

LONG-TERM CARE INSURANCE (EX) TASK FORCE

Long-Term Care Insurance (EX) Task Force March 13, 2023, Virtual Meeting Minutes
Checklist for Premium Increase Communications with Comments and Drafting Groups' Responses
(Attachment One)
Checklist for Premium Increase Communications (Attachment Two)

Draft Pending Adoption

Draft: 3/16/23

Long-Term Care Insurance (EX) Task Force
Virtual Meeting (*in lieu of meeting at the 2023 Spring National Meeting*)
March 13, 2023

The Long-Term Care Insurance (EX) Task Force met March 13, 2023. The following Task Force members participated: Michael Conway, Chair (CO); Andrew R. Stolfi, Vice Chair, represented by TK Keen (OR); Lori K. Wing-Heier represented by Sarah Bailey (AK); Mark Fowler (AL); Alan McClain represented by Jimmy Harris (AR); Barbara D. Richardson represented by Erin Klug (AZ); Ricardo Lara represented by Tyler McKinney (CA); Andrew N. Mais represented by Paul Lombardo (CT); Karima M. Woods represented by Philip Barlow (DC); Trinidad Navarro (DE); Michael Yaworsky represented by Lilyan Zhang (FL); Gordon I. Ito (HI); Doug Ommen represented by Klete Geren (IA); Dean L. Cameron (ID); Amy L. Beard represented by Scott Shover (IN); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon represented by Tom Travis (LA); Gary D. Anderson represented by Rachel M. Davison (MA); Timothy N. Schott (ME); Anita G. Fox represented by Rachel Davison (MI); Grace Arnold represented by Fred Andersen (MN); Chlora Lindley-Myers (MO); Troy Downing represented by Mari Kindberg (MT); Mike Causey represented by Ted Hamby (NC); Jon Godfread represented by Chrystal Bartuska (ND); Eric Dunning (NE); Jennifer Catechis represented by Anna Krylova (NM); Scott Kipper (NV); Judith L. French (OH); Michael Humphreys (PA); Elizabeth Kelleher Dwyer represented by Megan Mihara (RI); Larry D. Deiter (SD); Cassie Brown represented by R. Michael Markham (TX); Kevin Gaffney (VT); Scott A. White (VA); Mike Kreidler (WA); Nathan Houdek represented by Diane Dambach (WI); Allan L. McVey (WV); and Jeff Rude (WY).

1. Adopted its 2022 Fall National Meeting Minutes

Keen made a motion, seconded by Commissioner Clark, to adopt the Task Force's Nov. 30, 2022, minutes (*see NAIC Proceedings – Fall 2022, Long-Term Care Insurance (EX) Task Force*). The motion passed unanimously.

2. Heard a Report on Industry Trends and Other Updates

Andersen said coordinated efforts between states have resulted in the completion of targeted reviews of year ending 2021 reserve adequacy filings. Review of the 2022 annual filings will begin soon. The following are key industry trends that have been seen and that will be monitored going forward:

- Cost-of-care inflation trends lead to more maximum daily benefit being used than originally expected. There is consensus among companies selling long-term care insurance (LTCI) that home care costs have increased over the past five to six years. There will likely be long-term impacts from this issue.
- There is a shift in situs of care from facilities to home care. Varying reports indicate the reversal of that trend back to facilities.
- Home care daily costs are starting to catch up with the cost of facility care.
- There is an increase in incidents and the length of claims. COVID-19 had caused lower incidents and shorter claims. So far, the impact of COVID-19 is short-term. COVID-19 is not seen as having a long-term impact on the finances of the blocks of business.
- Pre-claim wellness initiatives have had some impact on claims. Wellness initiatives may involve being proactive or preventing falls, providing early cognitive tests, and providing care for the family caregiver. It is still uncertain if the investments in these wellness initiatives will be more than offset by cost reductions.
- Improvements in technology and medical and drug advancements have potential impacts on claim costs.

