

**Agenda Item 2. 2. Update on the results of the PSC vote regarding the request from the Connecticut Insurance Department to Address the War Exclusion Provision in the life insurance Uniform Standards.**

Mary Mealer, Missouri, Chair of the Product Standards Committee (PSC) provided an overview of the PSC discussion related to the request by Connecticut to remove Section (l)(a)(ii) of the war exclusion provision across several Uniform Standards for Life Insurance products. The PSC had agreed that in addition to voting on the proposed recommendation, they would recommend adding language to clarify that 1(a)(i) applies to members of the United States military, not other countries. IIPRC staff distributed the proposed recommendation and Ms. Mealer advised the group that the majority of the members approved the recommendation. She stated that the PSC recommendation would be presented to the Management Committee on their May 23<sup>rd</sup> call.

**Agenda Item 3. Begin discussion of the IIPRC Office Report and Recommendation to the Product Standards Committee for Uniform Standards Subject to Phase 6 of the 5-Year review (Long-term Care Insurance).**

- (a) **Work plan and timeline.** IIPRC staff provided a summary of the distributed tentative work plan and timeline. The goal is to complete the review and provide recommendations to the Management Committee at the in-person meeting the last week of August. The timeline has two tentative Public Calls scheduled for June 21<sup>st</sup> and August 2<sup>nd</sup>.
- (b) **Referrals to Actuarial Working Group for input.** The Chair noted that all of the items under the Model Regulation and Bulletin Changes with the exception of items #3 and #7 were referred to the Actuarial Working Group (AWG) for feedback. The AWG has started meeting via conference call every other week when the PSC is not meeting.
- (c) **Discuss Model Regulation/Bulletin Change Items #3 Due Date for Annual Submission Requirements Subsequent To Initial Rate Filings.** The Committee agreed with the recommendation in the report consistent with changes to Model Regulation #641 to amend the due date for the annual actuarial certification and triennial actuarial memorandum to May 1<sup>st</sup> and to note that this is based on calendar year data.
- (d) **Discuss Model Regulation/Bulletin Change Items # 7 – Personal Worksheet and Potential Rate Increase Disclosure Forms.** The PSC agreed to update the personal worksheet (Appendix A) and potential rate increase disclosure (Appendix C) in the Standards for Forms Required to be Used with an Individual Long-term Care Insurance Application to reflect the updated forms adopted by the NAIC.
- (e) **Begin discussion of Substantive Change Item #1 - Misstatement of Age Provision.** The PSC heard an overview of the request from the Industry Advisory Committee to amend the Misstatement of Age Provision to allow insurers to cancel the coverage and refund premiums if the actual age is outside of the issue age range. It was noted that the language as recorded in these standards came from similar language in many of the life insurance standards, but that industry has indicated that the provision did not match what states are approving in the

market place today for long-term care products. Some committee members commented that their states do not prohibit cancellation and refund of premium.

The Committee discussed concerns with allowing termination of the policy at a time when the insured may need coverage most and questioned why the information could not be discovered during underwriting. The members also discussed whether there should be a time limit on when a company could cancel and refund premium. The Committee agreed to a preliminary list of questions to seek public comment for the June 21st call regarding the maximum issue age for Long-term Care products; how often companies encounter circumstances where issue age is misstated; the circumstances surrounding such misstatements (typographical error, agent error, knowing misrepresentation, etc.) and what underwriting practices are used to verify age. It was noted that actuaries may be able to provide some thoughts on how premiums and coverage could be calculated if the correct issue age was found to be beyond the issue age range.

- (f) Hear briefing from IIPRC staff on background information for Substantive Change Item #2 – Allowance for Non-Duplication of Benefits.** Karen Schutter provided the PSC with background about Non-Duplication of Benefits and its history when the Uniform Standards were first adopted. Members were asked to review their state requirements related to such provisions as well as the comments that have been submitted by the Industry Advisory Committee, Northwestern Mutual and the Consumer Advisory Committee and be prepared to discuss the item on the next call.

**Agenda Item 4. Any other matters.**

The Chair noted that the Product Standards Committee would meet on May 24 to continue discussions about the 5-Year Review of the Long-Term Care Uniform Standards.