



*STATE MUTUAL INSURANCE COMPANY*

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**Long Term Care Insurance  
Potential Rate Increase Disclosure Form**

- 1. Premium Rate for Issue Age Rate Schedules:** Policy premiums may not be changed by State Mutual Insurance Company.

Rider premium rates that would be applicable to you and that would be in effect until a request is made and approved for an increase are contained in your policy.

- 2. The premium, for this policy and riders will be shown on the schedule page 3 and will be attached to your policy.**
- 3. Rate Schedule Adjustments:** The premium rate adjustments will be effective with the next anniversary after the Company has provided notice of the increase.
- 4. Potential Rider Rate Revisions: Riders are Guaranteed Renewable.** This means that the premium rate for each rider may be increased in the future. Rider premium rate can NOT be increased due to the Insured's increasing age or declining health, but your premium rate may go up based on the experience of all policyholders with the same rider form or other rider forms with similar benefits and underwriting.

The company has sold long-term care insurance since 2016 and has sold this policy since 2016. The Company has never raised its rates for any long-term care policy it has sold.

**If you receive a premium rate increase in the future, you will be notified of the new premium amount and you will be able to exercise at least one of the following options:**

- Pay the increased premium and continue your rider in force as is.
- Reduce your rider benefits to a level such that your premiums will not increase. (Subject to state law minimum standards.)
- Exercise your nonforfeiture option if purchased. (This option is available for purchase for an additional premium.)
- Exercise your contingent nonforfeiture rights.\* (This option may be available if you do not purchase a separate nonforfeiture option.)

### **\*Contingent Nonforfeiture**

#### **Applicable if you purchase a Extension of Benefits Nonforfeiture Rider for Long-Term Care**

If the premium rate for the Extension of Benefits Nonforfeiture Rider for Long-Term Care goes up in the future and you didn't buy a nonforfeiture option, you may be eligible for contingent nonforfeiture. Here's how to tell if you are eligible:

You will keep some long-term care insurance coverage, if:

- Your premium after the increase exceeds your original premium by the percentage shown (or more) in the following table; and
- You lapse (not pay more premiums) within 120 days of the increase.

The amount of coverage (i.e., new lifetime maximum benefit amount) you will keep will equal the total amount of premiums you've paid since your policy was first issued. If you have already received benefits under the policy, so that the remaining maximum benefit amount is less than the total amount of premiums you've paid, the amount of coverage will be that remaining amount.

Except for this reduced lifetime maximum benefit amount, all other policy benefits will remain at the levels attained at the time of the lapse and will not increase thereafter.

Should you choose this Contingent Nonforfeiture option, your policy, with this reduced maximum benefit amount, will be considered "paid-up" with no further premiums due.

#### **Example:**

- You bought the rider at age 65 and paid the \$1,000 annual premium for 10 years, so you have paid a total of \$10,000 in premium.
- In the eleventh year, you receive a rate increase of 50%, or \$500 for a new annual premium of \$1,500, and you decide to lapse the policy (not pay any more premiums).
- Your "paid-up" rider benefits are \$10,000 (provided you have a least \$10,000 of benefits remaining under your rider.)

**Contingent Nonforfeiture**

**Cumulative Premium Increase Over Initial Premium  
That qualifies for Contingent Nonforfeiture**

(Percentage increase is cumulative from date of original issue. It does NOT represent a one-time increase.)

Issue Age	Percent Increase Over Initial Premium Rate Schedule	Issue Age	Percent Increase Over Initial Premium Rate Schedule
29 and under	200%	72	36%
30-34	190%	73	34%
35-39	170%	74	32%
40-44	150%	75	30%
45-49	130%	76	28%
50-54	110%	77	26%
55-59	90%	78	24%
60	70%	79	22%
61	66%	80	20%
62	62%	81	19%
63	58%	82	18%
64	54%	83	17%
65	50%	84	16%
66	48%	85	15%
67	46%	86	14%
68	44%	87	13%
69	42%	88	12%
70	40%	89	11%
71	38%	90 and over	10%