Comments Received from the State of California

Section 13.B.: The requirement to offer 5% inflation protection may be out of step with the current economy, and 5% is an expensive option. Consider changing the requirement to an offer of 3%, which is a more practical option for most consumers. Alternatively, if a 5% option is still seen as important, there could be requirements to offer both a 3% option and a 5% option in order to provide flexibility for consumers.

Section 13.D Drafting Note: Is the drafting note that follows 13.D. somehow related to 13.D.? Its placement here is confusing. The statement that inflation protection be "provided" rather than "offered" seems inconsistent with 13.A. Lastly, the suggestion that meaningful benefits or durations could include "providing increases to attained age" or for "at least 20 years" sounds contradictory to 13.E., which states that inflation protection benefits shall continue without regard to an insured's age or length of time insured.

Section 13.E. Given the high cost of inflation protection and varying needs among consumers, more flexibility could be achieved here by a requirement that "at least one inflation protection option offered" must meet the continuation requirements. That way, insurers could also offer options for inflation protection of a shorter duration that may better meet the needs and budget of a consumer.

Section 15.I.(2)(a)(i)(I) and (II) permit a margin for MAE (moderately adverse experience) to be added outside of the rate increase request process. An insurer should not be allowed to re-establish this margin each year, as any necessary rate adjustments should be handled through the established rate increase process.

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