INSURANCE COMPACT COMMISSION

REPORT ON COMPACT-APPROVED INDIVIDUAL LONG-TERM CARE INSURANCE RATE SCHEDULE CERTIFICATIONS

REPORTING YEAR 2025 CERTIFICATIONS DUE MAY 1, 2026

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ANNUAL REPORT ON COMPACT-APPROVED INDIVIDUAL LONG-TERM CARE INSURANCE RATE SCHEDULE CERTIFICATIONS

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EXECUTIVE SUMMARY

The Office of the Interstate Insurance Product Regulation Commission (Compact Office) provides a report of the review of the Reporting Year 2025 certifications for Compact-approved individual long-term care insurance rate schedules. Companies have been submitting annual rate certifications since 2012 and triennial supporting actuarial memorandums since 2014. This is the seventh year this annual report has been published.

This report provides a general overview of the number and status of rate schedules approved by the Compact Office in conjunction with Compact-approved individual long-term care insurance products,[1] along with details regarding the review process completed for this year's annual rate certifications. The Reporting Year 2025 certification review included 87 rate schedule certifications, 24 of which were accompanied by triennial supporting actuarial memorandums. Each Compacting State will also receive a separate member-only report listing the long-term care insurance products approved on the Compacting State's behalf by the Compact Office and detailed information about the associated rate schedule certifications.

TABLE 1	
Reporting Year 2025 Overview	
Annual/Triennial Certification Submissions Reviewed	**87**
Number of Companies	26
Number of Filings	73
Total Rate Schedules	**87**

The Compact Office reviewed a total of 87 rate schedule submissions as summarized in Table 1 above. The 87 rate schedules break out as follows:

- 59 (68%) annual rate certifications are for initial rate schedules,
  - 20 (34%) of which are currently marketed.
  - 38 (64%) of which are no longer marketed.
  - 1 (2%) of which has never been marketed.
- 28 (32%) annual rate certifications are for "rate refresh" schedules, which are new rate schedules for new business under previously approved products,
  - 15 (54%) of which are currently marketed.
  - 13 (46%) of which are no longer marketed.

Among the 87 rate schedule certifications, six were certified as insufficient to cover anticipated costs. None of these six rate schedules are currently marketed.

[1] The Insurance Compact Office does not accept group long-term care insurance products as Uniform Standards for group long-term care insurance have not been developed to date.

Four annual certifications from four companies became due for the first time in this cycle. Six rate schedules from four companies included in Reporting Year 2024 are no longer included for one of the following reasons:

- Company filed for a rate increase;
- Company adjusted rate certification filing timeline for resource efficiency purposes; or
- Company certified that no policies were ever marketed and certified they never will be.

If you have any questions about this report, please contact the Compact Office at 202-471-3962 or comments@insurancecompact.org.

UNIFORM STANDARD REQUIREMENTS FOR CERTIFICATIONS

Section 3 of the Uniform Standard IIPRC-LTC-I-3-RATEI, *Rate Filing Standards for Individual Long-Term Care Insurance* ("*Rate Filing Standards*")[2] requires a company with a Compact-approved rate schedule (whether currently marketed or no longer marketed) to submit an annual certification signed by a member of the American Academy of Actuaries with respect to the sufficiency of the rate schedule. Please see Appendix I for background information on the Insurance Compact and the Individual Long-Term Care Insurance Uniform Standards.

In brief, the certification is submitted by the company and prepared and signed by a member of the American Academy of Actuaries. The certification statement has different requirements for premium rate schedules that are currently marketed versus no longer marketed. Currently marketed rate schedules require rates to be sufficient to cover anticipated costs under moderately adverse experience, while no longer marketed rate schedules require sufficiency assuming best estimate assumptions. Each year's certification must include a brief summary of the review that was performed to support the certification. A company must file a plan of action if its certification states the rate schedule may no longer be sufficient.

Every three years, the company is required to accompany the certification with a supporting actuarial memorandum describing the assumptions used in the analysis and how they compare to the original pricing assumptions. The annual certification is due May 1st of each year starting in the year after the first full year in which the initial rate schedule was approved. The triennial memorandum is due May 1st of the reporting year starting in the third year (and every third year thereafter) after the first full year in which the rate schedule was approved. Each certification is based on cumulative data pertaining to the rate schedule through December 31st of the calendar year preceding the May 1st submission deadline.

