

DATE: July 19, 2010
TO: IIPRC Product Standards Committee (PSC)
FROM: Industry Advisory Committee
SUBJECT: LTC Application Draft Dated July 13, 2010

General Comments: State Variation Issues

As we stated for the LTC policy standards, the industry is alarmed by the need to accommodate various state variations as the uniform national standard. Some of these are problematic on a one-state basis and merely represent a *different* approach to requirements, not necessarily a *better* one. If we were to elevate these to a national standard level, the problem becomes a bigger one. Additionally, some state requirements that prescribe levels of coverage ignore affordability and consumer choice issues. Industry has always believed that some LTC coverage is better than none.

Page 3, Item (6)

At the end of the item, delete the words “shall be included with the filing.”

Page 7, Item (g) at the top

The proposed change assumes that the focus of the question was “immune deficiency” which is incorrect. One can have anemia and weight loss and this could be symptomatic of cancer. Infections and skin lesions can also be symptomatic of other medical problems. If the question was left as proposed, applicants who had these conditions could truthfully answer “no” since the lead-in now is focused on immune deficiency.

Do we really expect the average applicant to understand what immune deficiency is and how the specified conditions relate to it?

We request that the question be reinstated as it was before. This is consistent with the life, annuity and disability income applications.

Page 7, Item D. HOME HEALTH CARE AND COMMUNITY CARE

Here we have a state mandating what consumers should buy for home health care and community care, and in the policy standards we have another state mandating that assisted living facility coverage be equal to nursing home coverage. As we have argued before, to deal with these requirements on a one state basis was problematic, but to now have these one state requirements become the uniform national standard is worse. These mandates stifle the company's ability to develop affordable alternatives and eliminate consumer choice. How do these requirements help consumers? At a time when not enough consumers are purchasing long term care insurance, why perpetuate mandates that would hinder consumers from choosing affordable coverage? Isn't some coverage that may not satisfy these mandates better than none?

Accordingly, we oppose the inclusion of this item D.

Page 8, Item (3) at top of the page

We suggest changing "Plan" to "Plan(s)".

Page 10, Item (d) at the top of the page

We seek clarification as to why this change is requested.

The proposed change in the caution statement is not necessary since earlier item L.(1)(b) already includes an agreement that the answers are true and complete to the best of the applicant's knowledge and belief.

Section 11.C. of the NAIC Long Term Care Insurance Model Regulation prescribes "[company] has the right to deny benefits or rescind your policy."

Item (8) on page 6 of the LTC policy standards dated July 13 provides a standard for a similar Caution statement and reflects the Model, by stating "the company has the right to deny benefits or rescind your policy."

If a company has the right to deny or rescind, what is the problem with stating that right in the application? Why shouldn't applicants know the full consequences of incorrect or untrue statement?

We recommend that the proposed change not be made.

Submitted by:

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