Andersen said the Long-Term Care Actuarial (B) Working Group met Feb. 17 and exposed: 1) the information checklist submitted with rate increase filings; and 2) the actuarial methodologies used to review older blocks of

Draft Pending Adoption

business. Comments on both exposures are due April 24. If any changes are made to the checklist or the methodologies, similar changes will be proposed to the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework). Review of the checklist is likely to be completed in 2023. Review of the methodologies will likely conclude in 2024.

3. Adopted Proposed Edits to the Checklist for Premium Increase Communications

Commissioner Conway said proposed edits to the *Checklist for Premium Increase Communications* were exposed for a 30-day public comment period ending Feb. 3. Five comment letters were received. A drafting group of consumer representatives and regulators from California, Pennsylvania, Vermont, and Virginia reviewed the comments and recommended a few edits in response to the comments.

Jane Koenigsman (NAIC) summarized the comments and the drafting group's responses (Attachment One). Comments were received from Wayne Enstice (University of Cincinnati), Patrick Cantilo (Cantilo & Bennett), Robert Wake (ME), Jan Andrews (NC), and Molly Nollette (WA).

Koenigsman said the comments from Enstice did not appear to be related to consumer communication but rather the review of rate increases and reduced benefit options (RBOs). She said the drafting group recommended referring those comments to the Long-Term Care Actuarial (B) Working Group.

Commissioner Kreidler made a motion, seconded by Superintendent Schott, to refer the comments received from Enstice to the Long-Term Care Actuarial (B) Working Group. The motion passed unanimously.

Koenigsman said the drafting group proposed additional edits to address certain comments, including duplicative checklist items, the use of references to "example" RBOs in the revisions, rate guarantees, default options, and other clarifying changes.

Hamby made a motion, seconded by Commissioner Kreidler, to adopt the revised *Checklist for Premium Increase Communications* (Attachment Two). The motion passed unanimously.

Having no further business, the Long-Term Care Insurance (EX) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/EX CMTE/LTCITF/2023 Spring
NM/minutes/LTCI(EX)TaskForce_031323_Minutes.docx

Comments and Drafting Group and Task Force responses shown in comment balloons.
Edits since exposure are highlighted yellow.

Checklist for Premium Increase Communications

AUTHORITY

The Long-Term Care Insurance Reduced Benefit Options (RBO) (EX) Subgroup **was** 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 (Task Force) adopted the Long-Term Care Insurance RBO Communication Principles **and this** complementary checklist **Nov. 19, 2021. The checklist was amended March 13, 2023.**

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 who consider the checklist excessive, deficient, or not focused on issues specific to consumer experiences 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 ensure that consumer communications:

- Read in a clear, logical, not overly complex manner.
- Present options **fairly and without subtle coercion.**
- Include appropriate referrals to external resources, definitions, disclosures, and visualization tools.

The Task Force 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.

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Deleted: The Long-Term Care Insurance RBO EX Subgroup has been charged with developing a

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Deleted: The principles and checklist can be leveraged by state regulators and Long-Term Care Insurance insurers. ...

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*Comments and Drafting Group and Task Force responses shown in comment balloons.
Edits since exposure are highlighted yellow.*

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

Comments and Drafting Group and Task Force responses shown in comment balloons.
 Edits since exposure are highlighted yellow.

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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Does the filing contain all required materials including: policyholder communication, supplemental FAQ, graphs, illustrations, website screenshots (expected if communication refers policyholder to website for more information)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Has actuarial review of the rate increase been completed?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. 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)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Have all new innovative RBO options presented in the communication been clearly explained in the filing? Have they been vetted by policy and actuarial staff? (e.g., rate guarantees)	

Commented [A1]: ME Comment: ME suggested various non-substantive spacing and formatting edits.

Commented [A2R1]: Drafting Group: Formatting will be addressed by NAIC staff before republishing on the website.

Commented [A3]: Patrick Cantillo Comment: Based on our experience with SHIP, I offer three comments.

