policies issued in calendar year n at the start of calendar duration t). Companies may report zero (0) for the net premiums during the Preliminary Term period.

Annual Gross Premium = \sum (Annualized Premium In Force, including mode loadings for policies issued in calendar year n at the start of calendar duration t).

For calendar duration 0, the net premiums and gross premiums at issue should be used.

Column 8 — Current Year Net Premiums

${}_tP_n$ = The annual valuation net premium for all business of CYI n in calendar duration t.

${}_tP_n$ = ${}_tEP_n \times \sum$ (annual valuation net premiums for policies issued in calendar year n at the start of calendar duration t) / \sum (Annualized Premium In Force for policies issued in calendar year n at the start of calendar duration t). At the detail level of CYI n and calendar duration t, Column 8 = Column 4 x Column 7.

Column 9 — In Force Count Beginning of Year

${}_{t-1}IF_n$ = The in force count in calendar duration t-1 for all business of CYI n at the end of the calendar year preceding the reporting year. In force Count Beginning of Years should equal in force end of prior year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 1) for LTC business for life, accident & health and fraternal only.

Column 10 — New Issues Current Year

The new issues count during the reporting year. New Issues Current Year should equal issued during year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 2) for LTC business for life, accident & health and fraternal only.

Column 11 — In Force Count End of Year

${}_tIF_n$ = The in force count in calendar duration t for all business of CYI n at the end of the reporting year. In Force Count End of Years should equal in force end of year from the Exhibit of Number of Policies (Accident and Health Insurance, Line 9) for LTC business for life, accident & health and fraternal only.

Column 12 — Persistency Rate

(Column 11 - .5 x Column 10) / (Column 9 + .5 x Column 10)

~~Column 13 — Experience Policy Reserves~~

$$\text{ ~~} V_n^E = [(t-1)V_{n-1}^E + P_n] \times (1+i_n) - IC_n^E \times (1+i_n)^{t/2}~~$$

~~Where:~~

~~} V_n^E = The experience reserve as of the end of the reporting year for calendar duration t, and CYI n.~~

~~} V_{n-1}^E = The experience reserve as of the end of the prior reporting year for calendar duration t-1, and CYI n. For the first filing of this form, the experience reserve as of the second prior year is set equal to the reported reserve as of that date.~~

~~} P_n = The annual valuation net premium for all business of CYI n in calendar duration t. The total for the reporting year is the amount reported in Column (8).~~

~~} i_n = The valuation interest rate for CYI n.~~

~~} IC_n^E = The experience incurred claims for all business of CYI n in calendar duration t. The total amount for the reporting year is reported in Column (5).~~

~~Column 14 — Reported Policy Reserves~~

~~The amount reported in annual statement Exhibit 6, Line 2 for life, accident & health and fraternal only.~~

~~Column 15 — Experience: Reported Ratio~~

$$\text{ ~~Column 15 = Column 13 / Column 14 x 100~~$$

Section C — Summary

- ~~Line 1 — Total Current — Individual — Sum of each Section A, Line 1 (all policy forms)~~
- ~~Line 2 — Total Prior — Individual — Sum of each Section A, Line 2 (all policy forms)~~
- ~~Line 3 — Total 2nd Prior — Individual — Sum of each Section A, Line 3 (all policy forms)~~
- ~~Line 4 — Total Current — Group — Sum of each Section B, Line 1 (all policy forms)~~
- ~~Line 5 — Total Prior — Group — Sum of each Section B, Line 2 (all policy forms)~~
- ~~Line 6 — Total 2nd Prior — Group — Sum of each Section B, Line 3 (all policy forms)~~
- ~~Line 7 — Current Year Total — Section C, Line 1 + Section C, Line 4~~

INSTRUCTIONS FOR FORM 3
LTC Experience Development (\$000 Omitted)

The purpose of this form is to test the adequacy of claim reserves held on long-term care policies. This form allows for the development of a seven-year trend of losses ~~incurred by incurred calendar a specific year group of claimants~~. This form is to be prepared on a nationwide basis.

Report all dollar amounts in thousands (\$000 omitted).

Part 1 – Total Amount Paid Policyholders

Show paid claims by year paid and year incurred. Claims are on a direct basis, including transfers before any reinsurance. Claims incurred prior to the year shown on Line 2 should be included in Column 1.

The “Prior” values in these sections will not be directly comparable to prior statements, as the current year’s statement will include an additional incurred year’s values.