Rate schedules with a Compact-approved rate increase for in-force policies, i.e. a requested and justified rate increase of 15% or less for a Compact-approved product, are subject to the requirements in Section 4 of the Uniform Standards IIPRC-LTC-I-3-RATEINC, *Standards for Filing Revisions to In-Force Rate Filing Schedules for Individual Long-Term Care Insurance* ("*Rate Revision Standards*").[3] Instead of the annual rate certification, the key requirement is a

[2] See Rate Filing Standards for Individual Long-Term Care Insurance-Issue Age Rate Schedules.
[3] See Standards for Filing Revisions to In-Force Rate Filing Schedules for Individual Long-Term Care Insurance.

comparison of actual results to projected results for at least the first three years subsequent to the rate increase.

Each annual rate certification and triennial memorandum is reviewed by a Compact Office actuary for compliance with the requirements in Section 3 of the *Rate Filing Standards* or Section 4 of the *Rate Revision Standards*, as applicable.

Certifications and supporting memorandums, if applicable, for cumulative data through calendar year 2025 were due to the Compact Office by May 1, 2026, for premium rate schedules approved by the Compact Office prior to December 31, 2024. Triennial memoranda were due for premium rate schedules approved in 2013, 2016, 2019 and 2022, respectively. The triennial memorandum submissions reflect some adjustments for companies with multiple approved rate schedules to align their triennial periods, provided that no more than three years pass before a triennial memorandum is provided.

The Commission's Uniform Standards and Operating Procedures permit combination products of individual life insurance or individual annuities with individual long-term care insurance benefit features either built into the policy/contract or by rider. The individual long-term care insurance forms, provisions and supporting documentation are reviewed for compliance with the applicable Uniform Standards for individual long-term care insurance including the *Rate Filing Standards*, as applicable.

As defined in the *Rate Filing Standards*, dollar-for-dollar long-term care insurance is subject to actuarial requirements and prior review under the *Rate Filing Standards*, is not subject to annual rate certification, because dollar-for-dollar long-term care insurance is specifically excluded from Section 3 certification requirements. Dollar-for-dollar benefits are defined in the *Rate Filing Standards* as providing payment of $1.00 of life insurance death benefit to pay for $1.00 of long-term care services, or annuity contracts providing waiver of $1.00 in surrender or withdrawal charges, or payment of $1.00 of account value, to pay for $1.00 of long-term care services.

Benefits provided under life insurance policies or annuity contracts that are a continuation or extension of individual long-term care insurance benefits are required to submit rate schedules for prior review and approval under the *Rate Filing Standards* and are subject to Section 3 certification requirements.

OVERVIEW OF 2025 ANNUAL AND TRIENNIAL RATE CERTIFICATIONS

For calendar year 2025, there were a total of 87 long-term care premium rate schedules subject to the yearly certification requirements in Section 3 of the *Rate Filing Standards*. Of these, 24 triennial supporting memoranda were reviewed. All material was submitted via the System for Electronic Rate & Forms Filing (SERFF).

The 87 total rate schedules were submitted by 26 companies in 73 filings in SERFF. Some filings include multiple policy forms and rate schedules, such as rates for both gender-distinct and unisex forms in a single filing. Additionally, some filings include more than one rate schedule for the same form since the *Rate Filing Standards* allow the filing of new business rate refresh schedules

for future new business issues on a given form. Since 2017, new business rate refresh schedules are required to be filed in a separate filing and associated with the approved product filing using the Associated Filing feature in SERFF for Compact-approved filings. These new business rate refresh schedules are specifically defined in the *Rate Filing Standards* to be subject to compliance with initial rate filing requirements rather than the *Rate Revision Standards*.

TABLE 2	
Reporting Year 2025 Annual Rate Certification Overview	
Rate Schedules Currently Marketed	35
Sufficient	35
Insufficient	0
Rate Schedules No Longer Marketed	51
Sufficient	45
Insufficient	6
Rate Schedules Never Marketed	1
Sufficient	1
Insufficient	0
Total	**87**

The specific status of the 87 initial and rate refresh schedules may be summarized as follows as of December 31, 2025:

- 35 rate schedules were currently marketed. The certification for currently marketed rate schedules is based on sufficiency to cover anticipated costs under moderately adverse experience, and that there are no increases anticipated over the life of the form if the assumptions hold. Of these currently marketed rates:
    - With respect to all 35 of these rate schedules, the certifications indicated the respective rate schedule was sufficient using language substantively similar to that in the *Rate Filing Standards*.[4]
- 51 rate schedules were no longer marketed. The certification for rate schedules that are no longer marketed is based on sufficiency to cover anticipated costs under best estimate assumptions. Of these rate schedules no longer marketed:
    - With respect to 45 rate schedules, the certifications indicated the respective rate schedule was sufficient using language substantively similar to that in the *Rate Filing Standards*.

