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February 2, 2010

Ms. Karen Z. Schutter
Executive Director
Interstate Insurance Product Regulation Commission
444 North Capitol Street, NW
Hall of the States, Suite 701
Washington, DC 20001

Dear Ms. Schutter:

The Maryland Insurance Administration ("MIA") appreciates the care and diligence the Interstate Insurance Product Regulation Commission ("Commission") took in drafting the proposed standards for "Rate Filing Standards for Individual Long-Term Care Insurance – Issue Age Rate Schedules Only" and "Rate Filing Standards for Individual Long-Term Care Insurance – Modified Rate Schedules." The MIA remains significantly concerned, however, that the proposed standards do not include language to allow the Commission to require insurers to phase in significant rate increases over one or more years.

Maryland has taken steps to encourage our residents to purchase long-term care insurance, including establishing a long-term care partnership program. When asking our residents to make a significant financial contribution to purchase this discretionary insurance to help all of us contain health care costs, Maryland has held it is appropriate to limit annual premium rate increases. Under regulations adopted by the MIA, long-term care insurers "may not charge a renewal premium rate for a long-term care policy which exceeds by more than 15 percent any premium charged for the policy during the preceding 12 months." See COMAR 31.14.01.04.A.(05). While COMAR 31.14.01.04.A.(06) does allow the Maryland Insurance Commissioner to approve a rate increase in excess of 15% per year when an insurer has demonstrated the need for a larger increase due to utilization of policy benefits greatly in excess of the expected rate, this provision has been used sparingly to allow a 20% increase in uncommon circumstances, and to allow a 25% increase for a single insurance company.

The two aforementioned Commission proposed standards do not provide *any* premium rate increase protection for consumers covered by long-term care insurance. The MIA believes this puts consumers, particularly seniors, at risk of having to cancel this important insurance protection because they must absorb potentially large premium rate increases all at once. Encouraging seniors to cancel long-term care insurance is not in the public interest of any state.

Certainly, the long-term care insurance industry has made great strides in more accurately predicting losses and premiums. Nonetheless, given the significant demographic changes we face as a nation over the next decades and the significant advances in medicine, the MIA continues to believe it is possible long-term care insurers do not fully understand the long-term morbidity risks. The stability we see today in the industry may not remain over the next few decades.

For this reason, the MIA respectfully requests the Commission strongly consider including a provision similar to what Maryland has today to limit annual renewal premium rate increases to a reasonable percentage (e.g., 15-20 percent). Just as in Maryland, when a renewal premium rate increase is actuarially justified at a higher amount, the long-term care insurer would be permitted to continue increasing renewal premiums until the appropriate and justifiable amount has been reached. This approach provides security both to long-term care insurers and consumers.

Thank you for the opportunity to comment on these two important standards. I look forward to working with you to find an appropriate way to protect insurers' solvency and ensure fair premium increases consumers may reasonably be expected to absorb in one year.

Sincerely,



Beth Sammis, Ph.D.
Acting Insurance Commissioner