Transfer policies are defined as policies that are either purchased or sold, typically through assumption reinsurance. These policies will be recorded in these parts of this exhibit while the company owns them.

Part 2 – Sum of Total Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year

This section provides a claim cost development overview to show the adequacy of claim reserves for a particular incurral year at the end of that year and at the end of subsequent years. The entry in Line X and Column Y is the cumulative claims incurred during year X and paid through the end of year Y for claims incurred in year X, plus the reserve at the end of year Y for claims incurred in year X.

Claims are on a direct basis including transfers before any reinsurance. Claims incurred prior to the year shown on Line 2 should be included in Line 1, Columns 1 through 8.

The “Prior” values in these sections will not be directly comparable to prior statements, as the current year’s statement will include an additional incurred year’s values.

Transfer policies are defined as policies that are either purchased or sold, typically through assumption reinsurance. These policies will be recorded in these parts of this exhibit while the company owns them.

Part 3 – Transferred Reserves

Claim reserves for *transfer claims (acquired or sold)* are shown here, by claim incurred year, starting from the year of transfer. For sold business, the entries are positive. For acquired business, the entries are negative. For years after the transfer year, the reserves are increased with interest.

Claim reserves for the buyer are the reserves initially set by the buyer, not necessarily equal to the reserves for the seller.

Part 4 – Present Value of Incurred Claims (Interest Adjusted Development of Incurred Claims)

Because claim reserves for long-duration claims are generally discounted, the year-to-year comparison in Part 2 is misleading to the extent interest income on claim reserves is material. To show consistent values; paid claims; transferred reserves and claim reserves are discounted to a common point in time (assumed to be July 1 of the incurred year). The discount rate is the statutory valuation interest rate for case reserves.

- Paid claims in the year of incurral are discounted one-quarter year.
- Paid claims subsequent to the year of incurral are assumed to be paid mid-year and discounted back to the midpoint of the incurred year.
- Outstanding claim reserves for a given incurred year plus transferred reserves from Part 3 are discounted from the valuation date to the midpoint of the incurred year.
- Negative results are possible for acquired business only. Negative results indicate downward development of ultimate claims.

If i_y = Incurred year
 T = Report year incurred year
 v = Discount rate
 ${}_t\text{Paid Claims}_{i_y}$ = Paid claims during current or prior calendar year t from claims incurred in year i_y
 ${}_t\text{Case Reserve}_{i_y}$ = Case reserve at end of calendar year t from claims incurred in i_y
 ${}_t\text{Transferred Reserve}_{i_y}$ = Transferred reserve at end of calendar year t from claims incurred in i_y and $i_y, i_{y+1}, i_{y+2}, \dots, i_{y+T}$
 t = $i_y, i_{y+1}, i_{y+2}, \dots, i_{y+T}$

then the Present Value of Incurred Claims for incurred year i_y :

For $T=0$

$${}_i\text{Paid Claims}_{i_y} \times v^{1/4} + {}_i\text{Case Reserve}_{i_y} \times v^{1/2} + {}_i\text{IBNR}_{i_y} \times v^{1/2} + {}_i\text{Transferred Reserve}_{i_y} \times v^{1/2}$$

For $T>0$

$${}_i\text{Paid Claims}_{i_y} \times v^{1/4} + {}_{i_{y+1}}\text{Paid Claims}_{i_y} \times v^{1/2} + {}_{i_{y+2}}\text{Paid Claims}_{i_y} \times v^{3/4} + \dots + {}_{i_{y+T}}\text{Paid Claims}_{i_y} \times v^{T+1/4} + {}_{i_{y+T}}\text{Case Reserve}_{i_y} \times v^{T+1/2} + ({}_{i_{y+T}}\text{IBNR}_{i_y} \times v^{T+1/2}) + {}_{i_{y+T}}\text{Transferred Reserve}_{i_y} \times v^{T+1/2}$$

If a portion of the IBNR is held for years other than the current calendar year, the value in the parentheses should be used.

The total case reserves and IBNR equal the portion of the total direct liability attributable to LTC business from Exhibit 8, Part 2, Line 2.1 (life, accident & health and fraternal) plus the portion of the claim liabilities reported on Exhibit 6, Line 14 (life, accident & health) and Line 13 (fraternal) attributable to LTC business for life, accident & health and fraternal only. This amount includes accrued and unaccrued claims liabilities that are incurred but not yet paid, both reported and not reported.

