



Introduction to the Individual LTC Standards of the
Interstate Insurance Product Regulation Commission
(IIPRC)

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THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE





OVERVIEW

- Basics About the Interstate Insurance Compact
- Development and Content of Uniform Standards
- How to Make an iLTC Product Filing With the Compact



OVERVIEW OF INSURANCE COMPACT

- Innovative vehicle formalizing joint and cooperative action among states
- Leveraging regulatory expertise to establish Uniform Standards that apply as the law of each Compacting State for the products filed through the Compact
- Companies can file one submission through SERFF under one set of uniform standards for one review and approval in Compacting States



DEVELOPMENT OF UNIFORM STANDARDS

- NAIC National Standards WG Subgroups develop initial draft
- ACLI and member companies provide substantial drafting assistance
- Transmit to IIPRC Product Standards
- Compact conducts formal and open rulemaking process
- Uniform Standards effective 90 days after adopted and promulgated



DEVELOPMENT OF UNIFORM STANDARDS

- 69 Uniform Standards Adopted to Date
- Includes Individual Life and Annuity Product Lines
- Individual Long-Term Care Product Line Effective as of 12/1/2010
- Group Long-Term Care Product Standards – to be developed
- Product Standards Committee Considering Individual Disability Income Standards
- NAIC Life Subgroup Working on Group Life Standards



DEVELOPMENT OF iLTC Standards

- BASIS FOR THE STANDARDS
 - NAIC LTC Model Regulation (#641)
 - NAIC LTC Model Act (#640)
 - State Variation Requirements
 - What Companies Were Selling
 - What Companies May Sell In 5-10 Years



ISSUES THAT HAD TO BE RESOLVED (Cont'd)

- How To Handle Rate Filings?
 - *Initial and Rate Increases*: Some states wanted to stay in for initial but opt out of rate increase. Others wanted to opt out of all rate standards.
 - DECISION: The entire suite of LTC standards treated as one standard. If state wants to opt out of any LTC component, such as rates, needs to opt out of all LTC.
 - DECISION: Rate increases for 15% or less to be filed with IIPRC. Rate increases for more than 15% to be filed with the Compacting State after the IIPRC makes an “advisory finding.”



ISSUES THAT HAD TO BE RESOLVED (Cont'd)

- Will the IIPRC allow the filing of Modified (“Attained Age”) Rates?
 - Compacting States differed on whether they allow such rates and threatened to opt out of all LTC.
 - DECISION: IIPRC to allow the filing of Modified Rates only for those Compacting States that allow it (to date, only CO, MD, OK and WA have indicated that they do not allow).



ISSUES THAT HAD TO BE RESOLVED (Cont'd)

- Partnership Filings
 - Would the IIPRC approve forms for use with the Compacting States' Partnership Program?
 - DECISION: No. The IIPRC will approve forms but companies have to “certify” these with the Compacting States for use with that state's Partnership Program.



ISSUES THAT HAD TO BE RESOLVED (Cont'd)

- Pension Protection Act “Combo” Riders
 - Would the IIPRC approve the use of an LTC rider with a life insurance policy or annuity contract?
 - DECISION: Yes. The IIPRC will approve the riders. Based on how these are structured, some will be subject to all the LTC standards (forms, rates and advertising) and some will only be subject to the LTC forms and advertising standards.



ISSUES THAT HAD TO BE RESOLVED (Cont'd)

- How do we establish standards for all potential Benefit Features?
 - Would the IIPRC require specific standards for each potential benefit? How will innovation in this area be accommodated?
 - DECISION: The standards were developed on a “generic basis” – each benefit filed has to answer specified questions, such as benefit description, eligibility, maximums, etc.



ISSUES THAT HAD TO BE RESOLVED (Cont'd)

- How do we determine which State Variations (SVs) are preempted by the IIPRC standards and which are not?
 - Some states did not identify their SVs during the standards development process – not clear if states considered these pre-empted or not. If companies were required to continue to comply with all of these, there would be little incentive to file with the IIPRC.
 - DECISION: IIPRC to maintain a list of SVs that states have identified for the minimum daily benefit, maximum elimination period and minimum benefit period. Companies only have to comply with these SVs.



BRIEF OVERVIEW OF LTC STANDARDS

- Policy
- Riders, Amendments, Endorsements (Policy Changes)
- Application
- Forms Required to be Used with the Application (Self-Certification Option)
 - Suitability
 - Personal Worksheet
 - Things You Should Know



BRIEF OVERVIEW OF LTC STANDARDS (Cont'd)

- Potential Rate Increase Disclosure
 - Replacement Notice
 - HIPAA Medical Authorization
- Benefit Features
- Outline of Coverage
- Advertising
- Rate Filings
 - Initial
 - Rate Increases



RAISING THE BAR

- Rate Standards
 - ***Initial Rate Filings:*** After approved by the IIPRC, require annual certification that the premium rates continue to be sufficient to cover anticipated costs under MAE and is reasonably expected to be sustainable over the life of the form with no future premium increases anticipated.
 - ***If such certification cannot be made,*** a statement of this needs to be filed with the IIPRC and, within 60 days of such filing, the company has to file a plan of action.



