

Legal, Compliance & Regulatory

INTERSTATE COMPACT UPDATE

Jeanne Daharsh, Compact Actuary

Tomasz Serbinowski, UT DOI Actuary

Marie Roche, John Hancock AVP

Karen Schutter, Compact ED



18th Annual Intercompany Long Term Care Insurance Conference

ILTCI Mobile App Download Instructions

 iPhone
 iPad

- 1) Type <https://crowd.cc/s/1flyo> in web browser
- 2) Click “Download iPhone/iPad App” to load Apple’s App Store and download the app.

android

- 1) Type <https://crowd.cc/s/1flyo> in web browser
- 2) Click “Download Android App” to load the Google Play Store and download the app.

 BlackBerry

- 1) You’ll be using the web version of the app. Open the web browser, click the BlackBerry menu button, select “Go To” and type <https://crowd.cc/s/1flyo>.



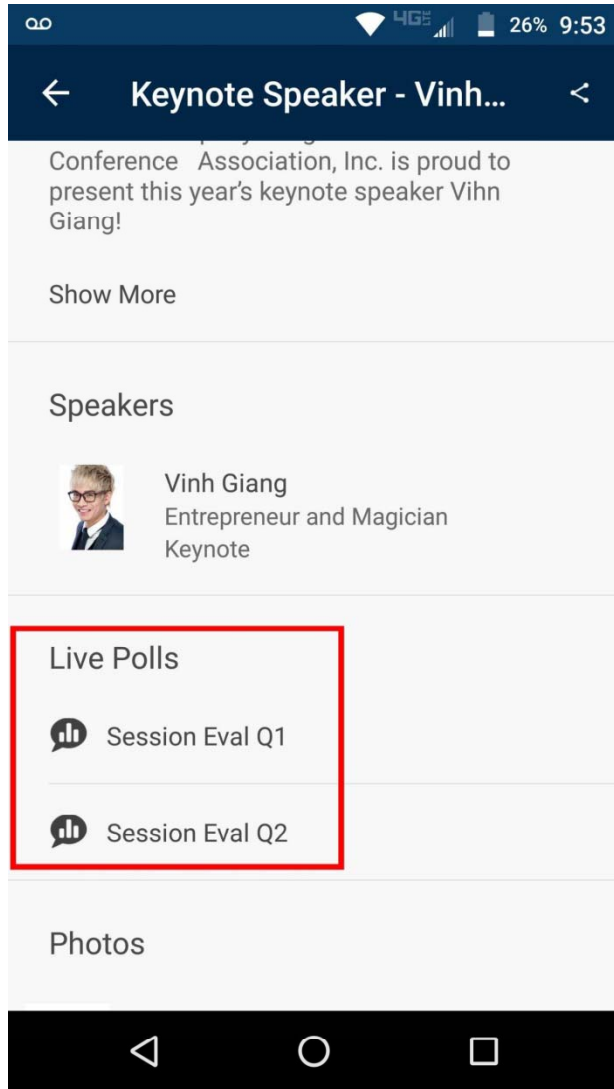
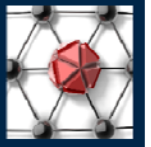
You can also just go to your app store and search ‘AttendeeHub’. Once installed search ‘ILTCI’ and you’ll find our app.

**A Special Thank You to this year’s
Mobile App Sponsor**



Nationwide[®]
is on your side

Session Survey Instructions

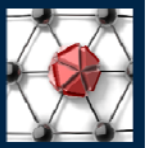


Once you are in the app go to the schedule and the session you are in.

Scroll to the bottom to find the Live Polling questions.

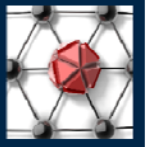
This year the session survey questions can be found in this section and will take just a couple seconds to complete.