INSTRUCTIONS FOR FORM 4
Direct Group Experience – Stand-Alone Only (\$000 Omitted)

OVERVIEW

Long Term Care Insurance Experience Reporting Form 4 is intended to track life insurance and annuity products that have long term care benefits provided by acceleration of certain benefits within these products. Include only the products that are not exempt as outlined in the Long Term Care Insurance Model Regulation (sections on required disclosure or rating practices to customers, loss ratio, and premium rate increases also defined as “incidental” at the beginning of these experience forms instructions). This form is not to include stand alone LTC products. Individual and group business is separated in this form.

DEFINITIONS AND FORMULAS

Current

Current calendar year of reporting.

Example: For a specific policy form category, the first year of issue was 2001. This Form 4 is required starting for the year 2009 and the reporting year is 2010. The current year would be 2010.

Prior

The year immediately prior to the year of reporting.

Example: 2009

2nd Prior

Two years prior to the year of reporting.

Example: Blank, because the first year of reporting is 2009.

Total Inception-to-Date

Aggregate experience data since issuance of ~~policies~~certificates.

Example: Data from 2001 through 2010.

Comprehensive

Certificates that provide a combination of institutional or facility and non-institutional coverage. These include institutional only certificates with non-institutional riders.

Institutional Only

Certificates that provide institutional coverage only.

Non-Institutional Only

Certificates that provide only non-institutional coverage.

Column 1 – Calendar Year of Peak Issues

Calendar year in which the largest number of certificates in the block were distributed. When reporting figures for inception-to-date, include all certificates ever issued in the block. For the current year, include only those certificates that remain in force as of 12/31.

Column 2 – Third Party Funding

Indicate whether premiums are paid in whole or in part by a third party such as an employer.

Example: If the level of third-party funding is 25%, enter “25” in this column.

Calculate this in aggregate as [Third Party Premiums ÷ Total Premiums]

Column 3 – Average Attained Age

Arithmetic mean of the attained ages of all inforce certificate holders in the block at year end.

Column 4 – Earned Premium

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

Column 5 – Incurred Claims

Developed claim amounts for claims incurred during the calendar year. Equal to the present value of all claim payments and any claim reserve. The discount rate is the statutory valuation interest rate for case reserve.

Column 6 – Number of Lives In-force Year End

Total number of lives in force at the end of the year. Joint certificates are to be counted as two lives.

Column 7 – Number of Terminations

Total number of certificate holders whose coverage ended during the year for any reason including death, lapse, or benefit exhaustion.

Column 8 – Number of New Lives Insured

Total number of new lives issued LTC certificates during the year. Values in rows that are labeled “inception-to-date” should be the sum of all new lives insured in each year during which the form was sold.

Column 1 – Number of Policies In Force

The total number of policies in force as of end of calendar year.

Column 2 – Number of Certificates

The total number of certificates as of end of calendar year.

Column 3 – Death Claims

The total number of death claims for a calendar year.

Column 4 – Long-Term Care Accelerated Claims

The total number of long term care accelerated claims for a calendar year. Only the long term claims that have been triggered due to acceleration should be totaled.

Column 5 – Total Reserves

The total amount of non-claim reserves for these life insurance or annuity products.

INSTRUCTIONS FOR FORM 5
Standalone and Hybrid Products – Direct State Reporting (\$000 Omitted)

Form 5 provides LTC sales and claims experience on a state-by-state basis. These are the state's portion of a number of statistics reported on a nationwide basis elsewhere in these experience forms. Form 5 also includes data on products that include extension of and/or acceleration of LTC benefits on life policies or annuity contracts.

OVERVIEW

For long term care insurance reported in the Long Term Care Insurance Experience Reporting Form 1, Form 2 and Form 3, these lines are the state's portion of the earned premium, incurred claims and number of in force count of lives at end of the year. A schedule must be prepared for each jurisdiction in which the company has long term care direct earned premiums and/or has direct incurred claims. In addition, a schedule must be prepared that contains the grand total (GT) for the company.

DEFINITIONS AND FORMULAS

Current

Current calendar year of reporting.

Total Inception-to-Date

Aggregate experience data since issuance of policies.

Stand-alone LTC

An LTC product that is sold by itself, not as a rider on another type of insurance.

Life/LTC Hybrid Accelerated Benefits Riders

Riders attached to life insurance or annuity products that allow for a benefit to be claimed upon the occurrence of a long-term care need at the cost of reduction in the death benefit or annuity payout benefit.

