

Date: 12/2/20

2020 Fall National Meeting
Virtual Meeting

LONG-TERM CARE INSURANCE (EX) TASK FORCE

Friday, December 4, 2020

11:00 a.m. – 12:30 p.m. ET / 10:00 – 11:30 a.m. CT / 9:00 – 10:30 a.m. MT / 8:00 – 9:30 a.m. PT

ROLL CALL

Scott A. White, Chair	Virginia	Chlora Lindley-Myers	Missouri
Michael Conway, Vice Chair	Colorado	Matthew Rosendale	Montana
Jim L. Ridling	Alabama	Bruce R. Ramge	Nebraska
Lori K. Wing-Heier	Alaska	Barbara D. Richardson	Nevada
Evan G. Daniels	Arizona	Marlene Caride	New Jersey
Alan McClain	Arkansas	Russell Toal	New Mexico
Ricardo Lara	California	Mike Causey	North Carolina
Trinidad Navarro	Delaware	Jon Godfread	North Dakota
Karima M. Woods	District of Columbia	Glen Mulready	Oklahoma
David Altmaier	Florida	Andrew R. Stolfi	Oregon
Colin M. Hayashida	Hawaii	Jessica K. Altman	Pennsylvania
Dean L. Cameron	Idaho	Elizabeth Kelleher Dwyer	Rhode Island
Robert H. Muriel	Illinois	Raymond G. Farmer	South Carolina
Stephen W. Robertson	Indiana	Larry D. Deiter	South Dakota
Doug Ommen	Iowa	Carter Lawrence	Tennessee
Vicki Schmidt	Kansas	Doug Slape	Texas
Sharon P. Clark	Kentucky	Tanji J. Northrup	Utah
James J. Donelon	Louisiana	Michael S. Pieciak	Vermont
Eric A. Cioppa	Maine	Mike Kreidler	Washington
Gary Anderson	Massachusetts	James A. Dodrill	West Virginia
Anita G. Fox	Michigan	Mark Afable	Wisconsin
Grace Arnold	Minnesota	Jeff Rude	Wyoming
Mike Chaney	Mississippi		

NAIC Support Staff: Jeffrey C. Johnston

AGENDA

1. Consider Adoption of its Nov. 2 and Summer National Meeting Minutes Attachment One
—*Commissioner Scott A. White (VA)*
2. Receive the Report of the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup
—*Commissioner Michael Conway (CO)*
3. Receive the Report of the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup and Consider Referral of the Principles Documents Attachments Two and Three
—*Commissioner Jessica K. Altman (PA)*
4. Discuss Any Other Matters Brought Before the Task Force—*Commissioner Scott A. White (VA)*
5. Adjournment

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Draft: 11/5/20

Long-Term Care Insurance (EX) Task Force
E-Vote
November 2, 2020

The Long-Term Care Insurance (EX) Task Force conducted an e-vote that concluded Nov. 2, 2020. The following Task Force members participated: Scott A. White, Chair (VA); Michael Conway, Vice Chair (CO); Lori K. Wing-Heier (AK); Jim L. Ridling represented by Steven Ostlund (AL); Ricardo Lara (CA); Karima M. Woods represented by Philip Barlow (DC); Trinidad Navarro represented by Frank Pyle (DE); David Altmaier (FL); Colin M. Hayashida (HI); Doug Ommen represented by Andria Seip (IA); Stephen W. Robertson represented by Karl Knable (IN); Vicki Schmidt (KS); Sharon P. Clark (KY); James J. Donelon represented by Rich Piazza (LA); Gary Anderson (MA); Eric A. Cioppa (ME); Anita G. Fox represented by Karen Dennis (MI); Grace Arnold (MN); Chlora Lindley-Myers (MO); Matthew M. Rosendale (MT); Jon Godfread represented by Chrystal Bartuska (ND); Bruce R. Ramge (NE); Marlene Caride (NJ); Russell Toal (NM); Barbara D. Richardson (NV); Jessica K. Altman (PA); Elizabeth Kelleher Dwyer (RI); Raymond G. Farmer represented by Joseph Cregan (SC); Hodgen Mainda represented by Rachel Jrade-Rice (TN); Kent Sullivan represented by Doug Slape (TX); Tanji J. Northrup (UT); Mike Kreidler (WA); Mark Afable (WI); James A. Dodrill represented by Tonya Gillespie (WV); and Jeff Rude (WY).

