

Date: 12/29/09

As recommended by the Product Standards Committee

Highlighting reflects disposition of public comments received 12/17

## STANDARDS FOR INDIVIDUAL LONG TERM CARE INSURANCE APPLICATION CHANGE FORM

**Scope:** These standards apply to forms that are used during the underwriting process to make changes to answers that had been provided by the applicant in paper, telephonic or electronic applications for coverage provided by individual long term care insurance forms.

**Mix and Match:** These standards are not available to be used in combination with State Product Components as described in Section 110(b) of the Operating Procedure for the Filing and Approval of Product Filings.

**Self-Certification:** These standards are not available to be filed on a self-certification basis.

**Drafting Note:** The Interstate Insurance Product Regulation Commission shall develop guidelines for the filing of combination application change forms for individual life, annuity, disability income and/or long term care insurance.

As used in these standards the following definitions apply:

“Application” means any form used to apply for long term care insurance whether or not the form is attached to the policy at issue. The application form shall be filed for approval.

“Signed or signature” means any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper, electronic or telephonic media, and which is consistent with applicable law.

### § 1. ADDITIONAL SUBMISSION REQUIREMENTS

#### A. GENERAL

The following additional filing submission requirements shall apply:

- (1) All forms filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.
- (2) The application change form may be submitted in a proof format for preliminary review, provided that the company certifies that the text and format so filed accurately reflects what the final copy would look like, including contrasting color, font size, bold face, highlighting, or any other similar type of differentiation that may be used. If the application change form is determined to be acceptable, the company shall submit a final copy for approval, along with a certification that the final copy represents an exact copy of the proof and that no changes had been made after the company was notified that the proofs were determined to be acceptable.
- (3) If the application change form is submitted for use by more than one company, the following requirements shall apply:
  - (a) The name of each company shall appear at the top of the first or cover page of the form, and a means of designating the appropriate company must be available, such as checkboxes in front of each company’s name. A “blank space write in” format will not be acceptable;
  - (b) Multiple companies may be represented in one filing, provided:
    - (i) All companies shown at the top of the first or cover page of the form are properly licensed in all states for which the filer is requesting approval;
    - (ii) The filer is requesting approval for an identical filing (no exceptions for any company represented in the filing) in all states for which the filer is requesting approval; and
    - (iii) Separate filing fees may apply and transaction fees for each combination of company and state shall apply; and

Date: 12/17/09

Under review by the Product Standards Committee

Highlighting reflects disposition of public comments received 12/17

- (c) The form shall have the same form number for each company, provided such form number is unique within each company.
- (4) If the application change form will be used for multiple purposes:
  - (a) The intended purpose shall appear at the top of the first or cover page of the application change form, and a means of designating the intended purpose shall be available, such as a checkbox in front of each purpose. A "blank write in" format is not acceptable.
  - (b) The applicant shall be provided instructions that specify which sections of the application **change form** must be completed for each purpose.
- (5) The filing shall include all the sections and questions that may be required to be completed by an applicant, including additional drop downs, scripts, questions, questionnaires or supplements that would be required if the applicant answers questions in a certain way, such as a "yes" response.
- (6) A statement of how the application change form will be used, such as paper, electronic, and/or telephonic. For electronic and telephonic uses, the company shall:
  - (a) Describe the procedures that will be used to verify the authenticity of the transaction; and
  - (b) Include a John Doe sample that shows additional sections and questions that are required to be completed by an applicant, including additional drop downs, scripts, questions, questionnaires or supplements, if the applicant answers questions in a certain way, such as a "yes" response.

Additionally, for telephonic uses the company shall describe the process by which the applicant is given the completed application change form for signature prior to or on the date the change is effective.

- ~~(3)~~7) If a filing is being submitted on behalf of a company, include a letter or other document authorizing the firm to file on behalf of the company.
- ~~(4)~~8) If the application change form contains variable items, include the required Statement of Variability. The submission shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.
- ~~(5)~~9) Include a certification signed by a company officer that the application **change form** has a minimum Flesch score of 50.
- ~~(6)~~10) Include a statement of the types of applications with which the application change form will be used.

## **B. VARIABILITY OF INFORMATION**

- (1) ~~The company may identify items that will be considered variable in the application change form. The items shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change and shall include any terms and conditions that apply to a change.~~  
The company may identify items that will be considered variable in the application change form, such as:
  - (a) The company, address and other contact information;
  - (b) In the case of application change forms for use by more than one company, the name of each company may be variable only to permit:
    - (i) Deletion if the company ceases to do new business; and

(ii) Addition of a company authorized to do business by the respective compacting states:

(c) Plan information, such as plan marketing name or logo, discounts, plan design, premium modal options, etc.

The item shall be bracketed or otherwise marked to denote variability. The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change.

(2) If the company identifies plan information that may be variable in the application change form, such information shall be consistent with the Statement of Variability that has been or is being filed for use with the respective policy form.

### C. READABILITY REQUIREMENTS

- (1) The text of the application change form shall achieve a minimum score of 50 on the Flesch reading ease test or an equivalent score on any other approved comparable reading test. See Appendix A for Flesch methodology.
- (2) The text of the application change form shall be presented in not less than ten point type, one point leaded.
- (3) The style, arrangement and overall appearance of the application change form shall give no undue prominence to any portion of the text or section of the form.

### D. FAIRNESS

- (1) The application change form shall not contain inconsistent, ambiguous, unfair, inequitable or misleading clauses, provisions that are against public policy as determined by the Interstate Insurance Product Regulation Commission, nor shall it contain exceptions and conditions that unreasonably affect the risk purported to be assumed in the general coverage of the policy forms with which the application change form will be used.
- (2) The questions on the application change form shall be presented as single direct questions, not as declaratory statements.
- (3) The questions on the application change form shall not require the applicant to make a diagnosis of a medical condition of the proposed insured. Questions such as "Are you in good health," "Do you have symptoms of," "Do you have any known indication of," or "Do you think you have" are not acceptable.

## § 2. GENERAL APPLICATION CHANGE FORM REQUIREMENTS

### ~~A. GENERAL~~

- (1) The full corporate name of the company shall appear in prominent print on the application change form. "Prominent print" means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.
- (2) Two signatures of company officers may be included in the application change form.
- (3) If an application change form will be used by more than one company, each company's full corporate name shall appear in prominent print on the application change form, and a means of designating the appropriate company must be available, such as checkboxes in front of each company's name.
- (4) A form identification number shall appear at the bottom of the application change form in the lower left hand corner of the form. The form number shall be adequate to distinguish the form from all others used by the company. The form number shall include a prefix of ICCxx (where xx represents the appropriate year the form was submitted for filing) to indicate it has been approved by the Interstate Insurance Product Regulation Commission.

Date: 12/17/09

Under review by the Product Standards Committee

Highlighting reflects disposition of public comments received 12/17

- (5) The application change form shall specify the name of each proposed insured, the date of the application, and the policy number, if one had been assigned.
- (6) The application change form shall include a statement that each person signing the application change form agrees that all representations made in the form are true and complete to the best of that person's knowledge and belief on the date signed.
- (7) The application change form shall include a signature section which includes the printed names and signatures of those persons who signed the application change form and the date of signature.

Date: 12/17/09

Under review by the Product Standards Committee

Highlighting reflects disposition of public comments received 12/17

## Appendix A—Flesch Methodology

The following measuring method shall be used in determining the Flesch score:

- (1) For policy forms containing 10,000 words or less of text, the entire form shall be analyzed. For policy forms containing more than 10,000 words, the readability of two, 200-word samples per page may be analyzed instead of the entire form. The sample shall be separated by at least 20 printed lines.
- (2) The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.
- (3) The total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of 84.6.
- (4) The sum of the figures computed under (2) and (3) subtracted from 206.835 equals the Flesch reading ease score for the policy form.
- (5) For purposes of (2), (3), and (4), the following procedures shall be used:
  - (a) A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one word;
  - (b) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and
  - (c) A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. Where the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.
- (6) The term “text” as used in this section shall include all printed matter except the following:
  - (a) The name and address of the company; the name, number or title of the policy; the table of contents or index; captions and sub-captions; specifications pages, schedules or tables; and;
  - (b) Any policy language which is drafted to conform to the requirements of any federal law or regulation; any policy language required by any collectively bargained agreement; any medical terminology; any words which are defined in the policy; and any policy language required by law or regulation; provided, however, the company identifies the language or terminology excepted by the paragraph and certifies, in writing, that the language or terminology is entitled to be excepted by this paragraph.
- (7) At the option of the company, riders, endorsements, amendments, applications and other forms made a part of the policy may be scored as separate forms or as part of the policy with which they may be used.