***Comments as of 7-21-21 Noted***

**Checklist for Premium Increase Communications**

# AUTHORITY

The Long-Term Care Insurance Reduced Benefit Options (RBO) (EX) Subgroup is composed of regulators from 17 state insurance departments. It has been tasked with assisting the Long-Term Care Insurance (EX) Task Force in completing the following charge:

*Identify options to provide consumers with choices regarding modifications to long-term care insurance (LTCI) contract benefits where policies are no longer affordable due to rate increases.*

The Long-Term Care Insurance (EX) Task Force adopted the Long-Term Care Insurance RBO Communication Principles. The Long-Term Care Insurance RBO EX Subgroup has been charged with developing a complementary checklist that can be leveraged by state regulators and Long-Term Care Insurance insurers.

INTRODUCTION

This checklist is intended to establish a consistent approach to drafting and reviewing Long-Term Care Insurance RBO policyholder communications. The checklist can be used as guidance and does not carry the weight of law or impose any legal liability.

State regulators may consider the checklist excessive, deficient, or not focused on issues specific to consumer experience in a particular state. State regulators are encouraged to modify the checklist to suit the needs of the Department.

Leveraging the checklist could enable insurers and state regulators to mitigate consumer confusion and complaints, improve the quality of the communication, and ensure the information presented:

* Reads in a clear, logical, not overly complex manner.
* Identifies the options are fairly and without subtle coercion.
* Includes appropriate referrals to external resources, definitions, disclosures, and visualization tools.

**Suggested Edits from BB & BC:**

State regulators who consider the checklist excessive, deficient, or not focused on issues specific to consumer experience in their state are encouraged to modify the checklist to suit the needs of the Department.

Leveraging the checklist could enable insurers and state regulators to mitigate consumer confusion and complaints, improve the quality of consumer communications, and to ensure the information presented. The checklist seeks to ensure that consumer communications

* Reads in a clear, logical, not overly complex manner.
* Identifies if the options are presented fairly and without subtle coercion.
* Includes appropriate referrals to external resources, definitions, disclosures, and visualization tools.

**[The LTC Task Force? The RBO Subgroup?] RECOMMENDS** that state regulators adapt the checklist to reflect their state regulations, laws, or statutes and use the checklist when reviewing filed Long-Term Care Insurance RBO Communications.

**CALLS ON** all insurance companies to consider the checklist when developing reduced benefit option policyholder communications in the event of a rate increase.

