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MEMORANDUM

TO: IIPRC Management Committee

FROM: Product Standards Committee

DATE: January 18, 2011

SUBJECT: Amendments to Long-Term Care Insurance Policy, Rate Filing and Required Forms Uniform Standards

The Product Standards Committee (“PSC”) of the Interstate Insurance Product Regulation Commission (“IIPRC”) is charged with developing proposed drafts of Uniform Standards. In carrying out its charge, the Standards Committee has finalized proposed amendments to four of the individual long-term care insurance Uniform Standards.

The PSC recommends the Management Committee initiate the rulemaking procedure¹ with respect to proposed amendments to the following Uniform Standards, relevant excerpts of which are attached:

- 1. Core Standards for Individual Long-Term Care Insurance Policies**
- 2. Standards for Forms to be used with an Individual Long-Term Care Insurance Application**
- 3. Rate Filing Standards for Individual Long-Term Care Insurance—Issue Age Rate Schedules Only**
- 4. Rate Filing Standards for Individual Long-Term Care Insurance—Modified Rate Schedules**

The revisions developed by the PSC touch on specific areas of the Uniform Standards. First, when the standards were adopted in August 2010, the PSC committed to working on the descriptions of combination long-term care insurance, life insurance and annuity products to which the rate filing standards do not apply. Appearing on page 1 of both sets of rate filing standards, the descriptions are supplemented by a chart intended to further identify which IIPRC Uniform Standards apply to different types of combination products. This chart is intended to be a reference for filers on the IIPRC website.

Second, the PSC received further input from the Industry Advisory Committee about the annual reporting requirements after initial rate approval. The resulting revisions to Section 3 of both

¹ The rulemaking procedure is set forth in the Rule for Adoption, Amendment and Repeal of Rules for the IIPRC.

sets of rate filing standards provide more detailed reporting requirements in cases where a form is no longer marketed or a company reports that the approved premium rate schedules may no longer be sufficient.

The third revision affects the Core Standards for Individual Long-Term Care Insurance Policies and clarifies that in the event of a misstatement of age at the time of policy issue, the company may terminate the coverage and refund premium if the misstatement would have taken the insured out of the issue age ranges of the policy. The fourth set of revisions affects the Standards for Forms to be used with an Individual Long-Term Care Insurance Application. In an oversight, the adopted standards require the company's Rate Increase History disclosure to be provided twice—once with the Worksheet and once with the Potential Rate Increase Disclosure form. The proposed amendment corrects this to require the company's Rate Increase History disclosure to be provided with only the Personal Worksheet, which is consistent with the NAIC model.

The proposed amendments were subject to public participation by written comment and a teleconference meeting on January 18, with the rate filing standards undergoing an earlier round of comments on November 16. The PSC received oral comments from member states and the Industry Advisory Committee. The PSC accepted all recommendations from member states and the Industry Advisory Committee during the January 18 meeting.