

Product Standards Committee
Call Summary
April 6, 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 the Compact Office presentation on the Uniform Standards and review process for in-force rate increases for both over 15% and 15% and under
- b) Discuss possible options with respect to South Carolina's request
- c) Identify suggested questions for public comment which will help the PSC in its consideration process

At the request of the PSC, the Compact Office developed a draft discussion document of possible options to provide to the Management Committee in response to the South Carolina DOI request. The options ranged from making all Compact reviews of in-force rate increase requests to lowering the current 15% to keeping the 15% in place. Jason Lapham, the PSC Chair, went through each of the options in the discussion document and asked for comments.

Roger Stefani of Minnesota proposed another option that a limit should apply to cumulative rate increases since issue. This would avoid, e.g., a company getting a 15% rate increase 10 years in a row through the Compact without any state approval. A possible limit would be 15% x 2 (around 33%) or 15% x 3 (around 53%). Minnesota is working on a more detailed proposal to submit to the PSC.

Bob Grissom of Virginia asked if it would be simpler to allow each state to establish its own threshold percentage at which the Compact either reviews and approves or issues an advisory opinion and the state then reviews and decides whether to approve or not. He said this would seem to address South Carolina's concern or other states that want a threshold less than 15%, if any.

Vermont stated that they did not support the option to remove the threshold and have the Compact approve all rate increases.

The Chair asked Minnesota and Virginia to submit the options in writing for the PSC to consider at its next meeting.

The Chair asked the Compact Office to go over the possible questions for the public call. The Chair asked for comments. There were no comments. The Chair decided that the PSC will need at least one more regulator only meeting to discuss the options and the questions for the public call.

Agenda Item 3. Any Other Matters

The Chair, Jason Lapham, asked members to review the options document and the questions for the public call and to submit comments to the Compact Office. The Compact Office will look at schedules to determine a date for the next PSC meeting. There were no other matters.