**Checklist for Premium Increase Communications**

|  |  |
| --- | --- |
| **Insurer name:** |  |
| **Date of filing:** |  |
| **Product form:** |  |
| **Tracking number(s) SERFF *rate* filing:** |  |
| **Tracking number(s) SERFF *form* filing:** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Yes** | **No** | **N/A** | **SERFF FILING** | **Page Reference and Filing Notes** |
|  |  |  | 1. Does the filing contain all materials including: policyholder communication, supplemental FAQ, graphs, illustrations, website screenshots (expected if communication refers policyholder to website for more information)? |  |
|  |  |  | 1. Has actuarial review of the rate increase been completed? |  |
|  |  |  | 1. Will notice of the rate action be mailed at least 45 days prior to the policyholder anniversary date (or billing date if state law allows)? |  |
|  |  |  | 1. Have all innovation options presented in the communication been clearly explained in the filing? Have they been vetted by policy and actuarial staff? |  |
|  |  |  | 1. Are there sample policyholder communications with a statement of variability? |  |
|  |  |  | 1. Are there insurer rules and training for customer service interactions regarding RBOs? |  |
|  |  |  | 1. Were state-specific pre-rate increase filing notification procedures followed? For example: VT has insurers notify consumers of rate increases when filed in addition to notification 45-60 days before effective date. PA posts filed rate increase details on their website. |  |
| **Yes** | **No** | **N/A** | **READABILITY AND ACCESSIBILITY** | **Page Reference and Filing Notes** |
|  |  |  | 1. Is the communication easy to follow? Does it flow logically? Does it display the essential information and/or the primary action first (followed by the nonessential information)? Is the primary message of the communication presented first and clearly worded? |  |
|  |  |  | 1. Are all technical insurance terms clearly explained in the communication? |  |
|  |  |  | 1. Are all technical terms used consistently throughout the communication? |  |
|  |  |  | 1. Is the communication in an easily readable font in at least [11-point] type? |  |
|  |  |  | 1. Does the communication use headings to help the reader find information easily? |  |
|  |  |  | 1. Is white space (margins, lines spacing, and spacing between paragraphs) sufficient and consistent? |  |
|  |  |  | 1. Are tables, charts, and other graphics, easy to read and understand? |  |
|  |  |  | 1. Are the grade level and reading ease scores appropriate ([8th grade] or lower; Flesch reading ease score [60] or higher)? |  |
|  |  |  | 1. Are there side-by-side illustrations of options compared with current benefits? Are they clear and not misleading? |  |
|  |  |  | 1. If FAQs are included, are they succinct and easy to understand? |  |
|  |  |  | 1. Does the insurer provide appropriate accommodations for policyholders with disabilities or for policyholders for whom English is not a first language?   For example, accessibility of its online and written material to all interested parties, including those with disabilities such as blindness or low vision, deafness and hearing loss, learning disabilities, cognitive limitations, limited movement, speech disabilities, photosensitivity and combinations of these. |  |
|  |  |  | 1. Does the insurer provide access to translation services as needed for policyholders for whom English is not a first language? |  |
| **Yes** | **No** | **N/A** | **IDENTIFICATION** | **Page Reference and Filing Notes** |
|  |  |  | 1. Does the communication answer what is happening? |  |
|  |  |  | 1. Does the communication answer why the consumer is receiving a rate increase? |  |
|  |  |  | 1. Does the communication reflect negatively on the Department of Insurance? |  |
|  |  |  | 1. Does the communication indicate when the rate increase will be effective? |  |
|  |  |  | 1. Does the communication clearly indicate the policyholder has options? |  |
|  |  |  | 1. Does the communication clearly indicate how to elect an option? Does the election documentation clearly indicate the consumer’s choice? |  |
|  |  |  | 1. Does the communication clearly describe “class basis”?   Are consumers being singled out for the increase?  Suggested text: “Overall experience of all contracts in your class…” |  |
| **Yes** | **No** | **N/A** | **COMMUNICATION TOUCH AND TONE** | **Page Reference and Filing Notes** |
|  |  |  | 1. Does the communication remind consumers to reflect on the original reason they bought the policy? |  |
|  |  |  | 1. Does the communication express empathy and understanding of the difficulty of evaluating choices ? |  |
|  |  |  | 1. Is there a statement telling consumers how to contact the insurer for more information or help understanding their options? |  |
|  |  |  | 1. Are the options represented fairly? Options are **not** presented fairly If one option is emphasized, mentioned multiple times or bolded when the other options are not? |  |
|  |  |  | 1. Are words used that could influence a policyholder’s decision, such as *must* or *avoid*? For instance, consider “now,” instead of “must.” Consider “mitigation options,” “offset premium impact,” or “manage an increase” instead of “avoid an increase.” |  |
| **Yes** | **No** | **N/A** | **CONSULTATION AND CONTACT INFORMATION** | **Page Reference and Filing Notes** |
|  |  |  | 1. Is the insurer’s consumer service number easy to find? Is it clear what hours and days consumer service is open? |  |
