

FILED

APR 23 2020

INSURANCE REGULATION
Docketed by:



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 257485-20-CO

PRUDENTIAL INSURANCE COMPANY OF AMERICA
_____ /

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 PRUDENTIAL INSURANCE COMPANY OF AMERICA ("PRUDENTIAL" 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. PRUDENTIAL is a foreign insurer domiciled in New Jersey and authorized to transact life and health insurance business in Florida, subject to regulation by the OFFICE pursuant to the Florida Insurance Code and Florida Administrative Code.
3. PRUDENTIAL has submitted a filing for a rate increase on certain long-term care policy forms underwritten by the company.

4. Based upon the OFFICE's review of PRUDENTIAL's proposed long-term care rate schedules as filed in Florida file log number FLH 19-123005, 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 69O-149, Florida Administrative Code. However, the OFFICE has determined that some rate increase is necessary in order for PRUDENTIAL to have adequate rates and protect the interests of its policyholders.

5. In order to resolve this issue, and in the aim of bringing consumer clarity to all current PRUDENTIAL long-term care policyholders, the OFFICE, subject to the limitations and restrictions stated below, approves rate increases as outlined in paragraphs 6 through 9, below.

6. PRUDENTIAL agrees to be subject to the following terms and conditions with respect to the GRP 98515, GRP 98516, GRP 98517, GRP 98599, GRP 112553, GRP 112762, GRP 113187, and 83500 GR 1041 Inflation forms on its Comprehensive Long Term Care 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 FLH 19-123005 for a period of 8 years with the exception of form GRP 113187. With respect to form GRP 113187, the company shall not request for any further rate increase for 7 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: GRP 98515, GRP 98516, GRP 98517, GRP 98599, GRP 112553, GRP 112762, GRP 113187, 83500 GR 1041											
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%

7. PRUDENTIAL further agrees to provide the following options to policyholders on the GRP 98515, GRP 98516, GRP 98517, GRP 98599, GRP 112553, GRP 112762, GRP 113187, and 83500 GR 1041 Inflation forms on its Comprehensive Long Term Care 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, with the exception of form 83500 GR 1041. This option would increase the policyholder's initial out-of-pocket cost before the policy begins to provide benefits;

d. Accepting a reduction or a removal of the inflation factor (compound or single) provided under the policy, with the exception of form 83500 GR 1041. This option would freeze the policyholder's daily benefit amount at the currently inflated level and alter or remove future inflation protection;

e. 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.

8. PRUDENTIAL agrees to be subject to the following terms and conditions with respect to the GRP 98515, GRP 98516, GRP 98517, GRP 98599, GRP 112553, GRP 112762, GRP 113187, and 83500 GR 1041 Non-Inflation forms on its Comprehensive Long Term Care 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 FLH 19-123005 for a period

