

LTC Rate Review Survey Results



NAIC Online Survey

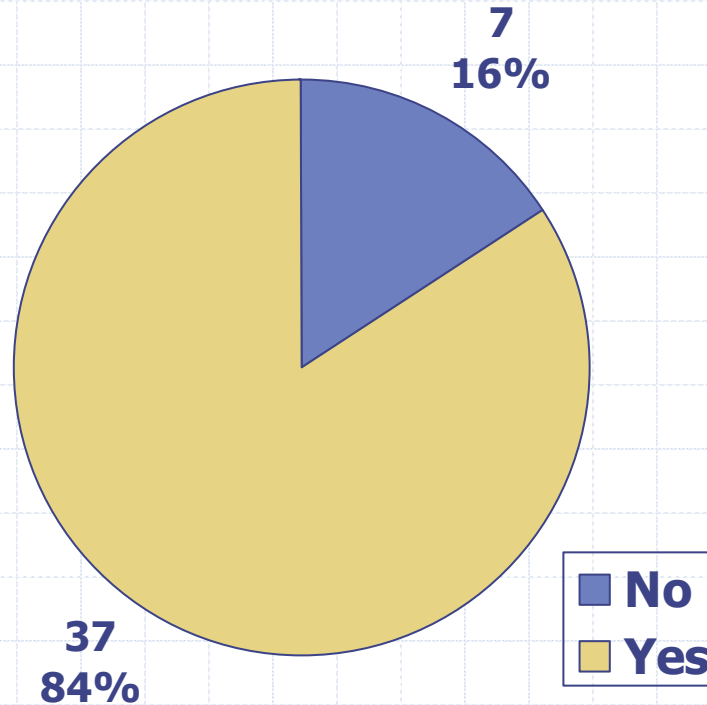
Conducted Jan. 16-Feb. 11, 2009

46 States Responding

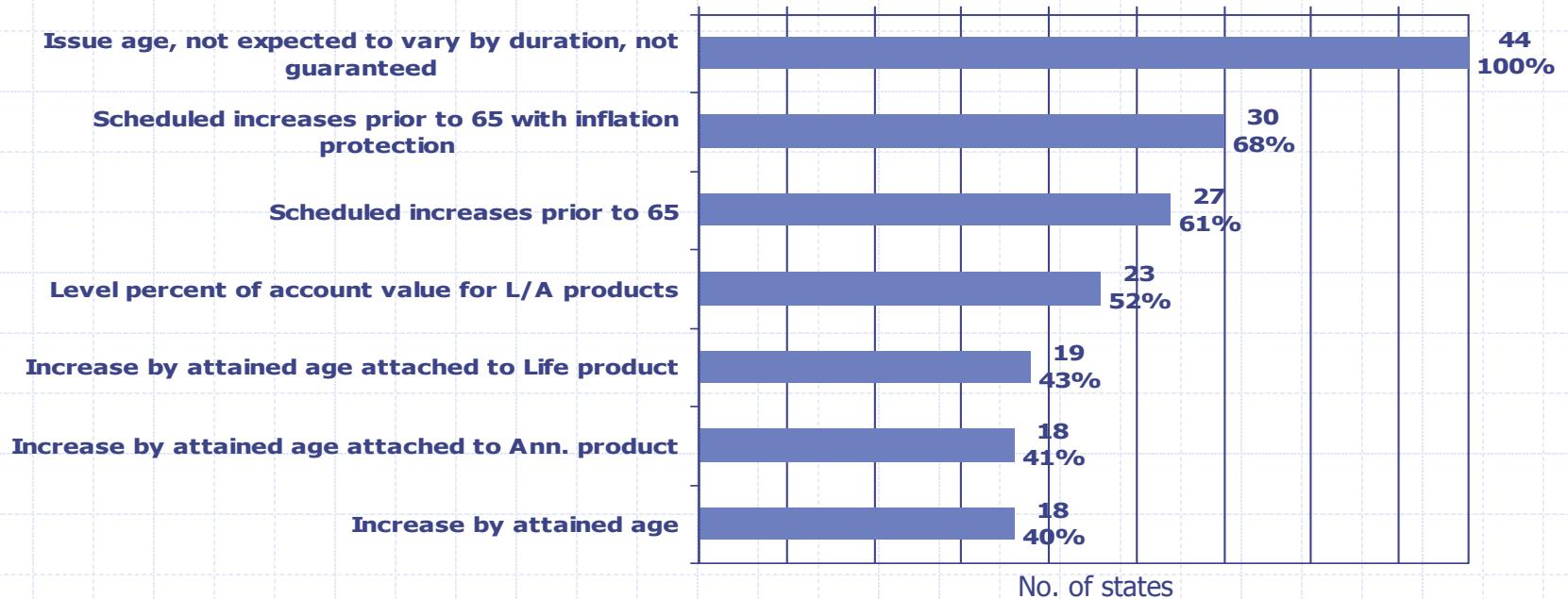
- 2 responding states do not review or approve LTC rates