[4] In Table 2, the terms "sufficient" and "insufficient" have the meanings in the certification statements in Section 3B(1)(a) of the *Rate Filing Standards* as follows:

- "Sufficient" for rate schedules currently marketed refers to "the premium rate schedule continues to be sufficient to cover anticipated costs under moderately adverse experience and that the premium rate schedule is reasonably expected to be sustainable over the life of the form with no future premium increases anticipated;"
- "Insufficient" for rate schedules currently marketed refers to "margins for moderately adverse experience may no longer be sufficient;"
- "Sufficient" for rate schedules no longer marketed refers to "premium rate schedule continues to be sufficient to cover anticipated costs under best estimate assumptions;" and
- "Insufficient" for rate schedules no longer marketed refers to "premium rate schedule may no longer be sufficient.

- With respect to six of these rate schedules, the certifications indicated the respective rate schedules may no longer be sufficient.

Of the six rate schedules, one is non-cancellable, so no rate increase may be requested. A rate increase request for one of the rate schedules has been filed and is under review, and requests for two others are expected within the next few months, according to the plans of action submitted with these certifications. Two other companies have no imminent plans to file a rate increase request but are actively monitoring and may request a rate increase in the future. This is the first year two of these six rate schedules were certified as insufficient. The other four rate schedules certified as insufficient in this year's report were certified as insufficient in last year's report as well.

Some approved rate schedules are not subject to the rate certification requirement for two possible reasons. The first reason is the company has certified that the product was never issued and there are no plans to market the product. The second reason is the rate schedule has been subject to an in-force rate increase request. Pursuant to Section 1 of the *Rate Revision Standards*, once a rate schedule for a Compact-approved product becomes subject to review and approval under state law due to a requested (or needed) increase exceeding 15%, the initial rate schedule is no longer subject to the rate certification requirements in the *Rate Filing Standards*.[5] A requested (or needed) in-force rate schedule increase of 15% or less is subject to Compact review and approval, subsequent to which the requirements of Section 4 of the *Rate Revision Standards*, calling for the annual submission of updated projections, actual results and other information for the first three years following approval of the in-force rate increase.[6]

The following table summarizes the advisory reviews or rate increase approvals by the Compact through the 2025 Reporting Period.

TABLE 3

Compact Office Action for In-Force Rate Increases As of 12/31/24

Reporting Year	Rate Schedules Subject to Advisory Review (Increase >15%)	Rate Schedules Subject to Compact Approval (Increase ≤15%)
2017	1	0
2018	1	0
2020	0	3
2022	2	1
2023	1	0
2024	2	2
2025	3	0
Total	**10**	**6**

[5] Since 2017, the Compact Office has concluded review of nine in-force rate increase request filings covering ten rate schedules exceeding 15% and has issued advisory opinions for each. One of the rate increase request filings applied to two rate schedules, one gender-distinct and one unisex.
[6] Since 2020, the Compact Office has reviewed and approved six in-force rate increase requests under 15%.

COMPACT OFFICE REVIEW PROCESS FOR CERTIFICATIONS

Each certification submitted for reporting year 2025 was reviewed by Kent Holbrook, an actuary who is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

Each certification and supporting memorandum, if applicable, was reviewed for compliance with Section 3 of the *Rate Filing Standards* or Section 4 *of the Rate Revision Standards* as appropriate. For any required items not addressed, or for any questions the reviewing actuary had concerning the certification, comments were sent as objections/correspondence in SERFF. The company then responded with possible updates to the certification documents as needed, to meet requirements. Sometimes, multiple iterations of the objection and response process were needed for the reviewing actuary to determine the certification met the Uniform Standard requirements.

CONCLUSION

The Compact Office provides its seventh report on the annual and triennial certifications received for Reporting Year 2025 for Compact-approved individual long-term care insurance rate schedules. The Compact Office welcomes input from member regulators, including regulatory actuaries, regarding additional information to include in future reports regarding the individual long-term care insurance annual rate submissions.

APPENDIX I BACKGROUND ON THE INSURANCE COMPACT AND INDIVIDUAL LONG-TERM CARE INSURANCE UNIFORM STANDARDS

The Insurance Compact

The Insurance Compact, known formally as the Interstate Insurance Product Regulation Compact, is an agreement between Compacting States to accept products approved by the Compact Office as an instrumentality of the Compacting States pursuant to detailed Uniform Standards, which have the force and effect of law and are binding in Compacting States. Uniform Standards must be adopted by a minimum of two-thirds of the Compacting States, i.e., Commission members, and each Compacting State has a sovereign right to opt out of an adopted Uniform Standard. For these reasons, the Uniform Standards are detailed and comprehensive, reflecting stringent form and actuarial requirements. Product filings undergo a thorough form and actuarial review for compliance with the relevant Uniform Standard(s).