1. Does the communication clearly describe the "default" option that will be given effect if the policyholder does not respond by the applicable deadline?
2. Does the communication include objective indicators by which the relative values of the options can be compared? Examples would include for each option:
 1. Premium,
 2. Maximum Policy Value (MPV),
 3. Maximum Daily Benefit (MDB) by site of care if different,
 4. Maximum Benefit Period,
 5. Elimination Period, and
 6. Inflation factor
3. Consideration should be given to "bang for the buck" value indicators for each option, such as:
 1. MPV/premium, ... [1]

Commented [A4R3]: Drafting Group: Comment #1 is addressed with a new question in #44. The topics proposed in comments 2 & 3 had been previously discussed by the RBO Subgroup and due to opposition, were not included in the checklist. No further changes recommended.

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Do reviewers understand any variable information that appears in the communication?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Were state-specific or contract-specific pre-rate increase filing notification procedures followed? For example: VT has insurers notify consumers of rate increases when filed in addition to notification before effective date. PA posts filed rate increase details on their website.	
Yes	No	N/A	READABILITY AND ACCESSIBILITY	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. 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?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Are all technical insurance terms clearly explained in the communication?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Are all technical terms used consistently throughout the communication?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Is the communication in an easily readable font? For example: Is the type at least 11-point type?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Does the communication use headings to help the reader find information easily?	

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Commented [A5]: Wayne Enstice comment: Has the insurer taken steps internally to mitigate the severity of rate hikes (such as diverting funds across product lines)? Has the insurer guaranteed that a profit margin is not included in the rate hike filing? In Understanding Options-Presentation, include an option for a policy buyout.

Commented [A6R5]: Drafting Group: Comments are related to the review of the RBO rather than the consumer notice. Recommend referring this to the LTCI Actuarial WG.

Task Force: Voted 03-13-2023 to refer Enstice's comments to the LTCI Actuarial (B) Working Group.

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Is white space (margins, lines spacing, and spacing between paragraphs) sufficient and consistent?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Are tables, charts, and other graphics easy to read and understand? (See question 18 for reference).	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Are the grade level and reading ease scores appropriate according to state readability standards?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. <u>Is it clear which reduced benefit options are available to the policyholder? If the reduced benefit options are examples specific to the policyholder, is that clear?</u> Are there side-by-side illustrations <u>showing how the RBOs impact the policy benefits and premiums?</u>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Does the communication <u>avoid</u> diminished contrast features that may make it harder to read? Examples include: <ul style="list-style-type: none"> • Use of Italics • Narrow margins (top and bottom less than 1.5 inches) • All caps (all bold is acceptable) • <u>Difficult</u> to read text (<u>typefaces</u> other than Sans Serif or Courier) • Different colors throughout • Small font <p>Reviewers should aim to review these communications in the size and contrast in which a consumer would see them; a print test may be beneficial.</p>	

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- Commented [A7]:** NC Comment: Item 15 would be better if no arbitrary examples are allowed, and the company provides exact options based on their policy and rate increase. We suggest removing the language in Item 15 that states "If the reduced benefit options are examples, is that clear?" and replacing it with "Only options pertaining to the policyholder should be illustrated with results specific to the rate increase and that individual."
- Commented [A8R7]:** Drafting Group: Exposed additions referencing "examples" were removed throughout the document.
- Deleted:** Are
- Deleted:**
- Commented [A9]:** WA Comment: Items 23 and 37 include a similar question. Can they be consolidated?
- Commented [A10R9]:** Drafting Group: Edits were made to #23 to remove certain exposed additions.
- Deleted:** clear and not misleading
- Deleted:** For example:
- Deleted:** of options compared with current benefits
- Deleted:** include
- Commented [A11]:** ME comment: Does that really ... [2]
- Commented [A12R11]:** Drafting Group: No chan ... [3]
- Deleted:** fonts
- Commented [A13]:** ME Comment: I like this.
- Commented [A14R13]:** Drafting Group: No edits ... [4]