1. Does your state follow the Rate Stabilization provision of the NAIC model regulation?



2. What LTC rate structures would hypothetically be permitted in your state?



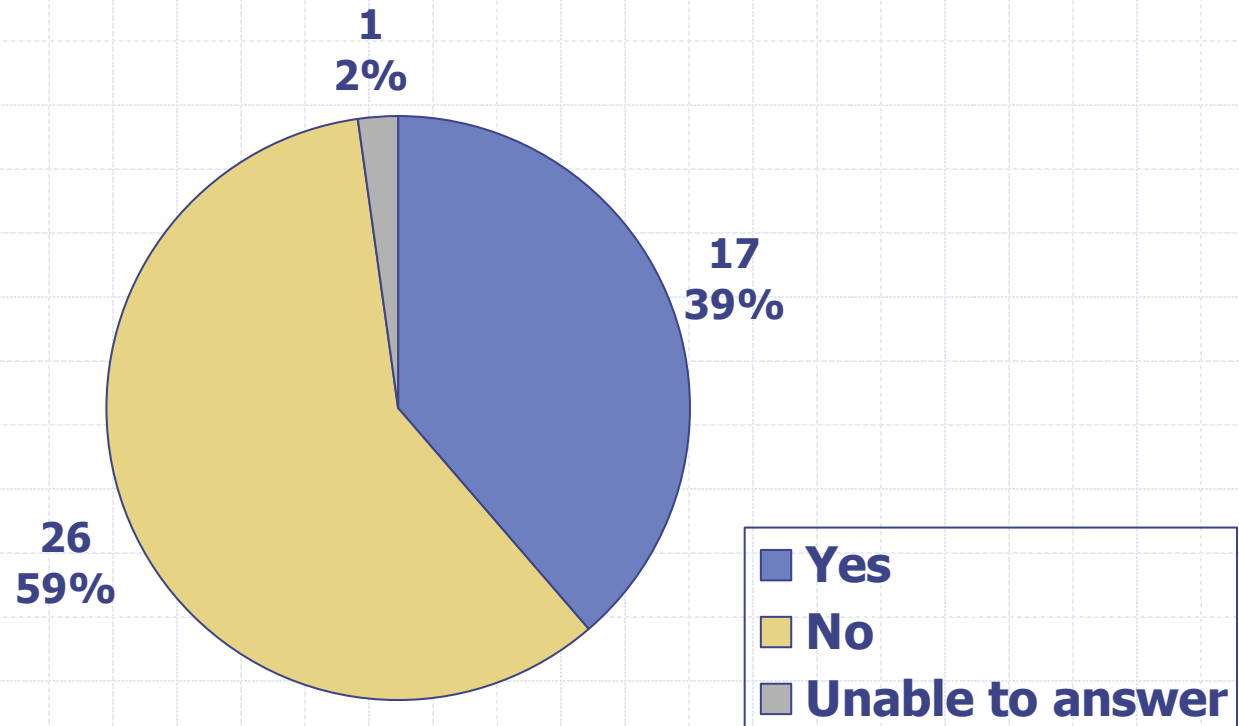
Note: Respondents could select more than one rate structure.