Long-Term Care Uniform Standards

Requirements for filing an LTC product with the Compact are codified in several Uniform Standards, as applicable to the annual and triennial certifications for the 2025 reporting period:

- IIPRC-LTC-I-3-CORE, *Core Standards for Individual Long-Term Care Insurance Policies*
- IIPRC-LTC-I-3-APP *Individual Long-Term Care Insurance Application Standards*
- IIPRC-LTC-I-3-OC, *Individual Long-Term Care Insurance Standards for the Outline of Coverage*
- IIPRC-LTC-I-3-RATEI, *Rate Filing Standards for Individual Long-Term Care Insurance–Issue Age Rate Schedules Only*
- IIPRC-LTC-I-3-RATEM, *Rate Filing Standards for Individual Long-Term Care Insurance–Modified Rate Schedules*
- IIPRC-LTC-I-3-RATEINC, *Standards for Filing Revisions to In-Force Rate Filing Schedules for Individual Long-Term Care Insurance*
- IIPRC-LTC-I-3-ADV, *Standards for Individual Long-Term Care Insurance Advertising Material*
- IIPRC-LTC-I-3-BEN, *Standards for Long-Term Care Insurance Benefit Features*
- IIPRC-LTC-I-3-AMEND, *Standards for Riders, Endorsements or Amendments used to Effect Individual Long-Term Care Insurance Policy Change*

The annual certification requirements forming the basis of this report are codified in Section 3 of the Uniform Standard IIPRC-LTC-I-3-RATEI, *Rate Filing Standards for Individual Long-Term Care Insurance (Rate Filing Standards)*, which is excerpted in Appendix II. The *Rate Filing Standards* were originally adopted on August 13, 2010, and effective December 1, 2010. Amendments were adopted in 2011, 2017 and 2021, with the current version taking effect April 4, 2022. There are no substantive changes to the requirements for annual and triennial certifications from the latest update.

Annual and Triennial Submission Requirements

Section 3 of the *Rate Filing Standards* requires an annual submission subsequent to the initial rate filings for individual long-term care insurance policies. These requirements apply to any revised rate schedules that increase premium rates only with respect to new business, but they do not apply after the approval of rate schedule increase filings for in-force business.

Beginning for the first full year after which a rate schedule has been approved, *the Rate Filing Standards* require an annual certification as to premium sufficiency be prepared and signed by a Member of the American Academy of Actuaries on behalf of the company.

To be considered sufficient, the required certification varies by whether the premium rate schedule is currently marketed or is no longer marketed. For a currently marketed rate schedule, the actuary must certify that the premium rate schedule continues to be sufficient to cover anticipated costs under moderately adverse experience and that the premium rate schedule is reasonably expected to be sustainable over the life of the form with no future premium increases anticipated. For a rate schedule that is no longer marketed, the actuary must only certify that the premium rate schedule continues to be sufficient to cover anticipated costs under best estimate assumptions.

If such a certification cannot be made, the actuary must state that the premium rate schedule or the margins for adverse experience may no longer be sufficient. The company must then submit to the Compact Office a plan of action, including a time frame, for the re-establishment of adequate margins.

In addition to the appropriate certification, the certification must include a brief description of the review performed in support of the certification. There is no prescribed approach to reviewing the premiums for sufficiency. Some common approaches are:

- Updating model assumptions to current best estimates and projecting cash flows over the life of the business.
- Sensitivity testing (shock different assumptions to measure impact) to see if premiums are still sufficient under moderately adverse scenarios.
- Review updated experience and compare with thresholds for moderately adverse; if updated experience is more favorable than moderately adverse, premiums could be considered sufficient.

A more detailed description of the review process must be included in a supporting memorandum. This information should include a detailed description of the review performed by the actuary in support of the statement made in the certification, as well as a description of any data sources and experience studies used in the development of assumptions, how the updated assumptions compare to those used in the original pricing of the product, a discussion of the credibility of any experience studies, and an explanation of any testing performed to determine current margins. Every three years, as the triennial submission requirement, this memorandum must be submitted for review by

the Compact Office with the annual certification. In all other years, the memorandum must be available upon request.

Certifications and supporting memorandums, if applicable, are due to the Compact Office no later than May 1st of the year following the calendar year for which the certification applies.