RAISING THE BAR (Cont'd)

- Rates to be filed for all states – comprehensive requirements
- Advertising to be filed for all states – comprehensive requirements
- All Benefit Features have specific content requirements that allow for innovation
- Mandated Offer of Home Health Care of 100% of Nursing Home Benefit



COMPACT PRODUCT REVIEW OPERATIONS

- One Set of Uniform Standards with Submission Requirements Set Forth in Alphabetical Order
- One Submission through SERFF
- One Filing Review (compared to multiple reviews)
- One Approval in Up to 38 Compacting States



COMPACT PRODUCT REVIEW OPERATIONS

- All resources needed to register and complete your Product Filing are found on website: www.insurancecompact.org
- Uniform Standards (Rulemaking Record or Docket)
- Operating Procedures (Product Filing Rule)
- Filing Information Notices (LTC FIN)
- Insurance Company Resources Page for Filing Fees, Checklists and LTC-related information



HOW TO MAKE AN LTC PRODUCT FILING

- Developed as a full suite so that the complete product must be filed with the IIPRC
- Not eligible for mix & match; only LTC rider with state-approved individual life or annuity product components
- Forms used with application are designated for self-certification
- HI, IN, NJ Opt-Out; CO, MD, OK & WA – no Modified Rate Schedule Rate Filings



HOW TO MAKE AN LTC PRODUCT FILING

- A new product filing must contain:
 - Policy Forms
 - Applications and Application Forms
 - Outline of Coverage
 - All Benefit Features
 - All Rates and Rating Information
- Advertising Material will be submitted separately
- Form eligible for self-certification must be submitted separately

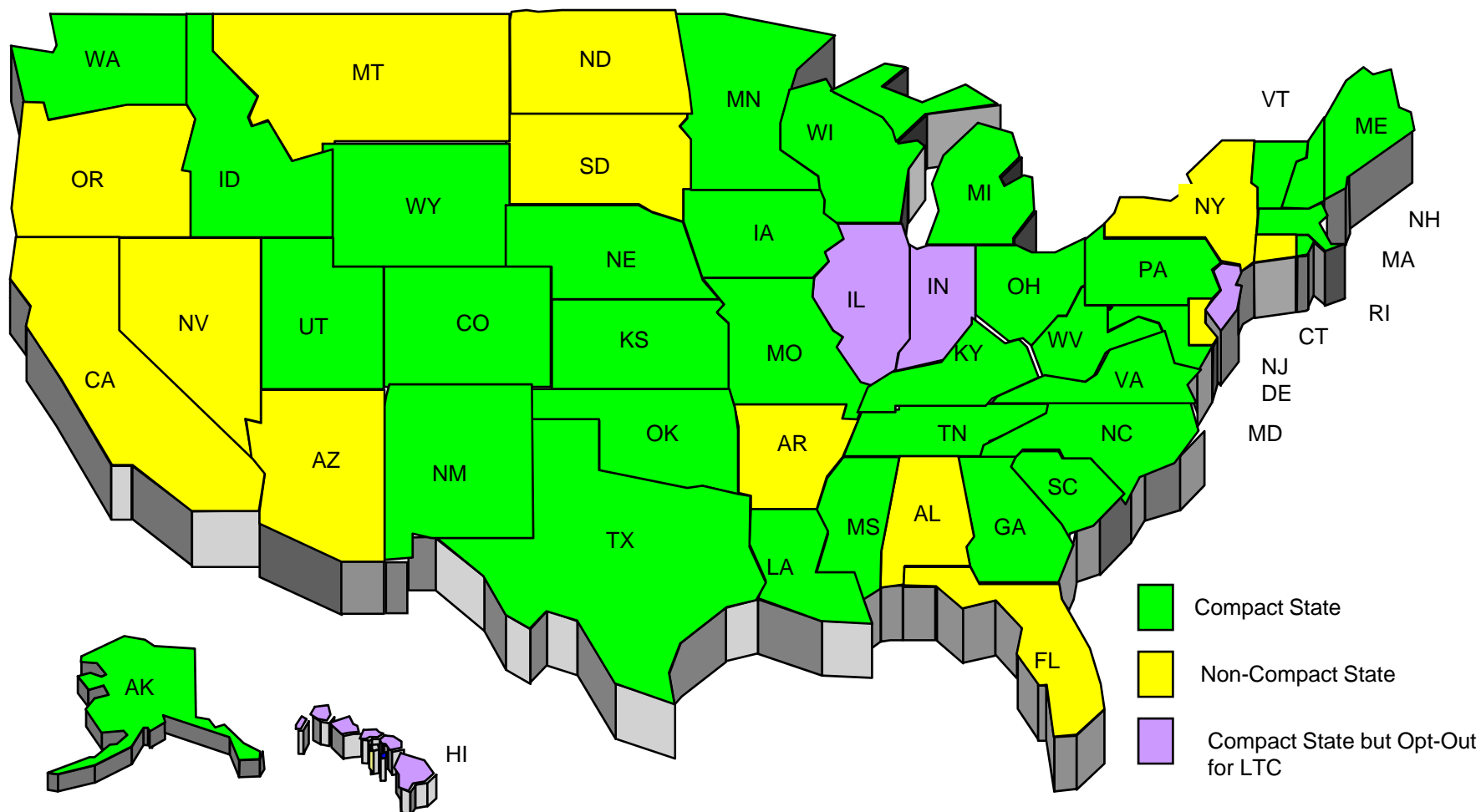


HOW TO MAKE AN LTC PRODUCT FILING

- Combination Product Filings Can Be Made through the Compact
- Only States can Approve a Compact-approved LTC policy for Partnership
- Annual certification of rates is required and must be submitted separately
- Contact IIPRC Office with any questions at comments@insurancecompact.org or 202-471-3962



Interstate Compact & LTC



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