Comments and Drafting Group and Task Force responses shown in comment balloons.
 Edits since exposure are highlighted yellow.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. If FAQs are included, are they succinct and easy to understand?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Does the communication include notice that policyholders with disabilities and policyholders for whom English is not a first language can request ongoing accommodations that will enable them to read online and written materials and notices? For example, accessibility of its online and written material to all interested parties, including those with disabilities such as blindness or macular degeneration, deafness and hearing loss, learning disabilities, cognitive limitations, limited movement, speech disabilities, photosensitivity, and combinations of these.	
Yes	No	N/A	IDENTIFICATION	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Does the communication <u>clearly indicate that its purpose is to inform the consumer of a rate increase and, if applicable, that they have options to reduce that increase?</u>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20. Does the communication answer why the consumer is receiving a rate increase <u>and when the rate increase will be effective?</u>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21. Does the communication reflect negatively on the Department of Insurance?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22. <u>Does the communication accurately reflect the role of the Department of Insurance in approving rate increases?</u>	

- Deleted:** answer what is happening
- Commented [A15]:** WA Comment: Does every rate increase come with RBO? If not, this checklist needs to be clear.
- Commented [A16R15]:** Drafting Group: Added "if applicable" to the sentence.
- Deleted:** Does the communication indicate when the rate increase will be effective?

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23. Does the communication clearly indicate the policyholder has options? <u>Does the communication clearly indicate whether the RBOs listed are the policyholder's only options? or if they are examples of options Can the insurer confirm policyholders will see only those illustrated options that are available to them (and not be shown options that are not available to them)? If the identified RBOs are examples, are they clearly described as such throughout the communication? If the identified RBOs are examples, does the communication clearly indicate how the policyholder can learn about other options?</u>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24. Does the communication clearly indicate how the consumer may elect an option? Does the election documentation allow the consumer to clearly indicate his or her choice? Does the election form description of options match the description of options found earlier in the communication, such that consumers will not be confused looking at the election form?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	25. Does the communication clearly explain that the consumer is not being singled out for the increase?	
Yes	No	N/A	COMMUNICATION TOUCH AND TONE	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	26. Does the communication remind consumers to reflect on the original reason they bought the policy?	

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Commented [A17]: NC Comment: Based upon the concern noted above in item 15, we suggest removing the language in Item 49 "or examples of options."

Commented [A18R17]: Drafting Group: Exposed additions referencing "examples" were removed throughout the document. #49 is combined with #23.

Commented [A19]: WA Comment: Proposed addition "Is there a guarantee period associated with the RBO option?"

Commented [A20R19]: Drafting Group. WA's Proposed sentence was not added to this question. Rate guarantees are associated with an RBO and would be included in the description of the option. Rate guarantee was added as an "e.g.," to question #4.

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	27. Does the communication express an understanding of the difficulty of evaluating choices?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	28. Is there a statement telling consumers how to contact the insurer for more information or help understanding their options?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29. 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.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	30. Are words used that could influence a policyholder's decision, such as <i>must</i> or <i>avoid</i> ? For instance, consider demonstrating immediacy by using the word "now" and avoiding words like "must." Consider "manage an increase" instead of "avoid an increase."	
Yes	No	N/A	CONSULTATION AND CONTACT INFORMATION	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	31. Is the insurer's consumer service number easy to find? Is it clear what hours and days consumer service is open? Regulators may consider testing the phone number to ensure it connects easily to live company representatives without long wait times. <u>Regulators may want to determine if company representatives in other countries have sufficient language skills and speak without strong accents that might make them difficult for older people to understand. For example, test calls could be made to understand consumer experience.</u>	

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Commented [A21]: NC Comment: The Department welcomes Items 18 and 31 and notes that companies typically do not currently offer further assistance in policyholder communications if English is not the first language or if there is a disability.

Commented [A22R21]: Drafting Group: No changes needed.

Commented [A23]: WA Comment: How do regulators determine this? Could this be subjective and varied one regulator from another?

