

APPLICANT'S EXHIBIT **19-A**

Hearings Unit Case No. 16-0002

Office of the Insurance Commissioner

(e) Indirectly and effectively represented to OIC⁹, that an initial pricing schedule was developed for the series LTC.02(WA), LTC.03(WA), and LTC.04(WA) forms that was based on same actuarial pricing assumptions for each of those,¹⁰ without disclosing all material differences that existed between the actuarial pricing assumptions that were used in initially pricing the LTC.02(WA) forms and those that were used in initially pricing the LTC.03(WA) forms and/or the LTC.04(WA) forms.

G. Insufficient Information Submitted to Show that the Rate-Increase Request Complied with the Code and Regulations

1.32 The limited information (designedly limited by the MetLife Methodology) provided to OIC in support of the 41% rate-increase request was insufficient to show that the request complied with the applicable requirements of the Insurance Code and regulations, which insufficiencies and non-compliances are specified below.

1. Non-Compliance with Ch. 48.19 RCW Information Requirements

1.33 RCW 48.19.040(1) requires that every insurer that proposes modification of a class rate shall file such proposal with the Commissioner. Subsection (2) provides that every such filing *"must be accompanied by sufficient information to permit the commissioner to determine whether it meets the requirements of this chapter."*

1.34 The MetLife submissions to OIC accompanying the request did not address past and prospective loss experience of the series LTC.04(WA) policy forms singularly and within the state. RCW 48.19.030(3)(a) mandates that: *"Due consideration in making rates for all insurances shall be given to: (a) Past and prospective loss experience within the state for experience periods acceptable to the commissioner. If the information is not available or is not statistically credible, an insurer may use loss experience in those states which are likely to produce loss experience similar to that in this state."*

1.35 The 6/06/11 Actuarial Memorandum did not include information to OIC as to the *"past and prospective loss experience within the state"* of any of the three forms singularly and made no showing that the omitted information as to the LTC.04(WA) policy form

⁹ See first sentence of section 18, page 6 of the 6/06/11 Actuarial Memorandum, which reads: *"The initial premium schedule was based on pricing assumptions believed to be appropriate, given the information available at the time the initial rate schedule was developed"*.

¹⁰ That representation is inconsistent with those made in a 9/25/1998 letter by TIAA actuary Larry Scheinson, to the then WA Insurance Commissioner that lists material modifications in actuarial pricing assumptions for the proposed LTC.03(WA) forms from those used for the series LTC.02(WA) policy forms.