Responses to Question 2 in Detail

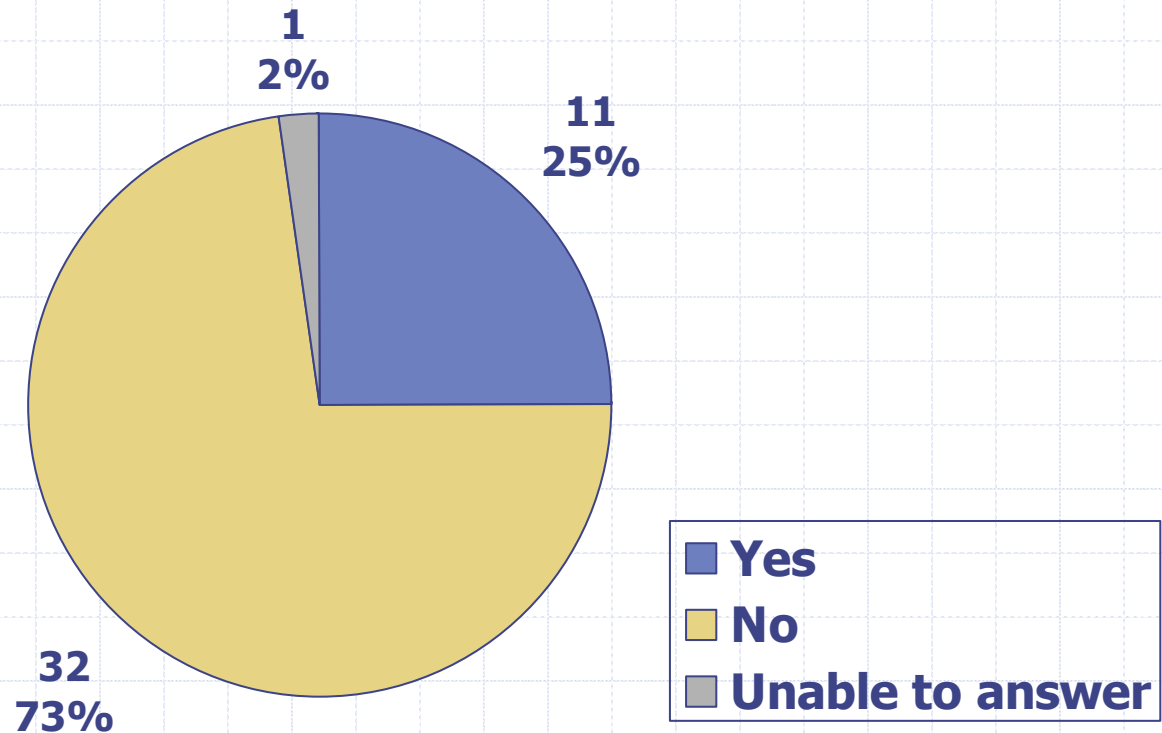
This chart breaks down the responses to Question 2 by percentage of 2007 LTC premium volume and of compacting states responding to survey.

Rate Structure	Response by LTC Premium Volume	Response by Compact Members
Scheduled increases prior to 65 with inflation protection	Would allow: 59% Would not allow: 41%	Would allow: 78% Would not allow: 22%
Scheduled increases prior to age 65	Would allow: 56% Would not allow: 44%	Would allow: 72% Would not allow: 28%
Level percent of account value for life or annuity products	Would allow: 57% Would not allow: 43%	Would allow: 50% Would not allow: 50%
Rates that increase by attained age if attached to life product	Would allow: 37% Would not allow: 63%	Would allow: 41% Would not allow: 59%
Rates that increase by attained age if attached to annuity product	Would allow: 36% Would not allow: 64%	Would allow: 38% Would not allow: 62%
Rates that increase by attained age	Would allow: 28% Would not allow: 72%	Would allow: 56% Would not allow: 44%

3. Has your state **received** filings other than those based on issue age, not expected to vary by duration, but not guaranteed?



4. Has your state **allowed** filings other than those based on issue age, not expected to vary by duration, but not guaranteed?



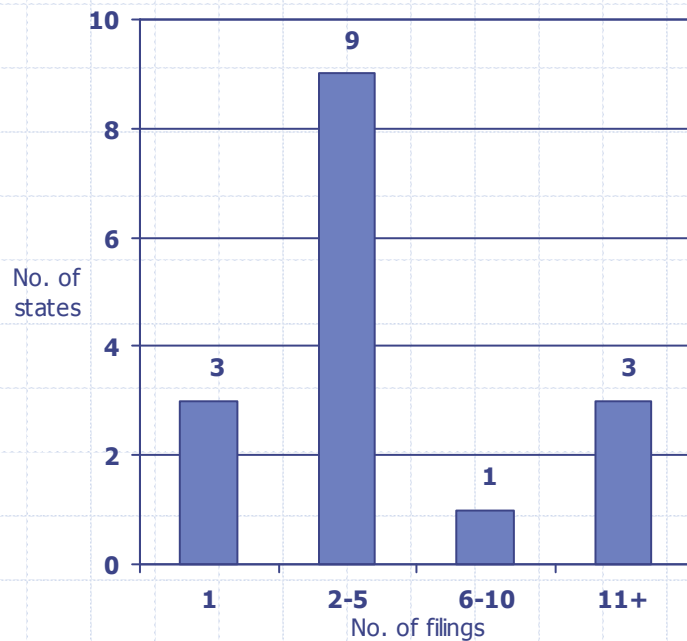
Responses to Questions 3 and 4 in Detail

This chart breaks down the responses to Questions 3 and 4 by percentage of 2007 LTC premium volume and of compacting states responding to survey.