Commented [A24R23]: Drafting Group: Example test calls was added.

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	32. Are website links accurate and functional?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	33. Does the Insurer encourage consumers to consult with multiple sources to include any of the following: Financial advisor, producer, state SHIP program (where applicable) with the state-specific name of the program or trusted family member?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	34. Does the Insurer encourage consumers to consult the Department of Insurance?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	35. Does the communication encourage consumers to consult with a tax advisor <u>or someone who could advise as to the impact on eligibility for public benefits or tax consequences of any refunded amounts</u> 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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	36. Does the communication have a clearly worded, descriptive title or subject line? For example: Your Long-Term Care Premiums Are Increasing.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	37. Are the options included with the rate increase notification communication? Is it clear <u>that the options are examples and, if so,</u> that the policyholder can ask for additional options?	

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	38. Are the number of options <u>or examples of options</u> presented reasonable? If there are more than 5, engage with insurer to understand what is being presented.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	39. Is <u>it clear if the policyholder has</u> the right to reduce coverage at any time? Are the instructions about how to do that clear?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	40. 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 <u>AND FUTURE</u> RATE ACTIONS	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	41. Does the communication include a statement that premiums may increase in the future? Is it clear that any future increase will include RBOs? Is the plan for filing future rate increases disclosed and clear?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	42. Does the communication include a 10-year nationwide rate increase history for this and similar forms?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	43. 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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	44. Does the communication indicate what the reader must do to elect an option and provide a deadline to do it? <u>Does the communication</u>	

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Commented [A25]: WA Comment: It appears this should be Future rather than Past Rate Actions.

Commented [A26R25]: Drafting Group: added "And Future"

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			<u>indicate what happens if they do not elect an option? Is the deadline in compliance with state law regarding notification periods in advance of a rate increase? If there is no deadline, does the communication avoid creating a false sense of urgency to act?</u>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	45. If options are only available during the decision window, is that limitation clear to consumers?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	46. Does the communication indicate what happens if the policyholder does not send payment? For example, if the policy lapses within 120 days, does it advise Contingent Benefit Upon Lapse will apply, if applicable?	
Yes	No	N/A	UNDERSTANDING OPTIONS – CURRENT BENEFITS	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	47. Does the communication include all the following applicable information? Current policy benefits (daily benefit, elimination period, current lifetime maximum benefit in dollars, inflation option, partnership status)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	48. If current benefits have an inflation option, does the communication clearly explain the impact that changes to this inflation option may have on benefits now and in the future?	
Yes	No	N/A	UNDERSTANDING OPTIONS – PERSONAL DECISION	Page Reference and Filing Notes

Commented [A28R27]: Drafting Group: Removed "reasonable period of time"
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	49. Does the communication prompt the policyholder to consider their personal situation, such as: current age, <u>gender</u> , health conditions, financial position, availability of caregivers, spouse or partner impacts, and potential need for and cost of care?	
Yes	No	N/A	UNDERSTANDING OPTIONS – VALUE OF OPTIONS	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	50. <u>Does</u> the narrative describing the Contingent Nonforfeiture (CNF) and other limited benefit options <u>make it</u> clear that there is a reduction in the current policy’s LTC benefits? The narrative does not have to include the dollar value for CNF.	
Yes	No	N/A	UNDERSTANDING OPTIONS – IMPACT OF DECISION	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	51. Is there a prominent statement telling policyholders they can maintain their current benefits by paying the increased premium?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	52. Do the options reflect the impact of removing or reducing the inflation option on the growth or reduction of future benefits?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	53. <u>Is there a declarative statement about whether</u> , dropping <u>or adjusting</u> inflation protection results in the loss of <u>some or all of the</u> accumulated benefit amount?	

