

Product Standards Committee
Call Summary
April 20, 2021

Agenda Item 2. Continue the discussion of the request from South Carolina DOI regarding 15% threshold for Compact Office approval of in-force LTC rate increases on Compact-approved products

- a) Review and finalize for public comment the list of possible options to present to the Management Committee as they consider the South Carolina DOI request
- b) Review and finalize for public comment questions regarding various aspects of the in-force rate review on Compact-approved products to assist PSC in providing potential considerations for the Management Committee

The Product Standards Committee (PSC) reviewed the updated list of possible options to present to the Management Committee in response to the request from South Carolina. The options were updated based on the discussion during the April 6th PSC call.

The PSC agreed the option to remove the 15% and make all in-force rate increase requests on Compact-approved individual long-term care insurance products subject to approval of the Commission should be removed as it is not a realistic option and does not address South Carolina's request. The PSC agreed the option to lower the threshold, in lieu of removing it, would also not address South Carolina's concern that the Commissioner have full authority to approve in-force rate increases on all Compact-approved products for its states' citizens. The PSC agreed to remove the option suggested during the April 6th PSC call to add a cumulative rate increase threshold as it was also not responsive to the South Carolina request and would not be relevant based on the current structure of the Rate Filing Standards. The Compact Office explained that the Rate Filing Standards do not allow for successive rate increases but rather requires the company seek the full and actuarially justified rate increase which includes re-establishing the original margins.

In talking through the other options, the PSC agreed the two primary options for consideration would be to keep the current 15% threshold or remove it altogether. The PSC discussed other structural options for consideration if the 15% threshold was removed. During the April 6th PSC call, one Compacting State suggested that if the 15% threshold is removed, Compacting States could voluntarily set their own threshold percentage, if any, at which it could have the Compact perform the review and approve the in-force rate increase. The Chair offered another option that if the 15% threshold is removed, each Compacting State could indicate after the advisory review was completed whether they wanted the Commission to approve the filing on the Compacting State's behalf or as a default, the company will submit the filing to the Compacting State for approval.

The PSC reviewed the four draft questions also for public comment. One state suggested more clarification was needed for some questions to specify the questions related to individual long-term care insurance.

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Agenda Item 3. Any Other Matters

The PSC asked the Compact Office to finalize the document and circulate via electronic mail for one more review before sending out for public notice on April 19, 2021. The PSC plans to circulate the proposed options and questions for public written comment and to hold a public conference call on May 18, 2021 to receive comments and discussion. The PSC will meet on May 4, 2021 in regulator-only session to discuss other workload matters. There were no other matters.