1. Adopted its 2021 Proposed Charges

The 2021 proposed charges for the Task Force and its Subgroups were exposed for a 14-day public comment period ending Oct. 7. Comments were received from Indiana and the Center for Economic Justice (CEJ) (Attachment One-A). Commissioner White and Commissioner Conway informed the Task Force, interested state insurance regulators, and interested parties via e-mail that while the comments are instructive to future work products of the Task Force, the decision was made to refer the comments to the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup for further consideration and to forego a public conference call to potentially revise the charges further. A majority of the members voted in favor of adopting the 2021 proposed charges of the Task Force and its Subgroups as originally exposed (Attachment One-B). Indiana opposed. The motion passed.

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

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Draft: 8/12/20

Long-Term Care Insurance (EX) Task Force
Virtual Summer National Meeting
August 7, 2020

The Long-Term Care Insurance (EX) Task Force met via conference call Aug. 7, 2020. The following Task Force members participated: Scott A. White, Chair (VA); Michael Conway, Vice Chair (CO); Lori K. Wing-Heier (AK); Jim L. Ridling (AL); Alan McClain represented by Carroll Astin (AR); Evan G. Daniels (AZ); Ricardo Lara represented by Bryant Henley (CA); Karima M. Woods (DC); Trinidad Navarro (DE); David Altmaier represented by John Reilly (FL); Colin M. Hayashida represented by Paul Yuen (HI); Doug Ommen (IA); Dean L. Cameron (ID); Robert H. Muriel (IL); Stephen W. Robertson represented by Karl Knable (IN); Vicki Schmidt represented by Nicole Boyd (KS); Sharon P. Clark (KY); James J. Donelon (LA); Anita G. Fox represented by Karen Dennis (MI); Steve Kelley represented by Fred Andersen and Grace Arnold (MN); Chlora Lindley-Myers (MO); Matthew Rosendale represented by Bob Biskupiak (MT); Mike Causey represented by David Yetter (NC); Jon Godfread (ND); Bruce R. Ramge (NE); Marlene Caride (NJ); Russell Toal represented by Anna Krylova (NM); Glen Mulready represented by Andy Schallhorn and Cuc Nguyen (OK); Andrew R. Stolfi represented by TK Keen (OR); Jessica K. Altman (PA); Elizabeth Kelleher Dwyer (RI); Raymond G. Farmer (SC); Larry D. Deiter (SD); Hodgen Mainda (TN); Kent Sullivan (TX); Michael S. Pieciak represented by Kevin Gaffney (VT); Mike Kreidler (WA); Mark Afable (WI); James A. Dodrill (WV); and Jeff Rude represented by Linda Johnson (WY).

1. Adopted its July 2 Minutes

Commissioner White said the Task Force met July 2 and took the following action: 1) adopted its 2019 Fall National Meeting minutes; 2) received progress reports on the current activities of its six workstreams; 3) exposed a draft reduced benefit option (RBO) principles document for a 30-day public comment period ending Aug. 3; and 4) exposed draft 2020 subgroup charges for a 14-day public comment period ending July 17. Commissioner Donelon made a motion, seconded by Commissioner Altman, to adopt the Task Force's July 2 minutes (Attachment One). The motion passed unanimously.

2. Adopted its Subgroup Charges

Commissioner White said the Task Force exposed the charges for three of its subgroups for public comment. No comments were received. The subgroups are a consolidation of the six workstreams, and the charges are a delegation of Task Force charges. The existing workstream memberships will be rolled into each subgroup, and existing interested parties of the Task Force will be listed as interested parties for each of the subgroups. If any state insurance regulator wishes to be added or removed as a member or interested regulator or if interested parties wish to be added to the distribution list, please notify NAIC staff.

Director Ramge made a motion, seconded by Commissioner Atman, to adopt the formation of three new subgroups—the LTCI Multi-state Rate Review (EX) Subgroup, the LTCI Reduced Benefit Options (EX) Subgroup, and the LTCI Financial Solvency (EX) Subgroup—and related 2020 charges (Attachment Two). The motion passed unanimously.