|  |  |  | 1. Are website links and phone numbers accurate and functional? |  |
|  |  |  | 1. Does the Insurer encourage consumers to consult with multiple sources to include any of the following: Financial planner, producer, state SHIP program with the state-specific name of the program, or trusted family member? |  |
|  |  |  | 1. Does the Insurer encourage consumers to consult the Department of Insurance? Does it specify the Department can only give general information? |  |
|  |  |  | 1. Does the communication encourage consumers to consult with a tax advisor if the reduction options include a cash buy out or could cause loss of Partnership status? |  |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS - PRESENTATION** | **Page Reference and Filing Notes** |
|  |  |  | 1. Does the communication have a clearly worded, descriptive title or subject line? For example: **Your Long-Term Care Premiums Are Increasing**. |  |
|  |  |  | 1. Are the options included with the rate increase notification communication? Is it clear that the policyholder can ask for additional options? |  |
|  |  |  | 1. Are the number of options presented reasonable (5-7 options)? |  |
|  |  |  | 1. Is the right to reduce coverage at any time at any time of a policyholder’s choosing clear? Are the instructions about how to do that clear? |  |
|  |  |  | 1. Is there enough information to make a decision? If other sources are referenced like videos, websites, etc. are they supplemental education materials or are they required sources to choose an option? |  |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS –**  **PAST RATE ACTIONS** |  |
|  |  |  | 1. Does the communication include a statement that premiums may increase in the future? Is it clear that any future increase will include RBOs? Is a date shown when an insurer plans to file within a known time period, or when an insurer has already submitted a rate filing? |  |
|  |  |  | 1. Does the communication include a 10-year nationwide rate increase history for this and similar forms? |  |
|  |  |  | 1. Does the communication disclose the policy is guaranteed renewable and clearly explain guaranteed renewable? |  |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS –**  **WINDOW OF TIME TO ACT** | **Page Reference and Filing Notes** |
|  |  |  | 1. Does the communication indicate what the reader must do and the deadline to do it? |  |
|  |  |  | 1. If options are only available during the decision window, is that limitation clear to consumers? |  |
|  |  |  | 1. Does the communication address what happens if the policyholder does not send payment? For example, if no payment is received within 120 days, does the communication explain that Contingent Non-Forfeiture will apply and what that means? |  |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS – CURRENT BENEFITS** | **Page Reference and Filing Notes** |
|  |  |  | 1. Does the communication include all the following information? Current policy benefits (daily benefit, elimination period, current lifetime maximum benefit in dollars, inflation option, partnership status) in list form? |  |
|  |  |  | 1. If current benefits have an inflation option, does the communication include the lifetime maximum benefit in dollars illustrated both five and fifteen years into the future? |  |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS –**  **PERSONAL DECISION** | **Page Reference and Filing Notes** |
|  |  |  | 1. Are the options presented available to the policyholder? |  |
|  |  |  | 1. Does the communication contain descriptions of the consumer’s options (including changes in the daily benefit, elimination period, current lifetime maximum benefit in dollars, inflation option, partnership status)? |  |
|  |  |  | 1. Does the communication prompt the policyholder to consider their personal situation, such as: current age, health conditions, financial position, availability of caregivers, spouse or partner impacts, and potential need for institutionalized care? |  |
|  |  |  | 1. Does the communication provide an unbiased resource(s) for policyholders to research the cost of care? |  |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS – VALUE OF OPTIONS** | **Page Reference and Filing Notes** |
|  |  |  | 1. Do options clearly indicate value for consumers? Do Contingent Nonforfeiture (CNF) and other limited options clearly describe the reduction in value (benefit period)? |  |
|  |  |  | 1. Is there a statement telling consumers how to contact the insurer for more information, to request the full list of options, or help understand their options? | . |
| **Yes** | **No** | **N/A** | **UNDERSTANDING OPTIONS –**  **IMPACT OF DECISION** | **Page Reference and Filing Notes** |
|  |  |  | 1. Is there a prominent statement telling policyholders they can maintain their current benefits by paying the increased premium? |  |
|  |  |  | 1. Do the options reflect the impact of removing or reducing the inflation option on the growth or reduction of future benefits? |  |
|  |  |  | 1. If dropping inflation protection results in the loss of accumulated benefit amount, is that disclosed? |  |
|  |  |  | 1. For phased-in increases: Is there a table with all phase-in dates and premium amounts? |  |
|  |  |  | 1. For phased-in increases, are there communications sent 45-60 days before each phase of the increase? |  |
|  |  |  | 1. Does the communication disclose that all reduction options require careful consideration and are not of equal value? |  |