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GOVERNOR

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
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BUREAU OF INSURANCE
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MILA KOFMAN
SUPERINTENDENT

The Hon. Mary Jo Hudson
Director
Ohio Department of Insurance
50 West Town St.
Third Floor, Suite 300
Columbus, OH 43215

RE: IIPRC Long Term Standards for Rate Review:

Dear Director Hudson:

The IIPRC Product Standards Committee has recently discussed whether the Compact should have the authority to review initial rate filings, rate adjustment filings or both with respect to long term care insurance. While the Maine Bureau of Insurance staff can understand the practicality of the Compact reviewing initial rate filings in conjunction with form filings in order to address speed to market concerns, we have substantial reservations regarding allowing rate adjustment filings to be made with the Compact.

We share many of the same concerns regarding Compact review of rate adjustment filings voiced by Oklahoma Insurance Commissioner Kim Holland in her March 19, 2010 letter to you. Furthermore, the support for Compact review of rate adjustment filings appears based in substantial part on an assumption that long term care insurance experience does not and will not vary greatly from state to state. Our actuarial staff questions the validity of that assumption. They note that some insurers exclude experience from one to three states from their filings because it differs substantially from their experience in other states. We are concerned that if companies are forced to aggregate experience in all states or even all Compact member states for purposes of rate filings, a distinct possibility exists that residents of Maine could well be asked to unfairly subsidize policyholders elsewhere.

Commissioner Holland observes in her letter that as we all know, early assumptions about long term care experience were inaccurate. We are not confident there is yet sufficient knowledge of how the experience will develop with this relatively new product to make the decision to cede local authority over rate adjustment filings to the Compact.



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We look forward to the continuing dialogue as the project moves forward.

Dated: April 28, 2010

Sincerely,

Eric Cioppa
Deputy Superintendent

Cc: Karen Schutter, IIPRC Executive Director
Commissioner Sean Dilweg (WI), Vice-Chair
Commissioner Paulette Thabault (VT), Secretary-Treasurer