

The call continued the discussion begun on the last call, January 20, addressing a review of Long Term Care model act provisions. The discussion followed a table authored by Frank Dino (FL) that was included in the March 2004 LHATF mailing.

Mr. Dino (FL) chaired the call. Other regulators participating included Mike Boerner (TX), Julia Philips (MN), Gerald Lucht (IL), and Tomasz Serbinowski (UT). The purpose of the discussion was to determine whether the group should make any recommended changes relating to each issue, and if so, whether the change should be in the Long Term Care Insurance Model Act (hereafter, model act), the Long Term Care Insurance Model Regulation (hereafter, model regulation) or in the Guidance Manual. This was the first of a two-part discussion that will be continued on May 10.

Here is a brief summary of the working group's discussion.

1. Pooling

The issue is whether there should be a requirement that all experience on similar forms be pooled. The committee felt that this idea had merit and consensus was reached with little discussion that it should be addressed in the guidance manual.

2. Annual rate certifications

Julia Philips (MN) opposed a requirement on the basis that her department lacks the resources to manage it. Bill Carroll, of the ACLI, also opposed a regulatory requirement. Gerald Lucht (IL) requested a clarification, asking whether, if certifications were mandated, the regulator would have the ability to require a rate increase where rates are deemed inadequate, but the company resists due to marketing considerations. The response from Mr. Dino (FL) is that the regulator could require higher rates on new business.

By consensus, it was agreed to address the issue in the guidance manual.

3. Experience detail

The issue is whether, in the event of a rate increase request, experience should be required for every issue year, rather than just the five preceding years and three years projected. Mr. Dino (FL) recommended that this be a requirement added to the model regulation. Part of his justification is that companies develop such data already and would suffer no additional burden in complying. Ms. Philips (MN) recommended that the issue be dealt with in the guidance manual, citing the fact that states already have the authority to require more detailed data when deemed necessary. Tomasz Serbinowski



(UT) concurred. Bill Carroll (ACLI), speaking on behalf of the industry, indicated a preference that the issue be handled in the guidance manual, but that the industry had no strong objection to the change, however articulated. By consensus, the committee agreed to address this issue through the guidance manual.

4. Rate increase

The issue: should lifetime projections be required in rate increase filings both with and without the increase. The committee agreed that this should be addressed in the guidance manual.

5. Continuation of a current form

Should all insureds under a current form continued after the effective date of the model act, where rate scales are unchanged, be afforded the same policyholder protections?

With little discussion, the committee agreed that this is a matter best left to each individual state.

6. Limited pay options

Mr. Dino (FL) expressed strong feelings that, in light of the significant increases in the volume of limited pay business, additional nonforfeiture protections should be afforded such policyholders. Ms. Philips (MN) supported a change of some kind, but was unsure how such a change should be manifested. Bill Weller (HIAA), speaking for the industry, offered agreement that this was an issue that needed to be addressed in the model regulation or the model act. Mr. Lucht (IL) expressed concern for the potential complexities that such a requirement might imply.

Before concluding discussion on this topic, the time for the call ended. The discussion will be continued on the next call.

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