

Agenda Item 2. Receive public comments and response to PSC questions on the updated Substantive Change Items in the IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 6 Long-Term Care Insurance).

(a) Substantive Change Item 1 - Revision Of Misstatement Of Age Provision

Roger Stefani, Minnesota, Vice-Chair of the Product Standards Committee (PSC) noted that the purpose of the call is to receive public comments on the PSC's review to date of the IIPRC Office Report and Recommendation to the Product Standards Committee on the Individual Long-Term Care Insurance Uniform Standards subject to 5-Year review, with particular emphasis on the first two Substantive Change items contained in the report. He noted that the PSC received written comments from the Industry Advisory Committee (IAC) in advance of the call.

Miriam Krol, ACLI, speaking on behalf of the IAC presented the IAC comments on misstatement of age. She noted that maximum issue age for long-term products that have a maximum issue age is generally between ages 75-79. She stated that although it is a rare occurrence for the companies to not catch a misstatement of age beyond the maximum age during underwriting, the companies believe it should be permissible to rescind coverage if the age is misstated and it is beyond the maximum issue age. She noted that the provision is contained in some state approved products.

Fred Nepple, Consumer Advisory Committee (CAC), commented that the Industry response included reasons for the misstatement of age that are due to circumstances beyond the applicant's control such as a company error and producer action, and therefore the consumer would bear the cost of their error. He stated that the CAC would oppose this amendment.

Mayumi Gabor, Alaska, asked why insurers do not require proof of age as part of the application process. Ms. Krol responded that the application asks for both date of birth and age in order to address potential errors. She stated that Industry has discussed adding a disclosure on the application that states that if the age is misstated on the application, the company has a right to rescind coverage and suggested this as an alternative to explore.

There were no further comments regarding this item.

(b) Substantive Change Item 2 - Allowance For Non-Duplication Of Benefits

Ms. Krol reviewed the IAC's responses to the questions posed by the PSC regarding the request to add a non-duplication of benefits provision.

David Bolton, Oregon, asked if there was a refund of premium if a carrier was not going to pay benefits due to non-duplication of benefits. Ms. Krol noted that there is no refund of premium, since the purpose is to pay no more than 100% of the eligible incurred expense, and the insurer still pays its pro-rata share. In follow up, she stated that she would verify whether premiums reflect savings for adding a non-duplication provision.

Tomasz Serbinowski, Utah, commented that at the time of claim it would be more appropriate to ask if the policyholder is pursuing a claim with another policy rather than ask what coverage is available.

Senator Hackett, Ohio, noted that controlling costs in long-term care insurance is very important and consumers should have a choice to purchase as much coverage as they believe is needed. At the same time, both consumers and companies must be protected.

Fred Nepple, CAC, urged the PSC to consider the CAC's January comment letter and refer the matter to the NAIC for consideration. He noted that the CAC is opposed to adding a non-duplication of benefits provision and did not agree with the language proposed in the IAC's most recent letter. He stated that Industry has not answered the questions the CAC asked in their January letter. IIPRC staff clarified that the PSC reviewed the CAC comments and developed its own list of questions for this public call.

(c) Hear updates on remaining Substantive Change items.

Roger Stefani noted that the PSC recently reviewed the request from the Kentucky Department of Insurance to consider eliminating the exemption from rate review for dollar-for-dollar benefits and will now work in coordination with the Actuarial Working Group to see if amendments can be made to the long-term care rate standards to address Kentucky's concerns. The PSC will expose any suggested recommendations for public review and comment before making a recommendation to the Management Committee.

The Vice-Chair also noted that the last Substantive change item in the report relates to partnership policies. Since the time the comments were submitted last year, Oregon has reviewed their internal processes and determined that there is no need for revision to the Uniform Standards, and the PSC agreed.

Agenda Item 3. Receive public comments on the updated Model Regulation/Bulletin Change Items #3 and #7 in the IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 6 Long-Term Care Insurance).

Mr. Stefani provided an overview of the PSC recommendations on these items and noted that no written comments were received. There were no comments about these recommendations.

Agenda Item 4. Any other matters.

Mr. Stefani noted that the Product Standards Committee will consider the comments received and over the next few weeks will finalize its recommendations to the Management Committee. Public Calls will be scheduled as needed to continue to receive input from interested parties during this process.