LTC Hybrid ~~Extension of~~ Extended Benefit Riders

Riders attached to life insurance or annuity products that allow for a benefit to be claimed above and beyond the initial benefit amount in the event that all accelerated benefits have been claimed and the insured is still in need of long-term care services.

Column 1 – Number of New Lives Insured

Total number of new lives issued LTC or hybrid policies during the year. Values in rows that are labeled "inception-to-date" should be the sum of all new lives insured in each year during which the form was sold.

Column 2 – Number of Lives In-force Year End

Total number of lives in force at the end of the year. Joint policies are to be counted as two lives.

Column 3 – Earned Premiums

Collected Premiums + Change in Due Premiums – Change in Advanced Premiums – Change in Unearned Premium Reserves.

If necessary, the premium may be derived as the gross premium of the policy with the inclusion of LTC coverage less the gross premium of that policy without LTC coverage.

Column 4 – Incurred LTC Claims

Developed claim amounts for LTC claims incurred during the calendar year including accelerated claims, but not including payments due to extension of benefits. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.

Column 5 – Incurred Extended Benefits Claims

Developed claim amounts for LTC claims incurred during the calendar year due to extension of benefits after exhaustion of accelerated benefits. Equal to the present value of all claim payments and any claim reserves. The discount rate is the statutory valuation interest rate for case reserves.

Column 6 – Number of Claims Remaining Open

Open claims are all claims that have been opened at any date but have not been closed as of the end of the year.

Column 7 – Number of Claims Opened

The number of claims that have at least one LTC benefit payment made during the year after the elimination period but have no payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. For the purpose of including a claim in this count, payments that do not require satisfaction of the elimination period are excluded. A claim that has terminated by the end of the year should be included in the count.

Column 8 – Number of New Extended Benefits Claims

The number of claims that have at least one benefit payment made during the year resulting from extension of benefits but have no extension of benefits payments in previous years. If a claimant has prior claims, he or she should be counted if the current claim is considered as a new claim. A claim that has terminated by the end of the year should be included in the count.

Column 9 – Accelerated Benefits Available

Maximum amount of death benefits available to be paid on an accelerated basis due to LTC Acceleration of Benefits riders on in force business.

Column 10 – Extended Benefits Available

Maximum amount of extended benefits available to policyholders with extension of benefit riders on in force business.

Policy forms should be grouped by individual and group and reported on Lines 1 and 2, respectively. The subtotals for these two classes (i.e., individual and group) must be provided. Line 3 is the sum of Lines 1 and 2.

Column 1 – Earned Premiums

Earned premiums reported should be the state amount that is included in the current year of Form 2, Part C, Column 4.

Grand Total Page:

Line 1 should equal the amount in Form 2, Part C, Column 4, Line 1.

Line 2 should equal the amount in Form 2, Part C, Column 4, Line 4.

Line 3 should equal the amount in Form 2, Part C, Column 4, Line 7.

~~For Line 4 “Actual total reported experience through prior year”, the amount will be Line 5 from the previous year’s report.~~

~~For Line 5 “Actual total reported experience through statement year”: should be the state’s allocated earned premium for the current year (as reported on Line 3) added to the state’s cumulative experience through prior year (as reported on Line 4).~~

~~Column 2 — Incurred Claims~~

~~Incurred claims reported should be the state amount that is included in the current year of Form 2, Part C, Column 5. Incurred claims should be paid claims in the state plus a reasonable allocation of claim reserves less the reported allocated portion of the prior year’s claim reserve. The allocation method should be consistent from year to year when estimating reserves for each state.~~

~~Grand Total Page:~~

~~Line 1 should equal the amount in Form 2, Part C, Column 5, Line 1.~~

~~Line 2 should equal the amount in Form 2, Part C, Column 5, Line 4.~~

~~Line 3 should equal the amount in Form 2, Part C, Column 5, Line 7.~~

~~For Line 4 “Actual total reported experience through prior year”, the amount will be Line 5 from the previous year’s form.~~

~~For Line 5 “Actual total reported experience through statement year”: This should be the state’s allocated incurred claims for the current year (as reported on Line 3) added to the state’s cumulative experience through prior year (as reported on Line 4).~~

~~Column 3 — In Force Count End of Year~~

~~The In Force Count End of Year should be the state total used in calculating the In Force Count End of Year in Form 2, Part C, Column 11.~~

