

**FILED**

MAR 30 2020

INSURANCE REGULATION

Docketed by:                     



**OFFICE OF INSURANCE REGULATION**

**DAVID ALTMAYER**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 254584-19-CO

LINCOLN NATIONAL LIFE INSURANCE COMPANY  
\_\_\_\_\_ /

CONSENT ORDER

THIS CAUSE came on for consideration as a result of a rate filing submitted to the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") by LINCOLN NATIONAL LIFE INSURANCE COMPANY ("LINCOLN" or "company"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of and the parties to this proceeding.
2. LINCOLN is a foreign insurer authorized to transact life and health insurance business in Florida and is subject to regulation by the OFFICE pursuant to the Florida Insurance Code and Florida Administrative Code.
3. LINCOLN, Trustmark Insurance Company ("TRUSTMARK"), First-Penn Pacific Life Reinsurance Company ("First-Penn"), and the Cologne Life Reinsurance Company

("Cologne") have entered into an Administrative Services Agreement as of April 11, 1997, under which TRUSTMARK provides administrative and other services with respect to certain long-term care policies that were issued by LINCOLN and First Penn, which also are reinsured by Cologne and TRUSTMARK.

4. LINCOLN has submitted a filing for a rate increase on certain long-term care policy forms underwritten by the company. In making such filing, LINCOLN relied upon TRUSTMARK's use of actuarial assumptions and methods in determining adequate premium rates for the subject policies. LINCOLN and TRUSTMARK acknowledge that TRUSTMARK's actuarial calculations are material to the issuance of this consent order.

5. Based upon the OFFICE's review of LINCOLN's proposed long-term care rate schedules as filed in Florida file log number FLR 19-118756, the OFFICE has determined that the company's proposed premium rates have not been adequately demonstrated to be reasonable in relation to the benefits provided as required by Section 627.410, Florida Statutes, and Rule Chapter 690-149, Florida Administrative Code. However, the OFFICE has determined that some rate increase is necessary in order for LINCOLN to have adequate rates and protect the interests of its policyholders.

6. In order to resolve this issue, and in the aim of bringing consumer clarity to all current LINCOLN long-term care policyholders, the OFFICE, subject to the limitations and restrictions stated below, approves rate increases as outlined in paragraphs 7 through 10, below.

7. LINCOLN agrees to be subject to the following terms and conditions with respect to the HL-2500FL and HL-2950FL Inflation forms on its Comprehensive Block:

a. The company or representatives of the company shall not request or apply for any further rate increase on the policies at issue in file log number FLR 19-118756 for a period of 10 years;

b. The rate increase shall be implemented over a period of 3 years. The first increment shall be imposed beginning at least 45 days after the date of approval, with the following two increments imposed thereafter on or after the anniversary date of the prior year's increase, but in no event will any policyholder receive more than one rate increase within a twelve-month (consecutive) period;

c. The amount of the rate increase will also take into account the issue age of the policyholder and the type of policy form held by each policyholder. The increases will be implemented according to the following tables:

First Year				Second Year				Third Year			
Inflation Forms: HL-2500FL, HL-2950FL											
Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase
18	26.0%	52	26.0%	18	26.0%	52	26.0%	18	26.0%	52	26.0%
19	26.0%	53	26.0%	19	26.0%	53	26.0%	19	26.0%	53	26.0%
20	26.0%	54	26.0%	20	26.0%	54	26.0%	20	26.0%	54	26.0%
21	26.0%	55	26.0%	21	26.0%	55	26.0%	21	26.0%	55	26.0%
22	26.0%	56	26.0%	22	26.0%	56	26.0%	22	26.0%	56	26.0%
23	26.0%	57	26.0%	23	26.0%	57	26.0%	23	26.0%	57	26.0%
24	26.0%	58	26.0%	24	26.0%	58	26.0%	24	26.0%	58	26.0%
25	26.0%	59	26.0%	25	26.0%	59	26.0%	25	26.0%	59	26.0%
26	26.0%	60	26.0%	26	26.0%	60	26.0%	26	26.0%	60	26.0%
27	26.0%	61	26.0%	27	26.0%	61	26.0%	27	26.0%	61	26.0%
28	26.0%	62	26.0%	28	26.0%	62	26.0%	28	26.0%	62	26.0%
29	26.0%	63	26.0%	29	26.0%	63	26.0%	29	26.0%	63	26.0%
30	26.0%	64	26.0%	30	26.0%	64	26.0%	30	26.0%	64	26.0%
31	26.0%	65	26.0%	31	26.0%	65	26.0%	31	26.0%	65	26.0%
32	26.0%	66	26.0%	32	26.0%	66	26.0%	32	26.0%	66	26.0%
33	26.0%	67	26.0%	33	26.0%	67	26.0%	33	26.0%	67	26.0%
34	26.0%	68	26.0%	34	26.0%	68	26.0%	34	26.0%	68	26.0%
35	26.0%	69	26.0%	35	26.0%	69	26.0%	35	26.0%	69	26.0%
36	26.0%	70	26.0%	36	26.0%	70	26.0%	36	26.0%	70	26.0%
37	26.0%	71	23.9%	37	26.0%	71	23.9%	37	26.0%	71	23.9%
38	26.0%	72	21.6%	38	26.0%	72	21.6%	38	26.0%	72	21.6%
39	26.0%	73	19.3%	39	26.0%	73	19.3%	39	26.0%	73	19.3%
40	26.0%	74	17.0%	40	26.0%	74	17.0%	40	26.0%	74	17.0%
41	26.0%	75	14.5%	41	26.0%	75	14.5%	41	26.0%	75	14.5%
42	26.0%	76	11.9%	42	26.0%	76	11.9%	42	26.0%	76	11.9%
43	26.0%	77	9.1%	43	26.0%	77	9.1%	43	26.0%	77	9.1%
44	26.0%	78	6.3%	44	26.0%	78	6.3%	44	26.0%	78	6.3%
45	26.0%	79	3.2%	45	26.0%	79	3.2%	45	26.0%	79	3.2%
46	26.0%	80	0.0%	46	26.0%	80	0.0%	46	26.0%	80	0.0%
47	26.0%	81	0.0%	47	26.0%	81	0.0%	47	26.0%	81	0.0%
48	26.0%	82	0.0%	48	26.0%	82	0.0%	48	26.0%	82	0.0%
49	26.0%	83	0.0%	49	26.0%	83	0.0%	49	26.0%	83	0.0%
50	26.0%	84	0.0%	50	26.0%	84	0.0%	50	26.0%	84	0.0%
51	26.0%	85	0.0%	51	26.0%	85	0.0%	51	26.0%	85	0.0%

8. LINCOLN further agrees to provide the following options to policyholders on the HL-2500FL and HL-2950FL Inflation forms on its Comprehensive Block who would like to lower premium costs:

- a. Accepting a reduction in the daily benefit provided by the policy;
- b. Accepting a reduction in the benefit period provided by the policy;

c. Accepting an increased elimination period under the policy. This option would increase the policyholder's initial out-of-pocket cost before the policy begins to provide benefits;

d. Accepting a paid-up policy with maximum benefits equal to the premium paid. This option would exempt the policyholder from making any future premium payments, and all other policy provisions, other than the maximum benefit, would remain unchanged.

9. LINCOLN agrees to be subject to the following terms and conditions with respect to the HL-2500FL and HL-2950FL Non-Inflation forms on its Comprehensive Block:

e. The company or representatives of the company shall not request or apply for any further rate increase on the policies at issue in file log number FLR 18-10870 for a period of 10 years;

f. The rate increase shall be implemented over a period of 3 years. The first increment shall be imposed beginning at least 45 days after the date of approval, with the following two increments imposed thereafter on or after the anniversary date of the prior year's increase, but in no event will any policyholder receive more than one rate increase within a twelve-month (consecutive) period;

g. The amount of the rate increase will also take into account the issue age of the policyholder and the type of policy form held by each policyholder. The increases will be implemented according to the following tables:

First Year				Second Year				Third Year			
Non-Inflation Forms: HL-2500FL, HL-2950FL											
Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase	Issue Age	Rate Increase
18	26.0%	52	26.0%	18	26.0%	52	26.0%	18	26.0%	52	26.0%
19	26.0%	53	26.0%	19	26.0%	53	26.0%	19	26.0%	53	26.0%
20	26.0%	54	26.0%	20	26.0%	54	26.0%	20	26.0%	54	26.0%
21	26.0%	55	26.0%	21	26.0%	55	26.0%	21	26.0%	55	26.0%
22	26.0%	56	26.0%	22	26.0%	56	26.0%	22	26.0%	56	26.0%
23	26.0%	57	26.0%	23	26.0%	57	26.0%	23	26.0%	57	26.0%
24	26.0%	58	26.0%	24	26.0%	58	26.0%	24	26.0%	58	26.0%
25	26.0%	59	26.0%	25	26.0%	59	26.0%	25	26.0%	59	26.0%
26	26.0%	60	26.0%	26	26.0%	60	26.0%	26	26.0%	60	26.0%
27	26.0%	61	26.0%	27	26.0%	61	26.0%	27	26.0%	61	26.0%
28	26.0%	62	26.0%	28	26.0%	62	26.0%	28	26.0%	62	26.0%
29	26.0%	63	26.0%	29	26.0%	63	26.0%	29	26.0%	63	26.0%
30	26.0%	64	26.0%	30	26.0%	64	26.0%	30	26.0%	64	26.0%
31	26.0%	65	26.0%	31	26.0%	65	26.0%	31	26.0%	65	26.0%
32	26.0%	66	26.0%	32	26.0%	66	26.0%	32	26.0%	66	26.0%
33	26.0%	67	26.0%	33	26.0%	67	26.0%	33	26.0%	67	26.0%
34	26.0%	68	26.0%	34	26.0%	68	26.0%	34	26.0%	68	26.0%
35	26.0%	69	26.0%	35	26.0%	69	26.0%	35	26.0%	69	26.0%
36	26.0%	70	26.0%	36	26.0%	70	26.0%	36	26.0%	70	26.0%
37	26.0%	71	23.9%	37	26.0%	71	23.9%	37	26.0%	71	23.9%
38	26.0%	72	21.6%	38	26.0%	72	21.6%	38	26.0%	72	21.6%
39	26.0%	73	19.3%	39	26.0%	73	19.3%	39	26.0%	73	19.3%
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45	26.0%	79	3.2%	45	26.0%	79	3.2%	45	26.0%	79	3.2%
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47	26.0%	81	0.0%	47	26.0%	81	0.0%	47	26.0%	81	0.0%
48	26.0%	82	0.0%	48	26.0%	82	0.0%	48	26.0%	82	0.0%
49	26.0%	83	0.0%	49	26.0%	83	0.0%	49	26.0%	83	0.0%
50	26.0%	84	0.0%	50	26.0%	84	0.0%	50	26.0%	84	0.0%
51	26.0%	85	0.0%	51	26.0%	85	0.0%	51	26.0%	85	0.0%

10. LINCOLN further agrees to provide the following options to policyholders on the HL-2500FL and HL-2950FL Non-Inflation forms on its Comprehensive Block who would like to lower premium costs:

- h. Accepting a reduction in the daily benefit provided by the policy;
- i. Accepting a reduction in the benefit period provided by the policies;

j. Accepting an increased elimination period under the policy. This option would increase the policyholder's initial out-of-pocket cost before the policy begins to provide benefits;

k. Accepting a paid-up policy with maximum benefits equal to the premium paid. This option would exempt the policyholder from making any future premium payments and all other policy provisions, other than the maximum benefit, would remain unchanged.

11. LINCOLN acknowledges and agrees that all representations and requirements set forth herein are material to the issuance of this Consent Order. Violation of any provision of this Consent Order shall constitute a violation of a lawful order of the OFFICE and may subject LINCOLN to one or more of the administrative remedies available under the Florida Insurance Code or other applicable law.

12. LINCOLN expressly waives a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which it may be entitled by law or rules of the OFFICE. LINCOLN hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum available to it, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

13. LINCOLN expressly agrees that this Consent Order shall be binding on the company and any successor in interest. LINCOLN further agrees to notify any successors in interest that this Consent Order is in force.

14. Each party to this action shall bear its own costs and fees.

15. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signature of the

authorized representative of LINCOLN, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. LINCOLN agrees that the signature of its authorized representative as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between LINCOLN NATIONAL INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 30 day of March, 2020.



*David Altmaier*  
David Altmaier, Commissioner  
Office of Insurance Regulation



By execution hereof, LINCOLN NATIONAL INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind LINCOLN NATIONAL INSURANCE COMPANY to the terms and conditions of this Consent Order.

LINCOLN NATIONAL INSURANCE COMPANY

(Corporate Seal)

By: Laura Muse

Print Name: Laura Muse

Title: Life Inforce Business Leader

Date: 3/11/20

STATE OF North Carolina

COUNTY OF Guilford

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 11<sup>th</sup> day of March 2020, by Laura Muse

as Life Inforce Business Leader for Lincoln National Insurance Company  
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)

Susan W. Norman

(Signature of the Notary)

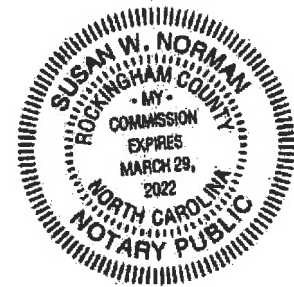
Susan W. Norman

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: March 29, 2022



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