**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**

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| --- | --- |
| **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 required 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 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) |  |
|  |  |  | 1. Do reviewers understand any variable information that appears in the communication? |  |
|  |  |  | 1. 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** |
|  |  |  | 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? For example: Is the type 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? (See question 18 for reference). |  |
|  |  |  | 1. Are the grade level and reading ease scores appropriate according to state readability standards? |  |
|  |  |  | 1. 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? |  |
|  |  |  | 1. Does the communication avoid diminished contrast features that may make it harder to read? Examples include:    * Use of Italics    * 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   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. |  |
|  |  |  | 1. If FAQs are included, are they succinct and easy to understand? |  |
|  |  |  | 1. 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** |
|  |  |  | 1. 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? |  |
|  |  |  | 1. Does the communication answer why the consumer is receiving a rate increase and when the rate increase will be effective? |  |
|  |  |  | 1. Does the communication reflect negatively on the Department of Insurance? |  |
|  |  |  | 1. Does the communication accurately reflect the role of the Department of Insurance in approving rate increases? |  |
|  |  |  | 1. Does the communication clearly indicate the policyholder has options? Does the communication clearly indicate whether the RBOs listed are the policyholder’s *only* 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)? |  |
|  |  |  | 1. 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? |  |
|  |  |  | 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** |
|  |  |  | 1. Does the communication remind consumers to reflect on the original reason they bought the policy? |  |
|  |  |  | 1. Does the communication express an 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 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** |
|  |  |  | 1. 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. |  |
|  |  |  | 1. Are website links accurate and functional? |  |
|  |  |  | 1. 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? |  |
|  |  |  | 1. Does the insurer encourage consumers to consult the Department of Insurance? |  |
|  |  |  | 1. 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** |
|  |  |  | 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? If there are more than 5, engage with insurer to understand what is being presented. |  |
|  |  |  | 1. Is it clear if the policyholder has the right to reduce coverage at any time? 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 AND FUTURE 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 the plan for filing future rate increases disclosed and clear? |  |
|  |  |  | 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 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? |  |
|  |  |  | 1. If options are only available during the decision window, is that limitation clear to consumers? |  |
|  |  |  | 1. 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** |
|  |  |  | 1. 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)? |  |
|  |  |  | 1. 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** |
|  |  |  | 1. 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** |
|  |  |  | 1. 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** |
|  |  |  | 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. 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? |  |
|  |  |  | 1. 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? |  |
|  |  |  | 1. For phased-in increases, are there communications sent at least 45 days before each phase of the increase? |  |
|  |  |  | 1. 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** |
|  |  |  | 1. 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? |  |
|  |  |  | 1. 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? |  |