~~Grand Total Page:~~

~~Line 1 should equal the amount in Form 2, Part C, Column 11, Line 1.~~

~~Line 2 should equal the amount in Form 2, Part C, Column 11, Line 4.~~

~~Line 3 should equal the amount in Form 2, Part C, Column 11, Line 7.~~

~~Column 4 — Lives In force End of Year~~

~~Actual number of lives in force at the end of the year. Joint policies should be counted by number of lives. Once the state forms are completed, the Lives In force End of Year for all states (Grand Total State Page) LTC Form 5, Column 4, Line 01 should equal LTC Form 1, Column 7, Line A01 + A09 + A17 and Form 5, Line 02 should equal Form 1, Line B01 + B09 + B17. The number of lives for each state for individual policies should be based on the policies that were issued in that state. The number of lives for each state in group policies should be based on the certificates that were issued in that state.~~

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL, HEALTH AND PROPERTY

LONG-TERM CARE EXPERIENCE REPORTING FORM 1
STAND-ALONE LTC ONLY (\$000 OMITTED)
ACTUAL VS. EXPECTED CLAIMS AND PERSISTENCY

REPORTING YEAR 20____
 (To Be Filed By April 1)

NAIC Group Code _____

NAIC Company Code _____

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---------------------------------------|--------------------|--------------------|-------------------------------|-------------------------------|--|---------------------------|---|--|-------------------------|-------------------|-------------------|
| | Earned Premiums | Incurred Claims | Number of Claims Opened | Number of Claims Closed | Number of Claims Remaining Open | Number of Terminations | Number of Policies In force Year End | Number of Lives In-force Year End | Active Life Reserves | Claim Reserves | Other Reserves |
| Individual | | | | | | | | | | | |
| Direct | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | |
| 2. Total Inception-to-date | | | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| Assumed | | | | | | | | | | | |
| 3. Current | | | | | | | | | | | |
| Ceded | | | | | | | | | | | |
| 4. Current | | | | | | | | | | | |
| Net (Direct + Assumed - Ceded) | | | | | | | | | | | |
| 5. Current | | | | | | | | | | | |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---------------------------------------|--------------------|--------------------|-------------------------------|-------------------------------|--|---------------------------|--|---|-------------------------|-------------------|-------------------|
| | Earned Premiums | Incurred Claims | Number of Claims Opened | Number of Claims Closed | Number of Claims Remaining Open | Number of Terminations | Number of Policies Inforce Year End | Number of Lives In- force Year End | Active Life Reserves | Claim Reserves | Other Reserves |
| Group | | | | | | | | | | | |
| Direct | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | |
| 2. Total Inception-to-date | | | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| Assumed | | | | | | | | | | | |
| 3. Current | | | | | | | | | | | |
| Ceded | | | | | | | | | | | |
| 4. Current | | | | | | | | | | | |
| Net (Direct + Assumed - Ceded) | | | | | | | | | | | |
| 5. Current | | | | | | | | | | | |

Indicate whether policies on claim that have triggered waiver of premium are considered paid-up or paid by waiver. Paid by Waiver
 Paid Up

| | 1 Earned Premiums | 2 Incurred Claims | 3 Valuation Expected Incurred Claims | 4 Actual to Expected Incurred Claims | 5 Open Claim Count | 6 New Claim Count | 7 Lives In-Force End-of-Year | 8 Expected Lives In-Force End-of-Year | 9 Actual to Expected Lives In-Force |
|-----------------------------|-------------------------|-------------------------|--|--|--------------------------|-------------------------|------------------------------------|---|---|
| A. Individual | | | | | | | | | |
| Comprehensive: | | | | | | | | | |
| 1. Current | | | | | | | | | |
| 2. Prior | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | |
| 4. 3rd Prior | | | | | | | | | |
| 5. 4th Prior | | | | | | | | | |
| 6. 5th Prior | | | | | | | | | |
| 7. Form Inception-to-Date | | | | | | | | | |
| 8. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| Institutional Only: | | | | | | | | | |
| 9. Current | | | | | | | | | |
| 10. Prior | | | | | | | | | |
| 11. 2nd Prior | | | | | | | | | |
| 12. 3rd Prior | | | | | | | | | |
| 13. 4th Prior | | | | | | | | | |
| 14. 5th Prior | | | | | | | | | |
| 15. Form Inception-to-Date | | | | | | | | | |
| 16. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| Non-Institutional Only: | | | | | | | | | |
| 17. Current | | | | | | | | | |
| 18. Prior | | | | | | | | | |
| 19. 2nd Prior | | | | | | | | | |
| 20. 3rd Prior | | | | | | | | | |
| 21. 4th Prior | | | | | | | | | |
| 22. 5th Prior | | | | | | | | | |
| 23. Form Inception-to-Date | | | | | | | | | |
| 24. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| B. Group | | | | | | | | | |
| Comprehensive: | | | | | | | | | |
| 1. Current | | | | | | | | | |
| 2. Prior | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | |
| 4. 3rd Prior | | | | | | | | | |
| 5. 4th Prior | | | | | | | | | |
| 6. 5th Prior | | | | | | | | | |
| 7. Form Inception-to-Date | | | | | | | | | |
| 8. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| Institutional Only: | | | | | | | | | |
| 9. Current | | | | | | | | | |
| 10. Prior | | | | | | | | | |
| 11. 2nd Prior | | | | | | | | | |
| 12. 3rd Prior | | | | | | | | | |
| 13. 4th Prior | | | | | | | | | |
| 14. 5th Prior | | | | | | | | | |
| 15. Form Inception-to-Date | | | | | | | | | |
| 16. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| Non-Institutional Only: | | | | | | | | | |
| 17. Current | | | | | | | | | |
| 18. Prior | | | | | | | | | |
| 19. 2nd Prior | | | | | | | | | |
| 20. 3rd Prior | | | | | | | | | |
| 21. 4th Prior | | | | | | | | | |
| 22. 5th Prior | | | | | | | | | |
| 23. Form Inception-to-Date | | | | | | | | | |
| 24. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| C. Summary | | | | | | | | | |
| 1. Form Inception-to-Date | | | | | | | | | |
| 2. Total Inception-to-Date | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX |

LONG-TERM CARE EXPERIENCE REPORTING FORM 2
DIRECT INDIVIDUAL EXPERIENCE - STAND-ALONE ONLY (\$000 OMITTED)
EXPERIENCE RESERVE VS. REPORTED RESERVE BY CALENDAR YEAR

REPORTING YEAR 20____
 (To Be Filed By April 1)

NAIC Group Code _____

NAIC Company Code _____

| | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> | <u>8</u> |
|---|---------------------------------|-------------------------------|-------------------------|-------------------|--------------------|---|---------------------------|-----------------------------------|
| | Calendar Year of Peak Issues | Percent Male Lives Insured | Average Attained Age | Earned Premium | Incurred Claims | Number of Lives In force Year End | Number of Terminations | Number of New Lives Insured |
| <u>Primarily 2002 and Prior Issue Years</u> | | | | | | | | |
| 1. Current (Comprehensive)..... | | | | | | | | |
| 2. Total Inception-to-date (Comprehensive)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 3. Current (Institutional only)..... | | | | | | | | |
| 4. Total Inception-to-date (Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 5. Current (Non-Institutional only)..... | | | | | | | | |
| 6. Total Inception-to-date (Non-Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 7. Current (Grand Total)..... | | | | | | | | |
| 8. Total Inception-to-date (Grand Total)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| <u>Primarily 2003 to 2010 Issue Years</u> | | | | | | | | |
| 9. Current (Comprehensive)..... | | | | | | | | |
| 10. Total Inception-to-date (Comprehensive)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 11. Current (Institutional only)..... | | | | | | | | |
| 12. Total Inception-to-date (Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 13. Current (Non-Institutional only)..... | | | | | | | | |
| 14. Total Inception-to-date (Non-Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 15. Current (Grand Total)..... | | | | | | | | |
| 16. Total Inception-to-date (Grand Total)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| <u>Primarily 2011 and Later Issue Years</u> | | | | | | | | |
| 17. Current (Comprehensive)..... | | | | | | | | |
| 18. Total Inception-to-date (Comprehensive)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 19. Current (Institutional only)..... | | | | | | | | |
| 20. Total Inception-to-date (Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 21. Current (Non-Institutional only)..... | | | | | | | | |
| 22. Total Inception-to-date (Non-Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 23. Current (Grand Total)..... | | | | | | | | |
| 24. Total Inception-to-date (Grand Total)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |

Indicate whether policies are assigned to a Primary Issue Period on a per-policy or per-policy form basis: _____ [] Policy
 _____ [] Policy Form