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- Deleted: Can the insurer confirm policyholders will see only those options or examples of options that are available to them (and not be shown options that are not available to them)
- Deleted:)?
- Commented [A31]: ME Comments: I would like to see disclosure of the estimated actuarial value of each option alongside the monthly premium, but I suppose that’s too much to ask.
- Commented [A32R31]: Drafting Group: This topic had been previously discussed by the RBO Subgroup and due to opposition, was not included in the checklist. No further changes recommended.
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	54. For phased-in increases: Is there a table with all <u>state approved</u> phase-in dates and premium amounts if no RBO is selected? Does the communication clearly state if RBO(s) are limited to only the first rate increase or will be available during each phase of the rate increase?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	55. For phased-in increases, are there communications sent at least 45 days before each phase of the increase?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	56. Does the communication disclose that all reduction options require careful consideration and may not be equal in value?	
Yes	No	N/A	<u>UNDERSTANDING OPTIONS – OTHER</u>	<u>Page Reference and Filing Notes</u>
			<u>57. Does the notice include a reminder to the policyholder to keep the notice or any other documents related to this policy with the policyholder’s long-term care insurance policy? Does the notice encourage the policyholder to keep the policy and related documents in an easily accessible location (not a safe deposit box) and inform the appropriate individuals about where the policy can be found?</u>	
			<u>58. Does the notice include a reminder that the policyholder can identify a third party to be notified if premiums aren’t paid and information about how to make that election?</u>	

Commented [A33]: WA Comment: Proposed addition: "Are the increases pre-approved or will the increase for each phase be filed separately in the future?"

Commented [A34R33]: Drafting Group: Added "state approved" to address WA's comment.

Commented [A35]: ME Comment: Good Addition

Commented [A36R35]: Drafting Group: No edits needed.

Page 3: [1] Commented [A3] Author

Patrick Cantillo Comment: Based on our experience with SHIP, I offer three comments.

1. Does the communication clearly describe the “default” option that will be given effect if the policyholder does not respond by the applicable deadline?
2. Does the communication include objective indicators by which the relative values of the options can be compared? Examples would include for each option:
 1. Premium,
 2. Maximum Policy Value (MPV),
 3. Maximum Daily Benefit (MDB) by site of care if different,
 4. Maximum Benefit Period,
 5. Elimination Period, and
 6. Inflation factor
3. Consideration should be given to “bang for the buck” value indicators for each option, such as:
 1. MPV/premium,
 2. Gross Premium Valuation/premium, and
 3. MDB/premium.

Page 5: [2] Commented [A11] Author

ME comment: Does that really stand out as the “most readable” serif typeface? And there are a lot of unreadable sans-serif options available.

Page 5: [3] Commented [A12R11] Author

Drafting Group: No change. Generically, a sans serif font (one without the decorative strokes) is considered easier to read than a serif font. Using a sans serif font is a common recommendation to improve readability.

Page 5: [4] Commented [A14R13] Author

Drafting Group: No edits necessary.



Checklist for Premium Increase Communications

AUTHORITY

The Long-Term Care Insurance Reduced Benefit Options (RBO) (EX) Subgroup was composed of regulators from 17 state insurance departments. Beginning in 2019, 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 (Task Force) adopted the Long-Term Care Insurance RBO Communication Principles and this complementary checklist Nov. 19, 2021. The checklist was amended March 13, 2023.

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 who consider the checklist excessive, deficient, or not focused on issues specific to consumer experiences 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 ensure that consumer communications:

- Read in a clear, logical, not overly complex manner.
- Present options fairly and without subtle coercion.
- Include appropriate referrals to external resources, definitions, disclosures, and visualization tools.



The Task Force:

- **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 <i>rate</i> filing:	
Tracking number(s) SERFF <i>form</i> filing:	

Yes	No	N/A	SERFF FILING	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Does the filing contain all required materials including: policyholder communication, supplemental FAQ, graphs, illustrations, website screenshots (expected if communication refers policyholder to website for more information)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Has actuarial review of the rate increase been completed?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. 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)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Have all new innovative RBO options presented in the communication been clearly explained in the filing? Have they been vetted by policy and actuarial staff? (e.g., rate guarantees)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Do reviewers understand any variable information that appears in the communication?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Were state-specific or contract-specific pre-rate increase filing notification procedures followed? For example: VT has insurers notify consumers of rate increases when	

			filed in addition to notification before effective date. PA posts filed rate increase details on their website.	
Yes	No	N/A	READABILITY AND ACCESSIBILITY	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. 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?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Are all technical insurance terms clearly explained in the communication?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Are all technical terms used consistently throughout the communication?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Is the communication in an easily readable font? For example: Is the type at least 11-point type?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Does the communication use headings to help the reader find information easily?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Is white space (margins, lines spacing, and spacing between paragraphs) sufficient and consistent?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Are tables, charts, and other graphics easy to read and understand? (See question 18 for reference).	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Are the grade level and reading ease scores appropriate according to state readability standards?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Is it clear which reduced benefit options are available to the policyholder? Are there side-by-side illustrations showing how the RBOs impact the policy benefits and premiums?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Does the communication avoid diminished contrast features that may make it harder to read? Examples include: <ul style="list-style-type: none"> • Use of Italics 	

			<ul style="list-style-type: none"> • Narrow margins (top and bottom less than 1.5 inches) • All caps (all bold is acceptable) • Difficult to read text (typefaces other than Sans Serif or Courier) • Different colors throughout • Small font <p>Reviewers should aim to review these communications in the size and contrast in which a consumer would see them; a print test may be beneficial.</p>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. If FAQs are included, are they succinct and easy to understand?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>18. Does the communication include notice that policyholders with disabilities and policyholders for whom English is not a first language can request ongoing accommodations that will enable them to read online and written materials and notices?</p> <p>For example, accessibility of its online and written material to all interested parties, including those with disabilities such as blindness or macular degeneration, deafness and hearing loss, learning disabilities, cognitive limitations, limited movement, speech disabilities, photosensitivity, and combinations of these.</p>	
Yes	No	N/A	IDENTIFICATION	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Does the communication clearly indicate that its purpose is to inform the consumer of a rate increase and, if applicable, that they have options to reduce that increase?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20. Does the communication answer why the consumer is receiving a rate increase and when the rate increase will be effective?	

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21. Does the communication reflect negatively on the Department of Insurance?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22. Does the communication accurately reflect the role of the Department of Insurance in approving rate increases?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23. Does the communication clearly indicate the policyholder has options? Does the communication clearly indicate whether the RBOs listed are the policyholder's <i>only</i> options? Can the insurer confirm policyholders will see only those illustrated options that are available to them (and not be shown options that are not available to them)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24. Does the communication clearly indicate how the consumer may elect an option? Does the election documentation allow the consumer to clearly indicate his or her choice? Does the election form description of options match the description of options found earlier in the communication, such that consumers will not be confused looking at the election form?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	25. Does the communication clearly explain that the consumer is not being singled out for the increase?	
Yes	No	N/A	COMMUNICATION TOUCH AND TONE	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	26. Does the communication remind consumers to reflect on the original reason they bought the policy?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	27. Does the communication express an understanding of the difficulty of evaluating choices?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	28. Is there a statement telling consumers how to contact the insurer for more information or help understanding their options?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29. 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.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	30. Are words used that could influence a policyholder’s decision, such as <i>must</i> or <i>avoid</i> ? For instance, consider demonstrating immediacy by using the word “now” and avoiding words like “must.” Consider “manage an increase” instead of “avoid an increase.”	
Yes	No	N/A	CONSULTATION AND CONTACT INFORMATION	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	31. Is the insurer’s consumer service number easy to find? Is it clear what hours and days consumer service is open? Regulators may consider testing the phone number to ensure it connects easily to live company representatives without long wait times. Regulators may want to determine if company representatives in other countries have sufficient language skills and speak without strong accents that might make them difficult for older people to understand. For example, test calls could be made to understand consumer experience.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	32. Are website links accurate and functional?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	33. Does the insurer encourage consumers to consult with multiple sources to include any of the following: Financial advisor, producer, state SHIP program (where applicable) with the state-specific name of the program or trusted family member?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	34. Does the insurer encourage consumers to consult the Department of Insurance?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	35. Does the communication encourage consumers to consult with a tax advisor or someone who could advise as to the impact on eligibility for public benefits or tax consequences of any refunded amounts	

			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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	36. Does the communication have a clearly worded, descriptive title or subject line? For example: Your Long-Term Care Premiums Are Increasing.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	37. Are the options included with the rate increase notification communication? Is it clear that the policyholder can ask for additional options?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	38. Are the number of options presented reasonable? If there are more than 5, engage with insurer to understand what is being presented.	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	39. Is it clear if the policyholder has the right to reduce coverage at any time? Are the instructions about how to do that clear?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	40. 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 AND FUTURE RATE ACTIONS	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	41. Does the communication include a statement that premiums may increase in the future? Is it clear that any future increase will include RBOs? Is the plan for filing future rate increases disclosed and clear?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	42. Does the communication include a 10-year nationwide rate increase history for this and similar forms?	

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	43. 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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	44. Does the communication indicate what the reader must do to elect an option and provide a deadline to do it? Does the communication indicate what happens if they do not elect an option? Is the deadline in compliance with state law regarding notification periods in advance of a rate increase? If there is no deadline, does the communication avoid creating a false sense of urgency to act?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	45. If options are only available during the decision window, is that limitation clear to consumers?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	46. Does the communication indicate what happens if the policyholder does not send payment? For example, if the policy lapses within 120 days, does it advise Contingent Benefit Upon Lapse will apply, if applicable?	
Yes	No	N/A	UNDERSTANDING OPTIONS – CURRENT BENEFITS	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	47. Does the communication include all the following applicable information? Current policy benefits (daily benefit, elimination period, current lifetime maximum benefit in dollars, inflation option, partnership status)?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	48. If current benefits have an inflation option, does the communication clearly explain the impact that changes to this inflation option may have on benefits now and in the future?	
Yes	No	N/A	UNDERSTANDING OPTIONS – PERSONAL DECISION	Page Reference and Filing Notes

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	49. Does the communication prompt the policyholder to consider their personal situation, such as: current age, gender, health conditions, financial position, availability of caregivers, spouse or partner impacts, and potential need for and cost of care?	
Yes	No	N/A	UNDERSTANDING OPTIONS – VALUE OF OPTIONS	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	50. Does the narrative describing the Contingent Nonforfeiture (CNF) and other limited benefit options make it clear that there is a reduction in the current policy's LTC benefits? The narrative does not have to include the dollar value for CNF.	
Yes	No	N/A	UNDERSTANDING OPTIONS – IMPACT OF DECISION	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	51. Is there a prominent statement telling policyholders they can maintain their current benefits by paying the increased premium?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	52. Do the options reflect the impact of removing or reducing the inflation option on the growth or reduction of future benefits?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	53. Is there a declarative statement about whether dropping or adjusting inflation protection results in the loss of some or all of the accumulated benefit amount?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	54. For phased-in increases: Is there a table with all state approved phase-in dates and premium amounts if no RBO is selected? Does the communication clearly state if RBO(s) are limited to only the first rate increase or will be available during each phase of the rate increase?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	55. For phased-in increases, are there communications sent at least 45 days before each phase of the increase?	

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	56. Does the communication disclose that all reduction options require careful consideration and may not be equal in value?	
Yes	No	N/A	UNDERSTANDING OPTIONS – OTHER	Page Reference and Filing Notes
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	57. Does the notice include a reminder to the policyholder to keep the notice or any other documents related to this policy with the policyholder’s long-term care insurance policy? Does the notice encourage the policyholder to keep the policy and related documents in an easily accessible location (not a safe deposit box) and inform the appropriate individuals about where the policy can be found?	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	58. Does the notice include a reminder that the policyholder can identify a third party to be notified if premiums aren’t paid and information about how to make that election?	