3. Received a Progress Report on Activities of the Task Force

a. Multi-State Rate Review Practice

Commissioner Conway said the multi-state rate review workstream remains the centerpiece work of the Task Force, and it is intended to develop a consistent state-based approach for reviewing long-term care insurance (LTCI) rate increase filings. The goal is to have the result be an actuarially justified rate increase process that is timely and eliminates cross-state rate subsidization. Commissioner Conway said the multi-state actuarial review group is overseen by himself and Commissioner White, and it has involved state department actuaries from Connecticut, Minnesota, Nebraska, Texas and Utah. The multi-state actuarial team considers the experience and expectations filed by the requesting company, as well as other actuarial matters that have been discussed by the Long-Term Care Pricing (B) Subgroup the past several years, including the handling of shrinking blocks and not allowing inappropriate inclusion of past losses in remaining policyholders' rates. Collaboration is also occurring between the multi-state team and the Interstate Insurance Product Regulation Commission (Compact) for rate filings submitted to the Compact. The infrastructure of the Compact is also used for efficiency and coordination. The pilot project is underway and reviewing several rate filings. The multi-state team will be working with the Task Force to determine the final work product. The intent is for state insurance departments to be able to rely on the work of the multi-state team in their review

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and granting of LTCI rate increase filings. However, each state will ultimately be responsible for approving, partially approving or denying a rate increase filing in their state.

Birny Birnbaum (Center for Economic Justice—CEJ) asked if in evaluating rate inequality between states' policyholders under the work of the consultant performing the data call, how the Task Force will assess the quality of the rate reviews performed to-date by individual states. He asked whether rate inequality, if it exists, is due to differing assumptions by the states as to who is responsible—policyholders or shareholders—or pricing errors. Commissioner Conway said part of the multi-state review process has been to look at the rate increases that have been granted. This is a discussion that the Task Force is having. The multi-state team is focused on the actuarial rate review processes used by Minnesota and Texas, both of which consider the concerns Mr. Birnbaum has raised. Mr. Birnbaum asked if the data call submissions would be made publicly available to consumer stakeholders. If not, he inquired as to why, as the information seems like it would be the same information available in public rate filings. Additionally, he asked why the information is confidential. Commissioner White said the data call was conducted under confidentiality laws. He said the data has not yet been reviewed by the Task Force; therefore, no final decisions have been made, but the Task Force will evaluate if any information can be shared. Jan M. Graeber (American Council of Life Insurers—ACLI) said the insurance carriers that participated in the data call provided the information with the understanding that it would remain confidential. While carriers have access to their own information, they do not have access to other company information. Commissioner Conway said the Task Force will be as transparent as possible, but it must weigh confidentiality issues. He said the Task Force will have more discussions that can be made public.

Ms. Graeber asked when industry and interested parties would be included in any of the work of the multi-state rate review workstream. Commissioner Conway said the Task Force is just beginning to review an initial work product. He said the goal is to have the process in place by the end of the year, so he hopes to engage industry and interested parties within the next couple months.

Commissioner Donelon asked if the report of the multi-state review team will be released in confidential regulator-only form or if it will be publicly released. Commissioner White said the Task Force will discuss this on a future call. Commissioner Donelon asked if there is a pool of funds available industry wide to LTCI insurers. Mr. Andersen said each company holds reserves that will fund future policyholder claims, and he is not aware of any other funds.

b. RBO and Consumer Notices

Commissioner Altman said the RBO and Consumer Notices workstream developed a principles document to provide guidance to state insurance regulators when evaluating RBO offerings by insurers. The document is offered to assist the Task Force in completing its charge to “[i]dentify 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 principles and issues outlined in the document are:

- Fairness and equity for policyholders that elect an RBO.
- Fairness and equity for policyholders that choose to accept rate increases and continue LTCI coverage at their current benefit level.
- Clarity of communication with policyholders eligible for an RBO.
- Consideration of encouragement or requirement for a company to offer certain RBOs.
- Exploration of innovation, particularly where an outcome of improved health and lower claim costs are possible.

Commissioner Altman said the workstream released an RBO Principles document for public comment and received comments from interested parties. She said the new subgroup will meet after the national meeting to discuss comments in more depth. She said the subgroup will also begin developing a principles document for consumer notices.

4. Received Comments on the RBO Principles Document

Bonnie Burns (California Health Advocates—CHA) said CHA's comment letter included concerns with how RBOs are presented and portrayed to policyholders, how they are offered, if policyholders have an understanding of the relationship between the RBOs and their potential premiums, how the rates are affected by the RBO decisions policyholders make, and the fairness of the rates. She said some consumer notices include language that there may be additional rate increases. She said standards for format and how information is presented in consumer notices will be important. She said she has done a lot of work in California with consumers. She wants to ensure that the RBOs are fair to the insured and that consumer notices are understandable for policyholders of different ages and financial and care-giving situations to make the best decision.