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|-------------------------------|-------------|------------------|-----------------|-----------------|------------------|------------|-----------------------------------|---------------------------|----------------------------------|-------------------------|----------------------------|------------------|----------------------------|--------------------------|----------------------------|
| Reporting Year | Policy Form | First Year Issue | Last Year Issue | Earned Premiums | Incurring Claims | Loss Ratio | Annual Net/ Annual Gross Premiums | Current Year Net Premiums | In Force Count Beginning of Year | New Issues Current Year | In Force Count End of Year | Persistency Rate | Experience Policy Reserves | Reported Policy Reserves | Experience/ Reported Ratio |
| -A. Individual | | | | | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | | | | | |
| 2. Prior | | | | | | | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | | | | | |
| 2. Prior | | | | | | | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | | | | | |
| 2. Prior | | | | | | | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | | | | | | | |
| -B. Group | | | | | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | | | | | |
| 2. Prior | | | | | | | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | | | | | |
| 2. Prior | | | | | | | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | | | | | | | |
| 1. Current | | | | | | | | | | | | | | | |
| 2. Prior | | | | | | | | | | | | | | | |
| 3. 2nd Prior | | | | | | | | | | | | | | | |
| -C. SUMMARY | | | | | | | | | | | | | | | |
| 1. Total Current Individual | | | | | | XXX | XXX | | | | | XXX | | | XXX |
| 2. Total Prior Individual | | | | | | XXX | XXX | | | | | XXX | | | XXX |
| 3. Total 2nd Prior Individual | | | | | | XXX | XXX | | | | | XXX | | | XXX |
| 4. Total Current Group | | | | | | XXX | XXX | | | | | XXX | | | XXX |
| 5. Total Prior Group | | | | | | XXX | XXX | | | | | XXX | | | XXX |
| 6. Total 2nd Prior Group | | | | | | XXX | XXX | | | | | XXX | | | XXX |
| 7. Current Year Total | | | | | | | | | | | | | | | |

**LONG-TERM CARE EXPERIENCE REPORTING FORM 3
LTC EXPERIENCE DEVELOPMENT (\$000 OMITTED)**

REPORTING YEAR 20__
(To Be Filed By April 1)

NAIC Group Code _____

NAIC Company Code _____

| Incurring Year | 1 2013 | 2 2014 | 3 2015 | 4 2016 | 5 2017 | 6 2018 | 7 2019 | 8 2020 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| A. Individual | | | | | | | | |
| PART 1 – Total (Direct and Transferred) Amount Paid Policyholders | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |
| PART 2 – Sum of Total Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |
| PART 3 – Transferred Reserves | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |
| PART 4 – Present Value of Incurred Claims | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |

LONG-TERM CARE EXPERIENCE REPORTING FORM 3 (continued)
LTC EXPERIENCE DEVELOPMENT (\$000 OMITTED)

| Incurred Year | 1 2013 | 2 2014 | 3 2015 | 4 2016 | 5 2017 | 6 2018 | 7 2019 | 8 2020 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| B. Group | | | | | | | | |
| PART 1 – Total (Direct and Transferred) Amount Paid Policyholders | | | | | | | | |
| 1. Prior ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 20120 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |
| PART 2 – Sum of Total Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 20120 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |
| PART 3 – Transferred Reserves | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 20120 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |
| PART 4 – Present Value of Incurred Claims | | | | | | | | |
| 1. Prior ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 20120 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | ..... |

LONG-TERM CARE EXPERIENCE REPORTING FORM 3 (continued)
LTC EXPERIENCE DEVELOPMENT (\$000 OMITTED)

| Incurred Year | 1 2013 | 2 2014 | 3 2015 | 4 2016 | 5 2017 | 6 2018 | 7 2019 | 8 2020 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| C. Summary | | | | | | | | |
| PART 1 – Total (Direct and Transferred) Amount Paid Policyholders | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| PART 2 – Sum of Total Amount Paid Policyholders and Claim Liability and Reserve Outstanding at End of Year | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| PART 3 – Transferred Reserves | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| PART 4 – Present Value of Incurred Claims | | | | | | | | |
| 1. Prior..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 2. 2013..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. 2014..... | XXX | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. 2015..... | XXX | XXX | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. 2016..... | XXX | XXX | XXX | ..... | ..... | ..... | ..... | ..... |
| 6. 2017..... | XXX | XXX | XXX | XXX | ..... | ..... | ..... | ..... |
| 7. 2018..... | XXX | XXX | XXX | XXX | XXX | ..... | ..... | ..... |
| 8. 2019..... | XXX | XXX | XXX | XXX | XXX | XXX | ..... | ..... |
| 9. 2020..... | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |

