Briefing Sheet for Amendment to Long-Term Care Rate Filing Standards

- The proposed amendment would apply a substantive change to the Uniform Standards for the review of individual long-term care insurance (iLTC) rate filing standards, specifically the Rate Filing Standards for Individual Long-Term Care Insurance – Issue Age and Modified Rate Schedules (IIPRC-LTC-I-3-RATEI and IIPRC-LTC-I-3-RATEM[i]).

- The amendment is to add a criterion for review of rate schedules regarding the use of gender as a rating characteristic by inserting a new item (7) under Section 1A, Criteria for Review, General:

  > The use of gender as a rating characteristic for premium schedules is permitted unless prohibited by applicable statute and is supported by a binding court ruling or opinion in the state where the policy is delivered or issued for delivery.

- The purpose of the amendment is to add specific reference to the use of gender as a rating characteristic in initial rate schedules for Compact-approved iLTC products. The Compact has approved gender-distinct rate schedules on the basis that the standards for iLTC product forms have a Misstatement of Age or Sex provision, and the rate filing standards refer to deviations in margins between genders.

- The amendment was developed in response to a request from the Colorado Division of Insurance to align the Compact's standards for long-term care insurance rates with Colorado's statutory prohibition on the use of gender as a rating characteristic for health products including long-term care policies.

- Colorado is the only Compact Member state participating in iLTC standards that prohibits gender-distinct rate schedules under the amendment.

- Under the amendment, if Colorado is included in a rate filing for a stand-alone Compact iLTC policy, the filing must include a gender-neutral rate schedule. Gender-neutral and gender-distinct rate schedules are expected to have corresponding forms for annual rate certification purposes.

- The amendment would apply to stand-alone iLTC policies only, meaning products that provide iLTC benefits through life insurance or annuity products are not required to submit gender-neutral rate schedules for use in Colorado.

- The amendment would apply prospectively only, meaning it would apply to new business issued on or after the amendment's effective date. Because the amendment substantively changes the determination of compliance, new business includes new issues of previously approved Compact iLTC policies.

- In recognition of the complexity involved in updating an approved product for new issues, the proposal includes a specific timing component—an effective date for new issues of previously

approved Compact rate schedules will occur six months after the effective date for new rate filing submissions. For example, if the effective date for new rate filing submissions is December 1, 2026, the effective date for new issues of previously approved Compact products is June 1, 2027.

- Written comments are due by August 3rd and a public hearing to receive oral comments will be held via conference call on July 30th.

[i] The Rate Filing Standards for Modified Rate Schedules are defined to apply to rate schedules that are scheduled to change due to attained age or duration since issue. The Modified Rate Standards have not been used in review of Compact submissions to date. The amendment is recommended to apply for consistency with the Issue Age Rate Standards.