

*Legal, Compliance & Regulatory*

# **Liquidation & Guaranty Association Issues**



**18th Annual Intercompany Long Term Care Insurance Conference**

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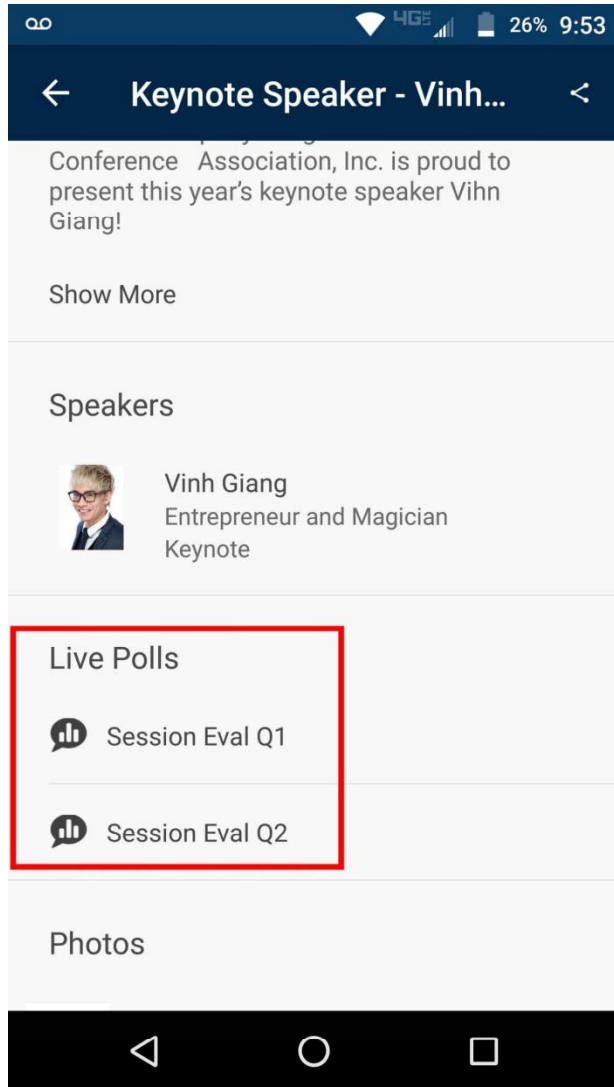
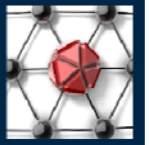
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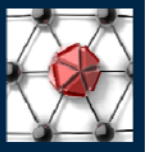
# Session Survey Instructions



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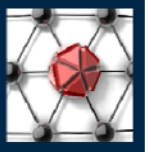
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## Today's Panel will discuss:

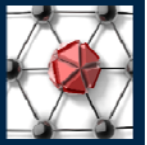
- How we got here—some background to LTC insurer solvency issues and State Guaranty Associations
- Developments that drove the new NAIC Model Guaranty Association Law treatment of LTC and health insurers
- The Path Ahead—challenges facing the future of LTC insurer solvency

## Our Central Message....



- Cooperation and collaboration between the life insurance industry, health insurance industry, NAIC, individual state insurance regulators, NOLHGA, and individual State Guaranty Associations will help provide adequate Guaranty Association coverage for LTC insurer insolvencies, and better outcomes to consumers and LTC providers

# Panelists



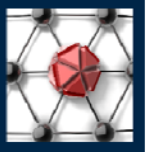
**Mark Backe** – Vice President and Insurance and Operations  
Counsel, Northwestern Mutual

**Peter Gallanis** – *President, National Organization of Life & Health  
Insurance Guaranty Associations (NOLHGA)*

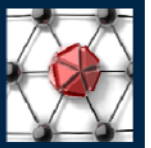
**James Kennedy** – Texas Department of Insurance

**Richard Bowman** – *Associate General Counsel, New York Life  
Insurance Company, Moderator*

# How We Got Here



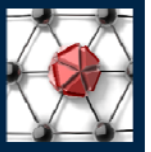
- Unexpected changes to morbidity and mortality resulting in underpricing
- Insolvency Of Penn Treaty/ANIC
- Role of the Guaranty Association System
- LTC's historical assessment by Guaranty Associations as health insurance
- Challenges to the Guaranty Association system by health insurers, particularly in light of shifting health insurance markets



- Developments that accelerated changes to the NAIC Model Guaranty Association Law
  - The importance of Colorado
- The process & outcome of the new NAIC Model Guaranty Association Law (2017)
  - 50/50 assessment method for LTC (life/health)
  - Addition of HMO's to Guaranty Associations
  - Treatment of “combo” (hybrid) products
  - “Moody’s interest rollback” exclusion

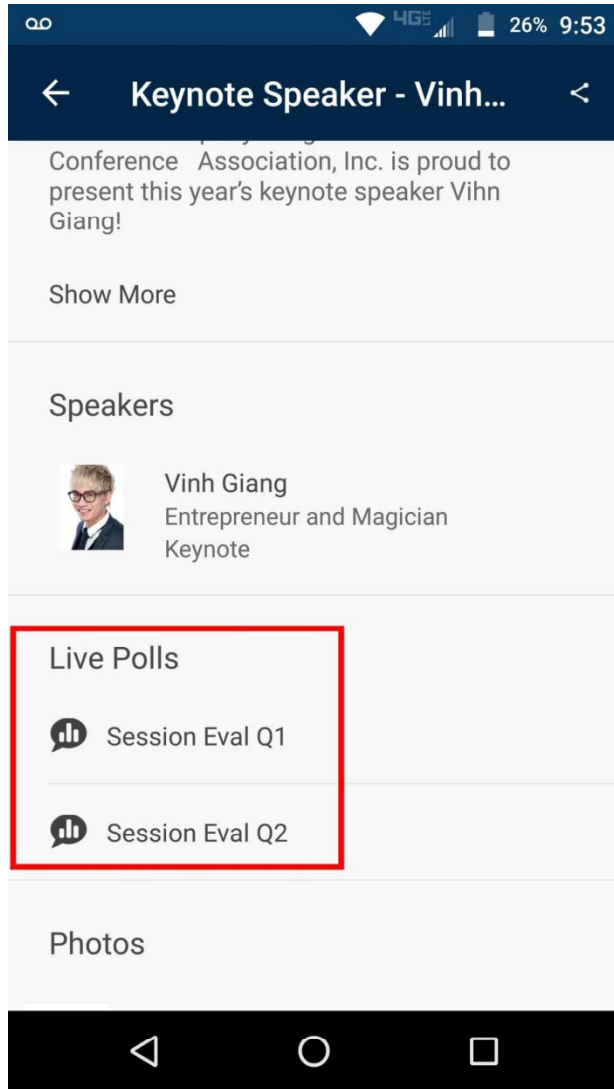
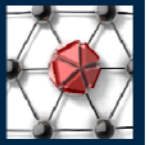


# The Path Ahead: Future LTC Challenges



- State adoptions of new NAIC Model
- Problematic legacy LTC insurance
- In force rate increase protocols
  - Is it possible to remove rate increases from the political process?
- Preventing future failures of additional LTC insurers
- Realities of the changing health market (health insurers as assessment source)

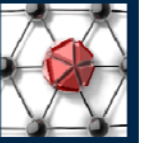
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# Questions?

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