Indicate whether claim reserves and liabilities for prior years are based on historical or current reserving assumptions: [] Historical
 [] Current

LONG-TERM CARE EXPERIENCE REPORTING FORM 4
DIRECT GROUP EXPERIENCE - STAND-ALONE ONLY (\$000 OMITTED)
LIFE AND ANNUITY PRODUCTS WITH LTC ACCELERATED BENEFITS

REPORTING YEAR 20____
 (To Be Filed By April 1)

NAIC Group Code _____

NAIC Company Code _____

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---------------------------------|----------------------------|-------------------------|-------------------|--------------------|---|---------------------------|-----------------------------------|
| | Calendar Year of Peak Issues | Third Party Funding (%) | Average Attained Age | Earned Premium | Incurred Claims | Number of Lives In force Year End | Number of Terminations | Number of New Lives Insured |
| 1. Current (Comprehensive)..... | | | | | | | | |
| 2. Total Inception-to-date (Comprehensive)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 3. Current (Institutional only)..... | | | | | | | | |
| 4. Total Inception-to-date (Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 5. Current (Non-Institutional only)..... | | | | | | | | |
| 6. Total Inception-to-date (Non-Institutional only)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |
| 7. Current (Grand Total)..... | | | | | | | | |
| 8. Total Inception-to-date (Grand Total)..... | | | XXX | ..... | ..... | XXX | XXX | ..... |

| - | 1 | 2 | 3 | 4 | 5 |
|----------------------------|--------------------------------|---------------------------|--------------|---------------------------|----------------|
| Incurred Year | Number of Policies In Force | Number of Certificates | Death Claims | LTC Accelerated Claims | Total Reserves |
| A. Individual | - | - | - | - | - |
| 1. Current..... | | | | | |
| 2. Prior..... | | | | | |
| 3. 2nd Prior | - | - | - | - | - |
| B. Group | - | - | - | - | - |
| 1. Current..... | | | | | |
| 2. Prior..... | | | | | |
| 3. 2nd Prior | - | - | - | - | - |
| C. Summary | - | - | - | - | - |
| 1. Total Inception to Date | - | - | - | - | - |

Total Reserves are reserves for these particular life products with LTC accelerated benefits.

Incurred claims are only the policies that claims have been triggered due to acceleration.

LONG-TERM CARE EXPERIENCE REPORTING FORM 5
EXPERIENCE IN THE STATE OF _____
STAND-ALONE AND HYBRID PRODUCTS - DIRECT STATE REPORTING (\$000 OMITTED)

REPORTING YEAR 20_____
 (To Be Filed By April 1)

NAIC Group Code _____

NAIC Company Code _____

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-----------------------------------|---|--------------------|---------------------------|--|--|-------------------------------|--|--------------------------------------|-----------------------------------|
| | Number of New Lives Insured | Number of Lives In- force Year End | Earned Premiums | Incurred LTC Claims | Incurred Extended Benefits Claims | Number of Claims Remaining Open | Number of Claims Opened | Number of New Extended Benefits Claims | Accelerated Benefits Available | Extended Benefits Available |
| Stand-alone LTC | | | | | | | | | | |
| 1. Current | | | | | XXX | ..... | ..... | XXX | XXX | XXX |
| 2. Total Inception-to-date | | XXX | ..... | ..... | XXX | XXX | ..... | XXX | XXX | XXX |
| Life/LTC Hybrid Policies and Riders | | | | | | | | | | |
| 3. Current (Acceleration only)..... | | | | | XXX | ..... | ..... | XXX | ..... | XXX |
| 4. Total Inception-to-Date (Acceleration only)..... | | XXX | ..... | ..... | XXX | XXX | ..... | XXX | XXX | XXX |
| 5. Current (Extended Benefits Policies)..... | | | | | | | | | | |
| 6. Total Inception-to-Date (Extended Benefits) | | XXX | ..... | ..... | ..... | XXX | ..... | ..... | XXX | XXX |

| | 1 | 2 | 3 | 4 |
|---|--------------------|--------------------|-------------------------------|-------------------------------|
| | Earned Premiums | Incurred Claims | In Force Count End of Year | Lives In Force End of Year |
| 1. Individual..... | | | | |
| 2. Group | | | | |
| 3. Total | | | | |
| 4. Actual total reported experience through prior year | | | XXX | XXX |
| 5. Actual total reported experience through statement year..... | | | XXX | XXX |

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