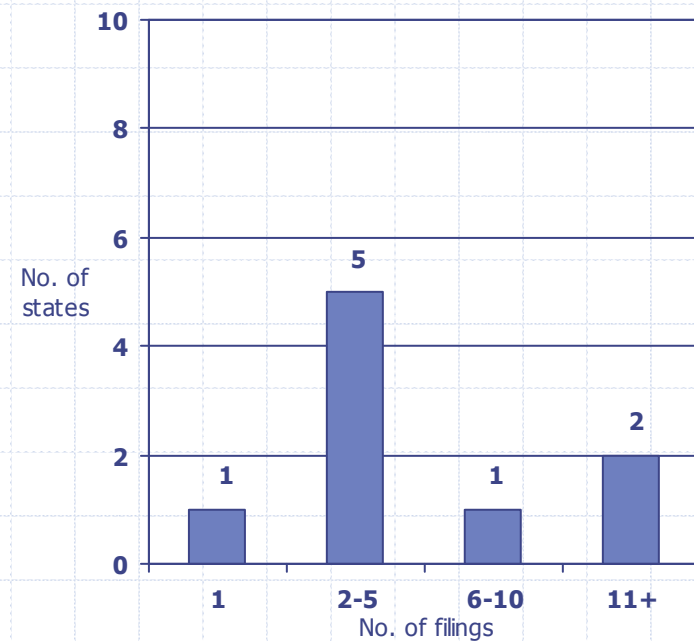
	Response by LTC Premium Volume	Response by Compact Members
Has state received filings other than those based on issue age, not expected to vary by duration, but not guaranteed?	Yes: 38% No: 62%	Yes: 38% No: 62%
Has state allowed filings other than those based on issue age, not expected to vary by duration, but not guaranteed?	Yes: 27% No: 73%	Yes: 25% No: 75%

5. How many filings other than issue age, not expected to vary by duration, but not guaranteed has your state **received/allowed?**

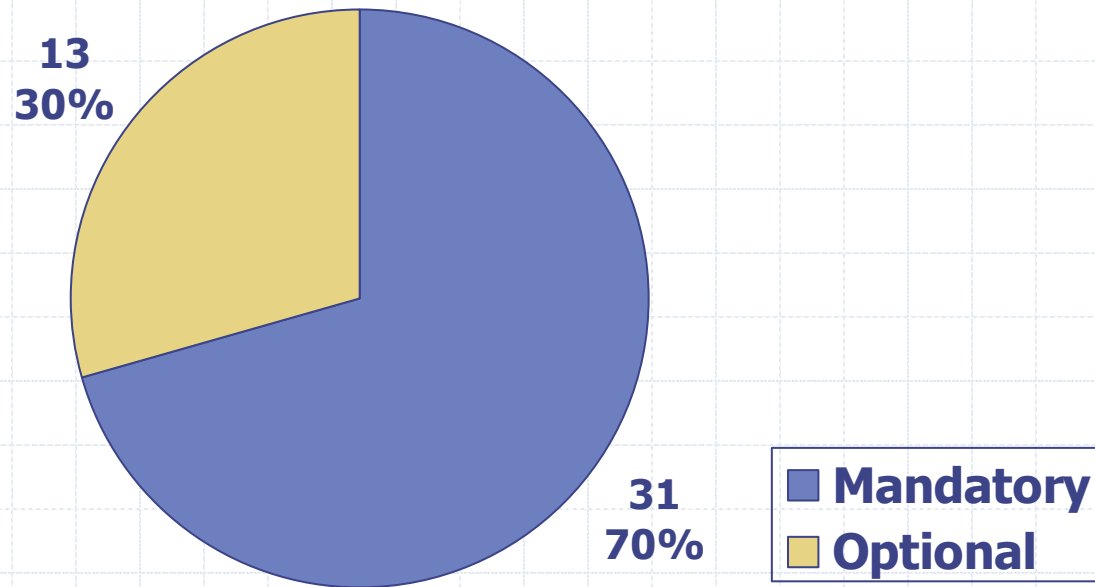
How many RECEIVED?



How many ALLOWED?



6. Does your state consider it mandatory or optional to provide an actuarial demonstration that benefits are reasonable in relation to premium?



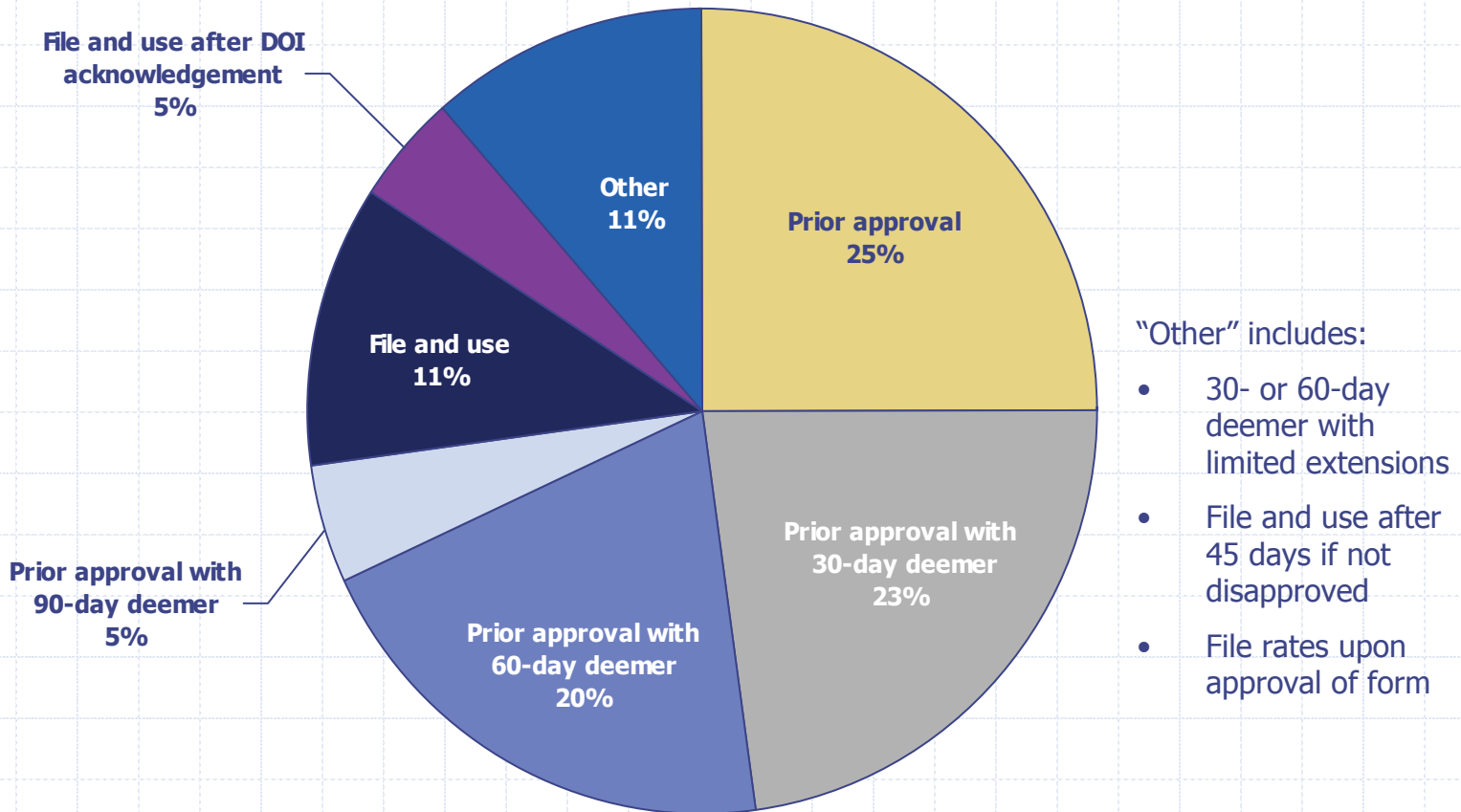
7. What criteria are used to evaluate reasonableness of benefits in relation to premium?

- Loss ratio or gross-to-net premium valuation (20 states)
- Review assumptions such as lapse rates, interest rates, expense factors and morbidity (10 states)
- Compare of rates to other forms with similar benefits (4 states)

- 6 states reported relying on the actuarial certification

Note: This question was optional, and those who responded could name multiple criteria.

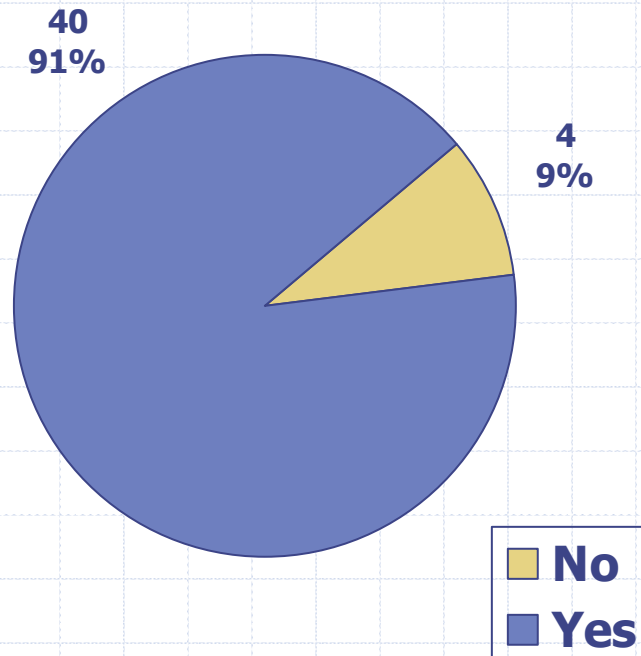
8. How does your state process initial rate filings?



Comparing Question 8 to Question 3

Filing system	Has state <u>received</u> filings other than those based on issue age, not expected to vary by duration, but not guaranteed?
Prior approval	Yes: 36% No: 64%
Prior approval. 30-day deemer	Yes: 20% No: 80%
Prior approval, 60-day deemer	Yes: 22% No: 78%
File and use	Yes: 67% No: 33%
Prior approval, 90-day deemer	Yes: 50% No: 50%
File and use upon acknowledgement	Yes: 50% No: 50%
Other	Yes: 67% No: 33%

9. Does the same processing system apply for rate change filings as for initial rate filings?

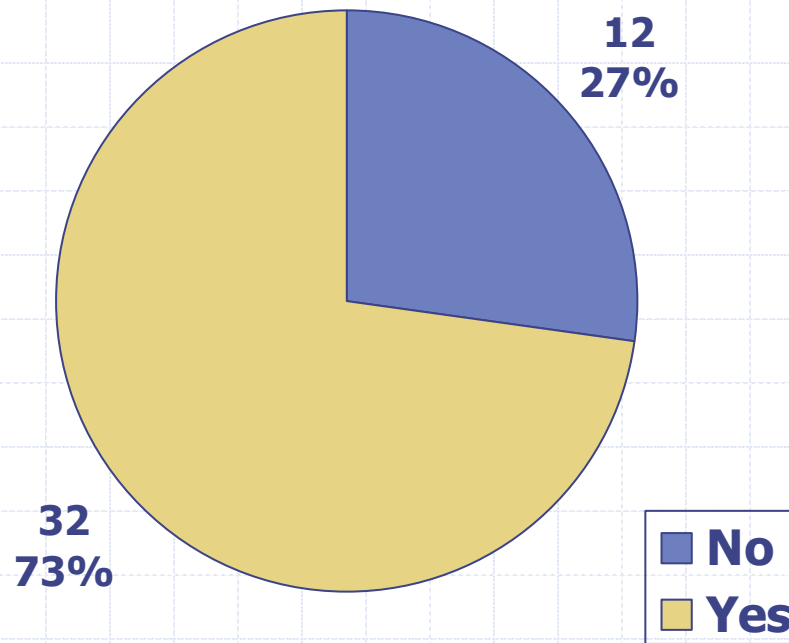


Responses from "no" states:

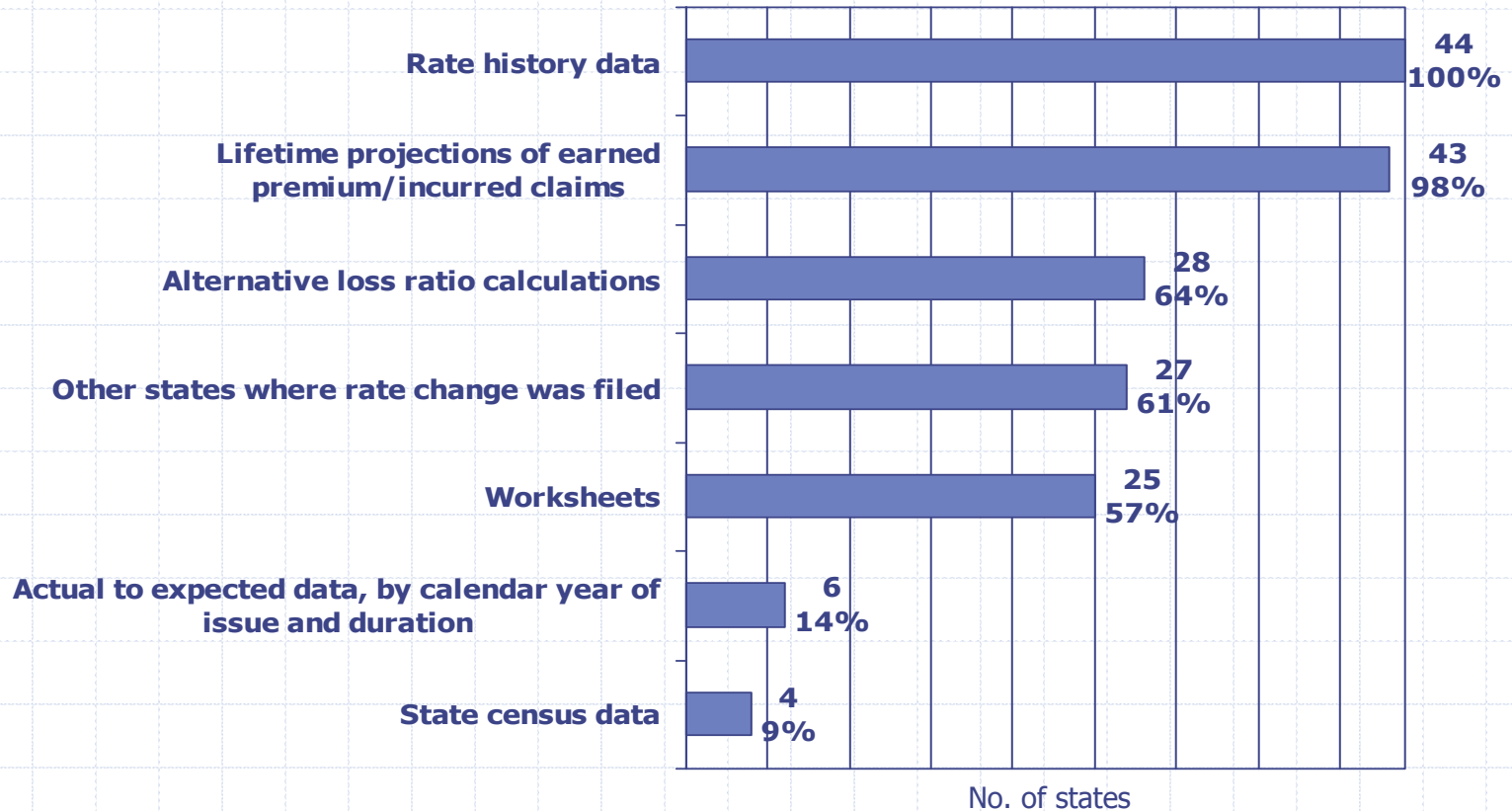
Initial rate system > Rate change system

- Prior approval with 60-day deemer > Prior approval with filing required 60 days in advance of notice to policyholders
- Prior approval with 60-day deemer > Prior approval with filing required 45 days in advance of notice to policyholders
- File rates upon approval of form > File and use
- File and use > Filed for acceptance

10. For rate changes, does your state follow Section 20 of the NAIC model regulation?

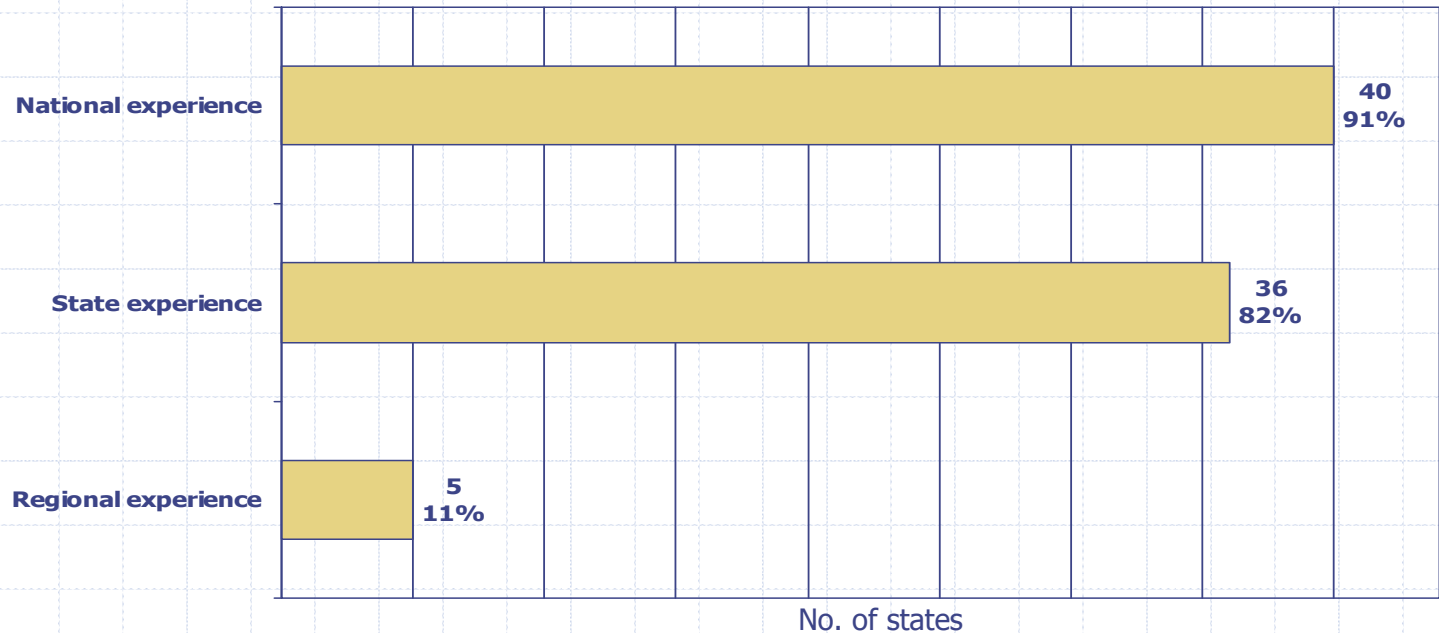


11. What additional information may your state request to review changes to previously approved rates?



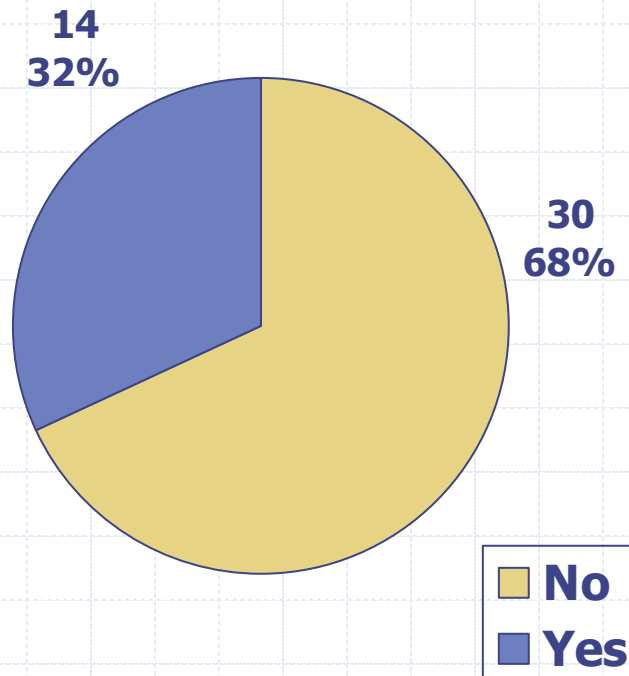
Note: Respondents could select more than one option.

12. What aggregation of experience does your state typically require?



- 12 states indicated they require aggregate experience for all forms in addition to aggregate experience for forms subject to the rate change

13. Does your state impose caps or similar limits, either formally or informally, on rate increases?



Responses from "yes" states:

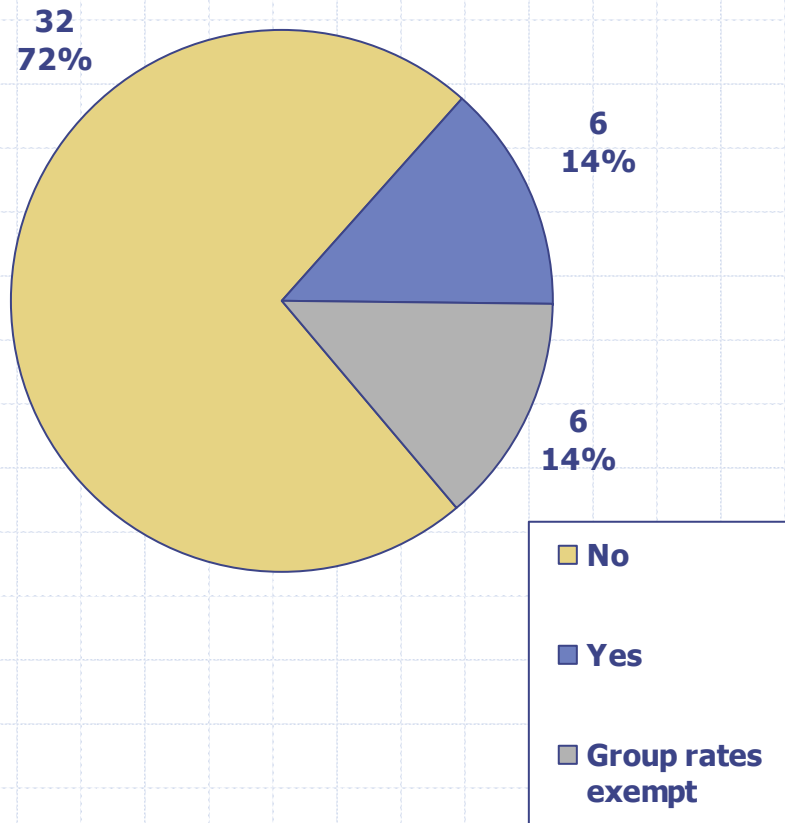
- Cap at specified % increase per specified number of years (3 states)
- Commissioner may negotiate lower % increase (2 states)
- Cap at specified % increase in 1 year (2 states)
- Phase-in increases above specified % (2 states)
- Cap at 1 increase per year (1 states)
- Cap at rates used for new business (1 state)
- Cap at specified % increase and/or specified dollar amount per month increase (1 state)
- Cap at 1 increase per year, subsequent increases must be filed in subsequent years (1 state)
- Cap at specified % increase (1 state)

14. What other factors are taken into consideration in the review of rate change filings?

- Persistency rate (15 states)
- Prior rate increases and ratio of proposed increase to initial rates (6 states)
- Maturity/life stage of block subject to rate change (6 states)
- Rate increases in other states (4 states)
- