



South Carolina Department of Insurance  
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Columbia, SC 29202

*Via email to [comments@insurancecompact.org](mailto:comments@insurancecompact.org)*

May 12, 2021

Karen Z. Schutter, Executive Director  
Interstate Insurance Product Regulation Commission

Re: Product Standards Committee – Options and Questions for Comment in Response to South Carolina’s Request to Change the 15% Threshold for Approval of In-Force Rate Increase Requests on Compact-Approved LTCI Products

Dear Ms. Schutter,

Allow me to begin by expressing my appreciation to the Product Standards Committee and to Commission staff for their efforts to develop options to address the concerns raised by our agency. The Compact has served the states well in addressing the speed to market issues that were problematic in the 2000s. However, we believe the time has come for the membership to review and modify as necessary the product standards as they relate to long-term care insurance (LTCI) rates.

Since South Carolina joined the Compact, its LTCI market has changed. There are fewer insurers, and the rates charged for LTCI products are considerably higher. As appears to be the case in other states, there is an affordability issue in the South Carolina marketplace which is the subject of both legislative and regulatory scrutiny. Furthermore, South Carolina law has changed as it relates to the review of LTCI rates due to market issues. In 2019, the South Carolina General Assembly enacted Section 38-72-75 which requires approval of LTCI rates by this Department. Among other things, this legislative action expresses the South Carolina General Assembly’s intent that this agency actively reviews and approves changes in LTCI rates. As part of this rate approval process, the Department may conduct—and has conducted—public hearings to solicit comments on proposed rate increases.

In November, South Carolina asked that the Compact amend its review standards for LTCI rate increases to eliminate the 15% threshold. I appreciate the work of the Product Standards Committee to come up with options to address this request. Today, I am writing to express support for Option 2(a) as outlined in the options memo. We believe this course of action would allow for the threshold to be set to 0% for South Carolina and fully address our concerns. Additionally, this path would provide other member states with an opportunity to select a threshold best suited for their individual needs while giving the participating long-term care insurers and consumers clear expectations of the how LTCI rate change filings will be reviewed and approved.

Sincerely,

A handwritten signature in blue ink that reads "Raymond G. Farmer". The signature is fluid and cursive.

Raymond G. Farmer

Governor Henry McMaster

Director Raymond G. Farmer