of 8 years with the exception of form GRP 113187. With respect to form GRP 113187, the company shall not request or apply for any further rate increase for 7 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			
Non-Inflation Forms: GRP 98515, GRP 98516, GRP 98517, GRP 98599, GRP 112553, GRP 112762, GRP 113187, 83500 GR 1041											
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	23.9%	52	23.9%	18	23.9%	52	23.9%	18	23.9%	52	23.9%
19	23.9%	53	23.9%	19	23.9%	53	23.9%	19	23.9%	53	23.9%
20	23.9%	54	23.9%	20	23.9%	54	23.9%	20	23.9%	54	23.9%
21	23.9%	55	23.9%	21	23.9%	55	23.9%	21	23.9%	55	23.9%
22	23.9%	56	23.9%	22	23.9%	56	23.9%	22	23.9%	56	23.9%
23	23.9%	57	23.9%	23	23.9%	57	23.9%	23	23.9%	57	23.9%
24	23.9%	58	23.9%	24	23.9%	58	23.9%	24	23.9%	58	23.9%
25	23.9%	59	23.9%	25	23.9%	59	23.9%	25	23.9%	59	23.9%
26	23.9%	60	23.9%	26	23.9%	60	23.9%	26	23.9%	60	23.9%
27	23.9%	61	23.9%	27	23.9%	61	23.9%	27	23.9%	61	23.9%
28	23.9%	62	23.9%	28	23.9%	62	23.9%	28	23.9%	62	23.9%
29	23.9%	63	23.9%	29	23.9%	63	23.9%	29	23.9%	63	23.9%
30	23.9%	64	23.9%	30	23.9%	64	23.9%	30	23.9%	64	23.9%
31	23.9%	65	23.9%	31	23.9%	65	23.9%	31	23.9%	65	23.9%
32	23.9%	66	23.9%	32	23.9%	66	23.9%	32	23.9%	66	23.9%
33	23.9%	67	23.9%	33	23.9%	67	23.9%	33	23.9%	67	23.9%
34	23.9%	68	23.9%	34	23.9%	68	23.9%	34	23.9%	68	23.9%
35	23.9%	69	23.9%	35	23.9%	69	23.9%	35	23.9%	69	23.9%
36	23.9%	70	23.9%	36	23.9%	70	23.9%	36	23.9%	70	23.9%
37	23.9%	71	21.9%	37	23.9%	71	21.9%	37	23.9%	71	21.9%
38	23.9%	72	19.8%	38	23.9%	72	19.8%	38	23.9%	72	19.8%
39	23.9%	73	17.7%	39	23.9%	73	17.7%	39	23.9%	73	17.7%
40	23.9%	74	15.5%	40	23.9%	74	15.5%	40	23.9%	74	15.5%
41	23.9%	75	13.2%	41	23.9%	75	13.2%	41	23.9%	75	13.2%
42	23.9%	76	10.8%	42	23.9%	76	10.8%	42	23.9%	76	10.8%
43	23.9%	77	8.3%	43	23.9%	77	8.3%	43	23.9%	77	8.3%
44	23.9%	78	5.7%	44	23.9%	78	5.7%	44	23.9%	78	5.7%
45	23.9%	79	2.9%	45	23.9%	79	2.9%	45	23.9%	79	2.9%
46	23.9%	80	0.0%	46	23.9%	80	0.0%	46	23.9%	80	0.0%
47	23.9%	81	0.0%	47	23.9%	81	0.0%	47	23.9%	81	0.0%
48	23.9%	82	0.0%	48	23.9%	82	0.0%	48	23.9%	82	0.0%
49	23.9%	83	0.0%	49	23.9%	83	0.0%	49	23.9%	83	0.0%
50	23.9%	84	0.0%	50	23.9%	84	0.0%	50	23.9%	84	0.0%
51	23.9%	85	0.0%	51	23.9%	85	0.0%	51	23.9%	85	0.0%

9. PRUDENTIAL further agrees to provide the following options to policyholders on the GRP 98515, GRP 98516, GRP 98517, GRP 98599, GRP 112553, GRP 112762, GRP 113187,

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- b. Accepting a reduction in the benefit period provided by the policy;
- c. Accepting an increased elimination period under the policy, with the exception of form 83500 GR 1041. 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.

10. PRUDENTIAL 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 PRUDENTIAL to one or more of the administrative remedies available under the Florida Insurance Code or other applicable law.

11. PRUDENTIAL 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. PRUDENTIAL 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.

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

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

14. 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 PRUDENTIAL, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. PRUDENTIAL 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 PRUDENTIAL INSURANCE COMPANY OF AMERICA 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 23 day of April, 2020.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, PRUDENTIAL INSURANCE COMPANY OF AMERICA 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 PRUDENTIAL INSURANCE COMPANY OF AMERICA to the terms and conditions of this Consent Order.

PRUDENTIAL INSURANCE COMPANY OF AMERICA

(Corporate Seal)

By: Keith Burns

Print Name: Keith Burns

Title: VP & Actuary

Date: 4/18/2020

STATE OF NE

COUNTY OF SARPY

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

or online notarization, this 18th day of April 2020, by Keith W Burns

as VP & Actuary for Prudential Insurance Company of America
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Zoey Dutton
(Signature of the Notary)

Zoey Dutton
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification

Type of Identification Produced DRIVERS LICENSE

My Commission Expires: MARCH 13, 2023

COPIES FURNISHED TO:

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