We believe that there is an error on page 21 of the IIPRC staff analysis/recommendations report, as follows:

**Page 21 of IIPRC staff analysis/recommendations:**

All rate schedule increases applicable to policies issued under policy forms filed on or after [date six months after the date these changes are adopted by the Interstate Insurance Product Regulation Commission] shall comply with the following requirements with respect to the portion of the business to which the rate schedule increase is to apply:

Exceptional rate schedule increases shall provide that seventy percent (70%) of the present value of projected additional premiums resulting from the exceptional increase will be returned as benefits;

Rate schedule increases shall be calculated such that the sum of the lesser of (i) accumulated value of actual incurred claims, excluding active life reserves, and (ii) the accumulated value of historic incurred claims, excluding active life reserves, plus the present value of future projected incurred claims, excluding active life reserves, are not less than the sum of:

The accumulated value of the initial earned premium times the greater of (A) fifty-eight percent (58%) and (B) the lifetime loss ratio consistent with the original filing including margins for moderately adverse experience;

Eighty-five percent (85%) of the accumulated value of prior rate schedule increases filed with the Interstate Insurance Product Regulation Commission under this standard on an earned basis;

The present value of future projected initial earned premiums times the greater of (A) fifty-eight percent (58%) and (B) the lifetime loss ratio consistent with the original filing including margins for moderately adverse experience; and

Eighty-five percent (85%) of the present value of projected premiums not included in § 4.B(3)(b)(iii), above, on an earned basis;

Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase. Expected claims are calculated for each calendar year based on the in-force at the beginning of the calendar year. Expected claims shall include margins for moderately adverse experience; either amounts included in the claims that
were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing.

We believe that (4)(b) needs to change as follows:

“Rate schedule increases shall be calculated such that the sum of the lesser of (i) accumulated value of actual incurred claims, excluding active life reserves, and (ii) the accumulated value of historic expected incurred claims, excluding active life reserves, plus the present value of future projected incurred claims, excluding active life reserves, are not less than the sum of:...”.

Let us know if you have any questions.

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