Session Overview



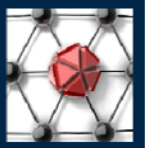
- Compact Overview
- 5-year Review Amendments
- Compact's First In-Force Rate Increase Request
- Perspective from a Compacting State
- Discussion Questions
- Audience Q&A

Compact Overview



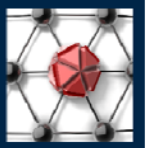
- Individual and Group Products
 - Life
 - Annuities
 - Disability Income
 - Long-Term Care
- Long-Term Care Advertisements
- Long-Term Care and Disability Income Rates

Compact Overview



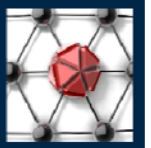
- Submit one filing to Compact vs. state-by-state
- Use one set of comprehensive Uniform Standards vs. multiple state variations
- Undergo one form & actuarial review vs. many reviews
- Reduce duplicative paperwork, processes, systems testing and implementation
- Receive Compact approval on behalf of 39 states Compacting States for iLTC products (AZ, CT, HI, IN, MT, NJ opted out)

Compact Overview



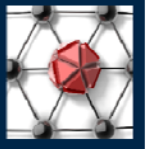
- Review the Uniform Standards & Operating Procedures on the Record
- Use Applicable Checklists (*including the Best Practice Checklist*)
- Review the TOI Link to see the variety of products that can be filed
- Initiate a Pre-filing Communication with the Compact Office
- Review the Filing Information Notices & Weekly Tips (*See FIN 2017-2: Individual Long-Term Care Filings*)
- General Instructions in SERFF

Compact Overview



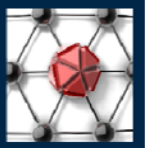
- Core Standards for Individual Long-Term Care Insurance (plus 9 other Uniform Standards covering all components of iLTC product)
- Scope - products advertised, marketed or offered to provide benefits for one or more of the following: nursing home care, assisted living care or home health care and adult day care
- Partnership - States must approve a Compact-approved policy for use in Partnership program

Compact Overview



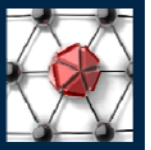
- The Compact accepts combination product filings
- Comply with the applicable uniform standards for the life or annuity product
- Use the iLTC uniform standards to develop the rider, outline of coverage, and supporting documentation
- Base life insurance policy can be any type of life insurance, but generally we see UL, IUL, VUL, or whole

Filing Statistics for iLTC (EOY 2017)



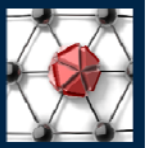
- Over 6,400 products approved since 2007
- 55% Life, 31% Annuities, 10% LTC, 4% DI
- 30+ Full iLTC Products
- 60+ iLTC Riders
- Use SERFF Filing Access to view and access approved product filings (some info may be redacted for trade secret)

