Agenda Item 2. Discuss comments received from Lincoln Financial Group regarding Standards for Forms Required to be Used with an Individual Long-Term Care Application and Insurance Compact Office recommendation.

The Insurance Compact staff provided an overview of comments received from a company filer requesting technical amendments to the Appendix A in the Standards for Forms Required to be Used with an Individual Long-Term Care Application to add brackets to denote optional information for certain items on the Long-Term Care Insurance Personal Worksheet based on the type of policy offered. While the Product Standards Committee (PSC) understood the rational for this request, they noted that Appendix A in these standards is a copy of the most recently adopted version of Appendix B, the Long-Term Care Insurance Personal Worksheet of the NAIC Long-Term Care Model Regulation (Model #641). Under the proposed amendments to the standards, section 1A(1)(a) states that the Long-Term Care Insurance Personal Worksheet standards shall be, at a minimum, those prescribed in Appendix A of these standards as subsequently amended in Appendix B of the Model Regulation. The Committee agreed not to recommend making changes that are not reflected in adopted amendments to the Appendix B of the NAIC Model Regulation. If the Model Regulation Appendix is amended, the current proposed amendments to the standards allow for the standards to automatically include any adopted amendments.

Agenda Item 3. Discuss the Product Standard Committee’s recommendation to the Management Committee regarding whether to amend its recommendation not to include “Non-Duplication of Benefits” or “Management of Benefits” provisions in the proposed amendments to the Core Standards for Individual Long-Term Care Insurance Policies.

Mary Mealer, Chair of the PSC, observed that the issue of management of benefits has been discussed in seven member calls and three public calls over the course of the past year and that in her view, the Committee is no closer to consensus now than they were at the start. She summarized the comments from the March 14th public call and noted the distributed comments from the Industry Advisory Committee (IAC) following that call. She asked if there were members who wished to change the recommendation of the Committee and add a provision addressing situations when there is more than one stand-alone long-term care insurance policy with the same or affiliated companies.

The Committee concluded that the proposal may go beyond the provisions in the current NAIC Long-Term Care Model Regulation, that it is unclear that such a provision would be beneficial since many of the current iLTC products in the marketplace are not stand alone policies and therefore would not be subject to this provision, that the companies have not demonstrated that policyholders are requesting reimbursement for more than covered services paid at 100%, and that there are still significant policy issues, particularly in regards to when to permit such a provision and whether there should be reduced premiums if a policyholder had more than one policy with a company. Given these observations, the Committee agreed that they are not recommending a change to their initial recommendation not to include such a provision in the proposed amendments. The Committee also agreed to suggest that the Management Committee may wish to seek input from the NAIC Senior Issues (B) Task Force or its Long-Term Care Innovation (B) Subgroup on whether amendments to the Long-term Care Model Regulation should be considered to provide clearer guidance on how to address multiple policies.
Agenda Item 4. Discuss the public comments on the draft proposal for a provision on “Other Long-Term Care Insurance With This Company” in § 3 Policy Provisions of the Core Standards for Individual Long-Term Care Insurance Policies and determine what revisions to make to the language requested by the Management Committee.

Ms. Mealer reminded the Committee that although they are not recommending changes to add a provision to the standards, the Management Committee requested a draft provision for their review. The PSC reviewed the summary of comments and suggested revisions to the draft proposal that was prepared by the Insurance Compact staff. They agreed to note that the issue of whether the draft provision should apply to affiliated companies was one requiring further discussion.

The PSC discussed the IAC’s suggestion to delete the requirement that both policies contain such a provision since the IAC does not believe it is clear what public policy concern this addresses. The PSC noted that requiring the provision in the policy provides the policyholder with the required information on how claims would be handled and without such information, the insured would be uninformed. The PSC therefore did not agree that the limitation on benefits should apply to policies without such a provision.

For item 3 in the draft, as a result of feedback from regulators and interested parties, the PSC revised this provision to clarify that the insured has the choice to determine the order of benefits and that the company can specify a default method of calculation of benefits to be used only if the insured makes no choice. With this clarification, other provisions addressing order of benefits were unnecessary and were deleted.

The PSC agreed with the CAC suggestion that item 4 in the draft should be revised to also apply to policies issued by an affiliate of the company. They also revised the language for clarity.

The Committee revised the language in item 7 addressing limitation of benefits if maximum daily benefit or the maximum total amount of benefit under more than one policy exceeds the highest maximum daily benefit or maximum total amount of benefit that the company authorizes under a single policy at the time the last policy is issued in an attempt to provide more clarity. They also agreed to note that this is an issue requiring further discussion since regulators could not reach consensus on whether this should be a standard or a sales practice.

The PSC agreed with the IAC that the requirement that the term “coordination of benefits” shall not used to describe the provision should be moved to the end of the section for consistency with other uniform standards. They also agreed to note that the revisions to the rate standard to address rate discounts when there is more than one policy require further discussion including with actuaries.
Agenda Item 5. Any other matters.

The Chair stated that the Compact staff will finalize the PSC’s recommendation and the draft language that the Management Committee requested and it will be presented at the Joint Meeting of the Management Committee and the Commission in Denver on April 7th. She reminded the members that the deadline for receiving comments on suggestions for consideration for the 5-Year Review of the Individual Disability Income Insurance Standards is Friday, March 31st. She also stated that the proposed amendments to the standards that were part of Phase 7, including private placement, longevity, graded death benefits and overloan protection benefits, have now been published for public comment with a deadline of May 22nd. Since many regulators will be attending the NAIC Spring Meeting, she noted that the Committee would not meet for a couple of weeks and that the Compact Office will send a call notice when the next call is scheduled.