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Long-Term Care Pricing (B) Subgroup

Conference Call

September 2, 2020

The Long-Term Care Pricing (B) Subgroup of the Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met via conference call Sept. 2, 2020. The following Subgroup members participated: Paul Lombardo, Chair (CT); Jacob Lauten (AK); Steve Ostlund (AL); Perry Kupferman (CA); Benjamin Ben (FL); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); William Leung (MO); David Yetter (NC); Rhonda Ahrens (NE); David Sky (NH); Anna Krylova (NM); Bill Carmello (NY); Laura Miller (OH); Rachel Hemphill (TX); Tomasz Serbinowski (UT); and Joylynn Fix (WV).

1. Discussed LTCI Cash Value Buyouts

Jan Graeber (American Council of Life Insurers—ACLI) and Ray Nelson (America’s Health Insurance Plans—AHIP) gave a presentation (Attachment) on considerations regarding long-term care insurance (LTCI) cash value buyout (CVB) options.   
Ms. Graeber said ACLI member companies met in February with a focus on providing input to the Long-Term Care Pricing (B) Subgroup and the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup for developing a framework for evaluating LTCI CVB offers made to policyholders. She said the ACLI formed a subgroup of member companies to develop considerations for CVB options.

Mr. Lombardo said the presentation’s summary point that there should not be a one-size-fits-all solution is likely to cause concern from the perspective of state insurance regulators. He said state insurance regulators desire consistency and a clear set of criteria for determining if a CVB offering is fair to policyholders that elect the CVB and those who do not. He said he has spoken to some ACLI members that have conducted the exercise of evaluating CVBs, and asked if there is a way that a summary of the results of these exercises that does not identify any member company can be provided for discussion during the Subgroup’s next conference call. He asked that information about selection factors, whether the amount of the CVB is based on return of premium or a percentage of reserves, and other parameters listed in the considerations be included in the summary. Ms. Graeber said she will discuss this request with ACLI members and NAIC staff. She said she is unaware of which ACLI member companies have offered CVBs to policyholders.

Mr. Lombardo said the presentation has added to the set of considerations that the Subgroup identified during its Feb. 6 and Jan. 6 conference calls. He said the Subgroup will continue to work on identifying appropriate parameters for CVBs using the additional considerations identified in the presentation. Bonnie Burns (California Health Advocates—CHA) said appropriateness needs to be evaluated from the perspectives of policyholders, insurers and state insurance regulators.

Having no further business, the Long-Term Care Pricing (B) Subgroup adjourned.

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