Uniform Standards Development



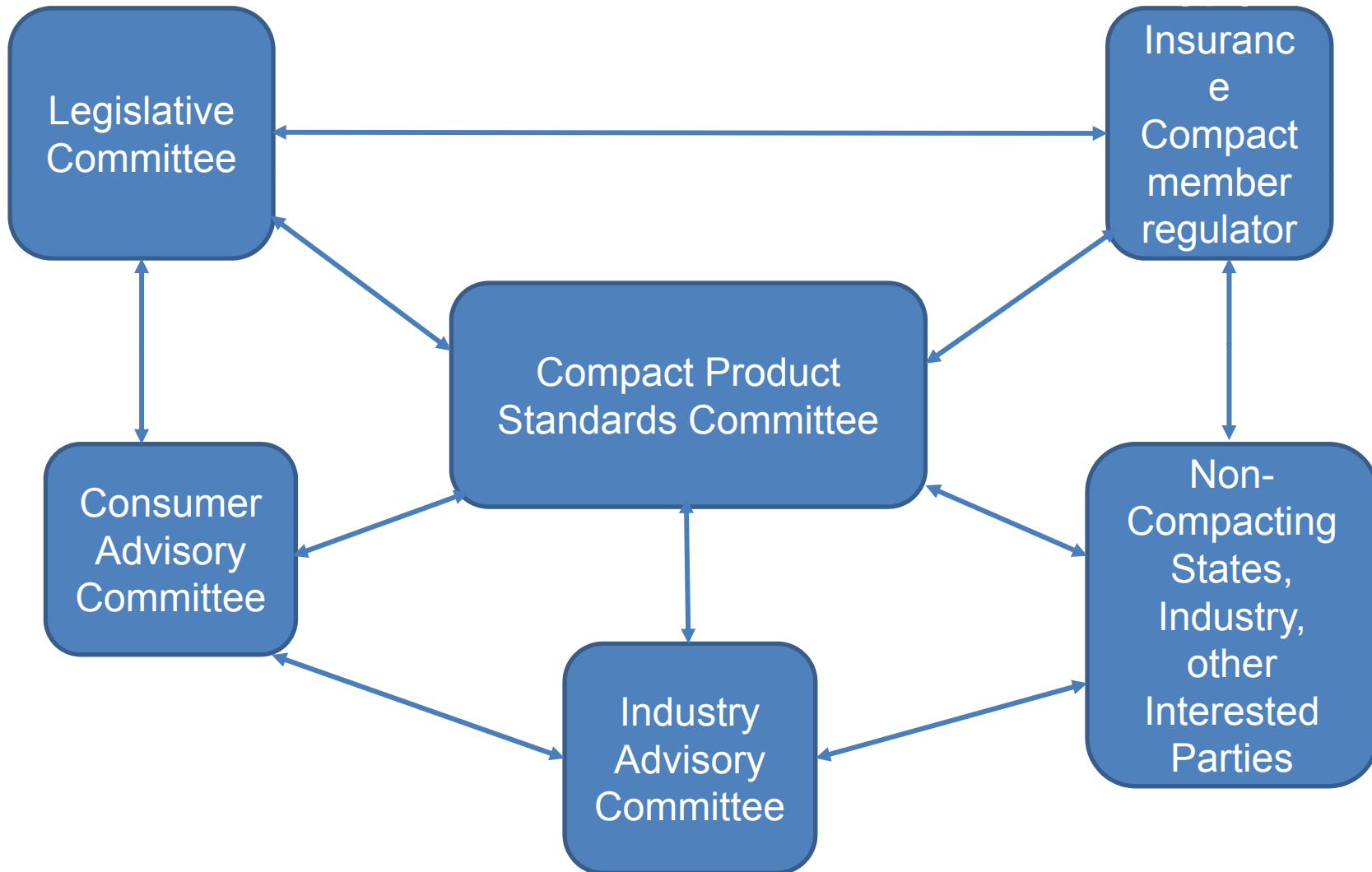
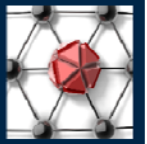
- Product Standards Committee includes regulators from 20 member jurisdictions
- Charged with developing and updating uniform standards for product lines offered by Insurance Compact
- Transparent process with active participation from all interested parties

Uniform Standards Development

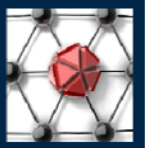


- Actuarial Working Group includes regulator actuaries from Compacting States
- Charged with providing technical assistance to the PSC and Commission on actuarial issues in the uniform standards development process

Uniform Standards Development

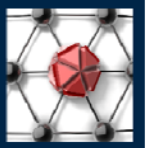


Uniform Standards Development



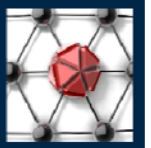
- PSC holds Member calls for drafting new uniform standards or soliciting
- Public calls as needed to expose working drafts and receive public comment
- Call summaries of all PSC and AWG meetings (including member-only) are published on the About the Compact website
- PSC recommends uniform standards to the Management Committee
- Exposed for 60-day public comment period

