

## Comments Received to Sections 1 through 6 of the Long-Term Care Insurance Model Regulation #641

### Sections 1 Thru 6

ACLI (See Full Letter): At this time, ACLI believes that the language currently contained in Sections 1 through 6 remains flexible and compatible with the current LTCI marketplace and that new language is unnecessary. However, as the subgroup continues its review of the remaining sections of the model regulation, we recognize that changes needed to those sections could result in a need to reconsider our position regarding the opening of Sections 1 through 6.

### Section 3

California: This section singles out one type of other product that may come within the scope of this model regulation (disability income insurance with a benefit triggered by ADLs), but it does not address other types of products in the marketplace today that have triggers based on ADLs or confinement in a facility. Inclusion or exclusion of these other products within the scope of this model regulation should be considered.

NAIC Consumer Reps: This section should be reviewed to determine if any part of it should apply to newer products that trigger benefits on ADLS and Cognitive Impairment, not just DI.

### Section 4

NAIC Consumer Reps: This section should be reviewed to determine if it covers newer products that provide benefits for long term care expenses.

### Section 4B(1)

Utah: Definition of the "Exceptional increase" incorporates requirements (goes beyond defining the term). In Utah, we would move the requirements outside of the section that defines the term.

### Section 4F

Utah: Is there a reason to require membership in a specific organization rather than maybe "an actuary that is subject to the American Academy of Actuaries' Qualification Standards"? Academy does not recognize a status of "in good standing."

### Section 5

NAIC Consumer Reps: This section should be reviewed to consider definitions for reduced benefit options.

## **Section 5E**

NAIC Consumer Reps: Should be reviewed to consider changing the wording “safety awareness” to a more specific definition.

## **Section 6A(2)**

NAIC Consumer Reps: Subsection A(2) refers to a “class” in regards to rate increases. There should be a definition of a class for the purpose of imposing a premium increase.

## **Section 6A(4)**

NAIC Consumer Reps: Subsection A(4) is a definition of “level premium.” But this term is widely used with a different application and applies to the inability of an insurer to increase premiums on an individual basis. There needs to some clarity about what this term means or an expanded definition.

## **Section 6B(2)**

Utah: Section 6B(2) allows exclusions or limitations based on "mental or nervous disorders". It specifically disallows exclusion on the basis of Alzheimer's disease. Do we need a better definition? What is "nervous disorder"? Google search spits out "nervous system disorders" that include things like Parkinson's or stroke.

## **Section 6B4(c)**

NAIC Consumer Reps: Subsection B 4(c) allows an exclusion for conditions related to military service and discriminates against members of the military who may have been exposed to conditions that cause a disabling condition later in life. It is long past time to remove this discriminatory exclusion.

## **Section 6B(8)**

NAIC Consumer Reps: Subsection B 8 The drafting note contains language that is specific and should be added to 8: ...if the claim would be approved but for the licensing issue, the claim must be approved.

## **Section 6B(8)(a)**

Utah: Section 6B(8)(a) uses "the state of policy issued" in the third line. This most likely should be "the state of policy issue".

## **Section 6B(9)**

NAIC Consumer Reps: Subsection B 9: We commented on the issue of extra territoriality in the Model Act, and believe that if changes are made to the Act parallel changes should be made to the Regulation.

## **Section 6D**

Utah: We should probably take a look at this section. In my experience most group LTC policies don't have any formal "conversion" provision. The coverage under the same certificate continues when the person leaves the group or the group terminates as if the certificate was an individual policy.