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Commissioner Altman said input from the consumer representatives will be important to the development of the consumer notices principles document. She said while they have not yet answered the questions around rates and the impact of RBOs, she is discussing with Commissioner Conway how the two subgroups will work together in bringing the review and pricing of RBOs into the multi-state rate review process.

Ms. Graeber said the ACLI provided comments on the RBO principles document. She said the ACLI wants to be a partner with state insurance regulators and other stakeholders on a goal in providing policyholders meaningful options for the rate increase on LTCI coverage. She said the ACLI is supportive of developing principles to guide state insurance regulators in the review of RBOs facing an increase on the LTCI policy. She said it is important to recognize the characteristics of the block of business and how those characteristics affect the choices that are provided to consumers. She said the ACLI identified three overarching principles supporting a review: 1) no policyholder or carrier should be required to modify a contract that has been entered into; 2) any offer made should consider the impact on remaining policyholders; and 3) offers should ensure that there is no unfair discrimination among policyholders. Providing fair and meaningful options to consumers starts with recognizing all aspects of LTCI policies, as not all LTCI products are the same and have evolved over time. Insurers have LTCI blocks with variations. Ms. Graeber said a policyholders' decisions may not be just based on affordability, but also based on their personal situation, so there is no one-size-fits-all for RBOs. Fairness and equity can be achieved by clear communication of the options available and insurers encouraging policyholders to base decisions on the appropriateness of that option for their individual situation and benefit level. She said a main point is to balance communication with the policyholders—what is reasonable and fair—while still allowing insurers the flexibility to identify what options make sense for their block of business.

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

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Adopted by the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup, 11/30/20

REDUCED BENEFIT OPTIONS ASSOCIATED WITH LONG-TERM CARE INSURANCE (LTCI) RATE INCREASES

Principles and Issues (including those with particular need for stakeholder input)

AUTHORITY

The Reduced Benefit Options (RBO) Workstream 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 workstream members have developed a list of RBO principles in order to provide guidance for evaluating RBO offerings.

PRINCIPLES AND ISSUES (including those with particular need for stakeholder input)

1. Related to fairness and equity for policyholders who elect an RBO:

- If some policyholders facing a rate increase are being offered an RBO but not others, an adequate explanation is needed.
- Each RBO should provide reasonable value relative to the default option of accepting the rate increase and maintaining the current benefit level.

2. Related to fairness and equity for policyholders who choose to accept rate increases and continue LTCI coverage at their current benefit level:

- The extent of potential anti-selection should be analyzed, with consideration of the impact on the financial stability of the remaining block of business and the resulting effect on the remaining policyholders.

3. Related to clarity of communication with policyholders eligible for an RBO:

- Policyholders should be provided with maximum opportunity and adequate information to make decisions in their best interest.
- Companies should present RBOs in clear and simple language, format and content, with clear instructions on how to proceed and whom to contact for assistance.

4. Related to consideration of encouragement or requirement for a company to offer certain RBOs:

- Regulators should evaluate legal constraints, the impact on remaining policyholders and company finances, and the impact on Medicaid budgets if encouraging or requiring reduced LTCI benefits.

5. Related to exploration of innovation, particularly where an outcome of improved health and lower claim costs are possible:

- Regulators and interested parties should continue to study the idea of rate increases being tied into an insurer's offering; e.g., providing hand railings for fall prevention in high-risk homes, and identifying the pros and cons of such an approach.

Widely Established RBOs in Lieu of Rate Increases

- a. Reduce inflation protection going forward, while preserving accumulated inflation protection.
- b. Reduce daily benefit.
- c. Decrease benefit period/maximum benefit pool.
- d. Increase elimination period.
- e. Contingent nonforfeiture.
 - i. Claim amount can be sum of past premiums paid.
 - ii. Only receive that benefit if the policyholder qualifies for a claim.

Less Common RBOs for Potential Discussion

- a. Cash buyout.
- b. Copay percentage on benefits.