Uniform Standards Development



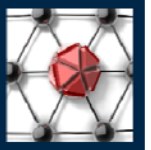
- Management Committee holds Public Hearing
- Supermajority approval (2/3) required
 - Approval by Management Committee (10)
 - Adoption by Commission (30)
- Effective after 90-day promulgation period
- Compacting State can opt out by regulation within 10 days after promulgation or by legislation at any time.
- Insurance Compact Office works closely at every stage to facilitate member concerns and questions

Uniform Standards Development



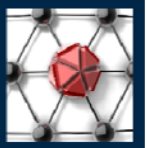
- Rulemaking Rule requires review of Uniform Standards every five years.
- Scope: Have circumstances or underlying assumptions changed since the last adoption or amendment to uniform standard?
- Similar to state rulemaking review process
- Not a time to rehash old debates

What's New with LTC?



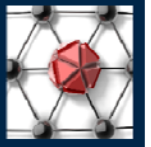
- ILTC recently amended due to the Five-Year Review process (**HINT** - Share with the Actuary)
 - Amendments based on amendments to NAIC Model #641
- Amendments adopted in June 2017
- Effective for filing new products and product components on October 10, 2017
- Series of Weekly Tips issued in September 2017 to highlight the amendments adopted (can be found on Compact's Industry Resources web page)

What's New with LTC?



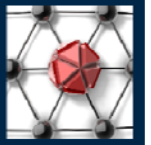
- Substantive amendments made to the Rate Standards - Issue Age and Modified – Core Standards, and the Standards for Forms Required to be Used with an Individual Long-Term Care Insurance Application
- \$ for \$ specific requirements now incorporated into Issue Age Rate Standards (which apply to modified \$ for \$ schedules)
- All deviations in margins shall be clearly described in the actuarial memorandum (submitted on Rate/Rule Schedule)
- Annual/Triennial Rate Certification Submissions now May 1st vs. December 31st

What's New with LTC?



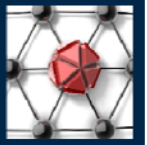
- Amendments applicable to Rate Increase Submissions to be consistent with revisions to §20B and C of the NAIC Model Regulation
 - Demonstrate actual & projected costs exceed costs anticipated at time of initial pricing
- New provision added to the Rate Standards pertaining to all rate schedule increases for policies issued under policy forms filed on/after 12/26/17

What's New with LTC?



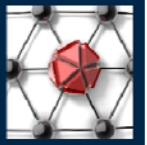
- Right to Reduce Coverage and Lower Premium provision in Core Policy Standards was amended to include new provision
 - Reduction in coverage involves reduction/elimination of inflation protection, policyholder allowed to continue benefit amount at time of reduction/elimination
- Nonforfeiture Benefit provision in Core Policy Standards amended to be consistent with Model Regulation #641
 - Revisions made to table of Triggers for a Substantial Premium Increase
- Appendices A & C, Standards for Forms Required to be Used with ILTC Application
 - Revisions to Personal Worksheet & Potential Rate Increase Disclosure

What's New with LTC?



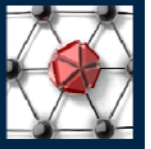
- Scope of Core Policy Standards updated to reflect that the Standards apply to accelerated death benefits identified, marketed, offered as providing coverage for LTC Services
 - Standards for Accelerated Death Benefits do not apply to the products/riders within Scope of ILTC Standards
- Definition of ILTC insurance in the Core Policy Standards clarified that LTC insurance does not include life policies that accelerate death benefits for chronic illness or annuities with GL benefits when the guaranteed withdrawal increases for certain events

What's New with LTC?



