

Colonial Penn Life Insurance Company – Consumer Narrative

2018 Standardized Medicare Supplement Rate Revision and Annual Loss Ratio Filing

Medicare Supplement Rates Changing in 2018

Colonial Penn Life Insurance Company regularly reviews the experience of its Medicare supplement business to ensure it will be able to honor its commitment to pay claims. Primary factors impacting premium rates are the rising cost of healthcare and impact of claims experience.

Based on the actual and projected Medicare supplement experience, a premium increase is necessary to bring projected future claims, relative to projected premiums, in line with the target relationships approved by the Office of the Health Insurance Commissioner.

The company has requested an overall premium increase of 6.7%. Claims experience has been much higher than expected, requiring this increase. The proposed rate increases by plan and form are shown in the table below.

The proposed increases have been filed with and will be reviewed by the Office of the Health Insurance Commissioner. This filing complies with the laws and regulations of the State of Rhode Island and will not be implemented until approved by the Office of the Health Insurance Commissioner.

| Plan Letter | Form Name | Rate Increase |
|-------------|--------------|---------------|
| A | CPL-GR-A80A | 12.0% |
| B | CPL-GR-A80B | 5.5% |
| F | CPL-GR-A80F | 5.8% |
| FH* | CPL-GR-A80FH | 0.0% |
| G | CPL-GR-A80G | 8.0% |
| K | CPL-GR-A80K | 5.5% |
| L | CPL-GR-A80L | 5.5% |
| M | CPL-GR-A80M | 5.5% |
| N | CPL-GR-A80N | 8.1% |

- High Deductible Plan F