Adopted by the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup, 11/30/20

REDUCED BENEFIT OPTIONS ASSOCIATED WITH LONG-TERM CARE INSURANCE (LTCI) RATE INCREASES

Guiding Principles to Ensure Quality Consumer Notices of Rate Increases and Reduced Benefit Options

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 workstream members have established the following as part of the work plan to complete the charge:

- Evaluate the quality of consumer notices and RBO materials presented to policyholders.
- Consider the relevant lessons learned and consumer focus group studies from the Penn Treaty liquidation.
- Review existing RBO consumer notice checklists or principle documents from multiple states (i.e., Nebraska, Pennsylvania, Texas and Vermont).
- Address pertinent comments submitted on the RBO principles document.

INTRODUCTION

This document seeks to provide guiding principles in answering this question:

What are the recommendations for ensuring long-term care insurance policyholders have maximized opportunity to make reduced benefit decisions that are in their best interest?

National Association of Insurance Commissioners (NAIC) Guiding Principles on Long-Term Care Insurance
Reduced Benefit Options Presented in Policyholder Notification Materials

This document is intended to establish consistent high-level guiding principles for long-term care insurance reduced benefit options presented in policyholder notification materials. These principles are guidance and do not carry the weight of law or impose any legal liability.

Recognizing that each component outlined in these principles will not apply in all circumstances:

RECOMMENDS that insurance companies recognize these fundamental principles.

CALLS ON all insurance companies to consider the following principles in communicating reduced benefit options available to consumers in the event of a rate increase.

UNDERLINES that the following principles are complementary and should be considered as a whole.

Filing Rate Action Letters

Insurers should consider:

- Sending rate actions after the state has approved the rate action filing.
- Making the rate action effective on a policy anniversary date, recognizing that the *Long-Term Care Insurance Model Regulation* (#641) allows for the next anniversary date or next billing date.
- Mailing rate increase notification letters at least 45 days prior to the date(s) a rate action becomes effective, consistent with any applicable state laws and/or regulations.
- Sending rate increase notifications each year for rate increases that are phased-in over multiple years.
- Disclosing all associated future planned rate increases approved by regulators in the initial and phased-in rate increase notification letters.
- Filing rate action letter templates in the NAIC System for Electronic Rate and Form Filing (SERFF) rate increase filing to include statements of variability and sample letters highlighting the differences between the communications, consistent with any applicable state laws and/or regulations.
- Presenting innovative options to state insurance regulators prior to filing new reduced benefit options.
 - This enables regulators to evaluate potential anti-selection, adverse morbidity, and implications to consumers and future claims experience.

Readability and Accessibility

Insurers should consider:

- Drafting a rate action letter that is easy to follow, flows logically, and displays the essential information and/or the primary action first, followed by the nonessential information.
- Presenting the reduced benefit options in a way that is comprehensible, memorable, and adjusted to the needs of the audience.
- Using cover pages, a table of contents, glossaries, plain language, headers, maximized white space, and appropriate font size and reading level for the intended audience.
- Using illustrative tools, such as bullet points or illustrations as appropriate, and graphs or charts enabling a side-by-side comparison.
- Including definitions of complex terms; and if a term, subject or warning is repeated throughout the communication, consider making the language consistent throughout the document.
- Including a question-and-answer section that is succinct but answers the commonly asked questions in plain language.
- Providing appropriate accommodations for policyholders with disabilities or for policyholders for whom English is not a first language.

Identification

Insurers should consider drafting the RBO communication in a way that helps policyholders understand:

- What is happening?
- Why it is happening to them?
 - Ensure the letter does not negatively reference the state insurance department.
- When is it happening?
- What can they do about it?
- How do they take action?

Communication Touch and Tone

Insurers should consider:

- Drafting the communication in a way that helps policyholders envision or reflect on the reason(s) why they purchased a long-term care insurance policy.
- Conveying as much empathy as possible regarding the impact a rate action(s) may have on policyholders.
- Presenting reduced benefit options fairly, refraining from the use of bolding, repeating or emphasizing one option over another.
- Displaying the policyholder's ability to maintain current benefits by paying the increased premium.
- Using word choices that appreciate how those words could influence a policyholder's decision.
 - For instance, consider using "now" instead of "must"; or "mitigation options," "offset premium impact" or "manage an increase" instead of "avoid an increase."

Consultation and Contact Information

The insurer should consider listing multiple contacts in the communication in an easy-to-identify location to include: when available; phone number; email address; and website. For example:

- Customer service.
- Lapse notifier.
- Insurance producer.
- State insurance department.
- State Health Insurance Assistance Program (SHIP).

The insurer should consider suggesting policyholders consult a family member or other trusted advisor, such as:

- Lapse notifier.
- Insurance producer.
- Financial advisor.
- Certified personal accountant or tax advisor (in the event cash buyouts are offered).