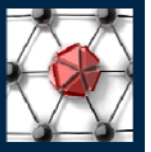
- References to the Shopper's Guide to LTC Insurance in the Application Standards were clarified to indicate specific to the NAIC-adopted Shopper's Guide and not state specific
- Similar Policy definition in the Application Standards updated to reference all LTC policies and components issued by the company in the same LTC benefit classification as the policy being considered
- Outline of Coverage Policy and Rider definitions updated to mean a LTC policy providing LTC insurance, rider is an endorsement, rider, or amendment to a life/annuity which provides LTC insurance

Compact Regulator Perspective



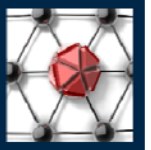
- Utah was among the very first states to join
- Utah has been an active member of the Product Standard Committee (PSC) for many years
- Utah has several staff members with different areas of expertise (actuarial, consumer protection, policy forms) engaged in monitoring and participating in the development of the standards
- Utah is currently a vice chair of the IIPRC's Actuarial Working Group

Compact Regulator Perspective



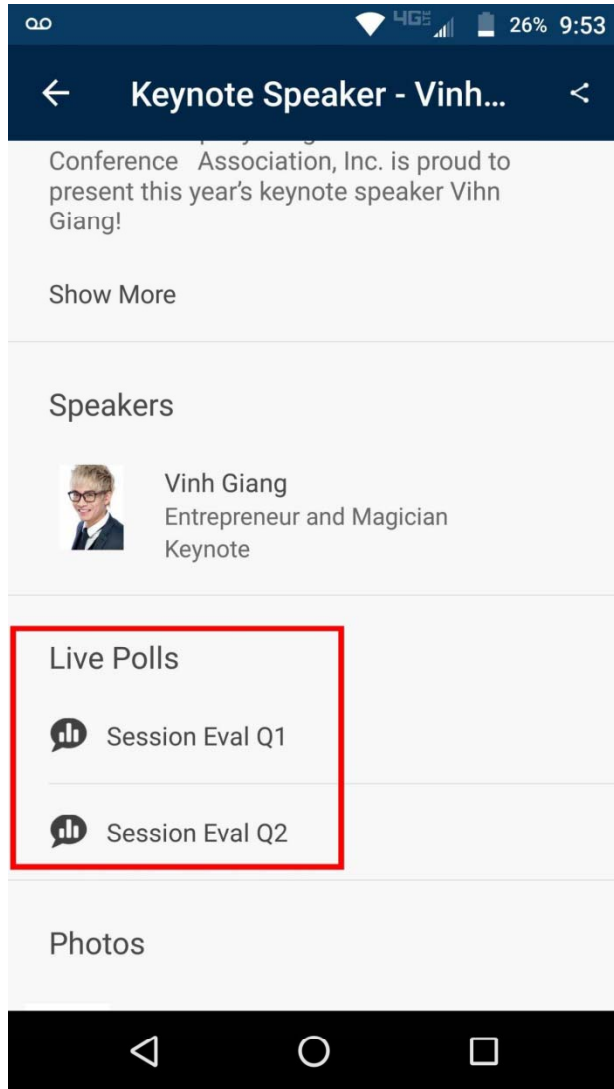
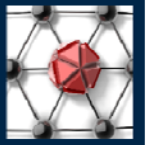
- Both PSC and AWG work for the most part through consensus building
- Individual state regulators bring to the table their states' perspectives which include rationale and experience related to particular laws and/or regulations
- Multiple round of discussions occur with comments from regulators, industry, and consumers

Compact Regulator Perspective



- Goal is an appropriate standard (not the highest, the lowest, or prevailing one)
- Some standards were developed from products for which very few states had clear guidance (Deferred Income Annuities, MVA)
- Compact staff provides a great deal of support to both groups

Session Survey Instructions

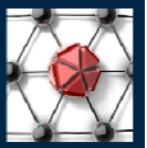


Once you are in the app go to the schedule and the session you are in.

Scroll to the bottom to find the Live Polling questions.

This year the session survey questions can be found in this section and will take just a couple seconds to complete.

Have Questions?



Contact the Compact Office
Comments@insurancecompact.org

or

202-471-3962

or visit

www.insurancecompact.org