Understanding Policy Options

Insurers should consider the presentation of the communication by:

- Identifying what necessitated the communication on the first page.
 - For example, the header could say, "Your Long-Term Care Premiums Are Increasing."
- Including the reduced benefit options with the rate action letter.
- Limiting the number of options displayed on the letter to no more than four or five.
- Identifying which reduced benefit option(s) have limited time frames.
- Advising policyholders that they can ask about reducing their benefits at any time, regardless of a rate increase.
- Providing enough information in the communication to make a decision.
 - If supplemental materials (e.g., insurer's website) are provided, they would enhance the policyholder's understanding, but not be necessary to use when making a decision.

Insurers should consider indicating the window of time to act by:

- Clearly indicating what the policyholder's premium will increase to and by when.
- Displaying the due date(s) in an easy-to-identify location and repeating it multiple times throughout the document.
- Clearly differentiating due date(s) for each RBO, if available for a limited time.

Insurers should consider including disclosures regarding rate increase history:

- Disclosing that future rate actions could occur.
- Advising if prior rate actions have or have not occurred to include:
 - Policy form(s) impacted.
 - Calendar year(s) the policy form(s) was available for purchase.
 - Percentage of increase approved to include the minimum and maximum, if they vary by benefit type.
- Reminding policyholders that their policy is guaranteed renewable.

Insurers should consider advising policyholders of their current benefits:

- For example, the communication could disclose the policyholder's current benefits to include:
 - Daily maximum amount.
 - Inflation option.
 - Current pool of benefits for policies with a limited pool of benefits.

Insurers should consider personal needs decision-making by:

- Only listing reduced benefit options that are available to the policyholder.
- Calling on policyholders to reflect on how each option could impact them personally.
- Prompting policyholders to consider their unique situation to include their current age, health conditions, financial position, availability of caregivers, spouse or partner impacts, and the potential need for institutionalized care.
- Reminding policyholders to consider the cost of care in the area and setting where they expect to receive care.
- Informing policyholders of factors that impact long-term care costs, such as:
 - The average cost of care for in-home care, assisted living, and nursing home care in their area.
 - The inflation rate of the cost of care for in-home and nursing home care in their area.
 - The average age and duration of a long-term care claim for in-home and nursing home care.
 - Factors that influence the age, duration and cost of a claim.
- Disclosing to policyholders when an RBO falls below the cost of care in their area.
- Calculating for policyholders the number of days or months a paid-up option could cover based on the cost of care in their area.
 - Buyout or cash-out disclosures.
 - The cash offerings, if any, should disclose to policyholders that the option could result in a taxable event and they should consult with their certified personal accountant and/or tax advisor before electing this option.

Insurers should consider the value of each option by:

- Disclosing if the RBOs may not be of equal value and are dependent on the unique situation of each policyholder.

Insurers should consider communicating the impact of options by:

- Displaying the options in a way that enables policyholders to compare options, including details such as:
 - Daily/monthly benefit.
 - Benefit period.
 - Inflation option.
 - Maximum lifetime amount.
 - Premium increase percentage and/or new premium.
 - Nonforfeiture (NFO) or contingent nonforfeiture (CNF) amount.
 - If the policy is Partnership qualified, changes to benefits may impact Partnership status.
 - Current premium.

- Providing a series of questions to help policyholders contemplate the implications of each action, such as:
 - What will happen if they take no action?
 - What will happen if they make no payment before the policy anniversary date?
 - If they accept the full increase without reducing their benefits, how will they handle potential future rate increases?
 - If they elect the cash buyout, there could be tax implications.
 - If they elect a paid-up nonforfeiture option, how long will the reduced benefit last if they had a claim?
 - If they were to increase their elimination period from 30 days to 100 days, do they have enough funds to cover those expenses?
 - Partnership policies: Will reducing the benefits remove Partnership qualification? If so, the letter should explain that their asset protection may be removed or reduced.

When rate actions span over multiple years, insurers should consider:

- Disclosing the full rate increase amount, how it is spread out across multiple years, and all associated future planned rate increases approved by regulators.
- Specifying if the premium increase referenced is the first, second, third, last, etc.
- Offering contingent nonforfeiture based on the full increase amount and offered with each phase of the rate action.
- Notifying policyholders at least 45 days in advance of each phase of the rate increase, consistent with any applicable state laws and/or regulations .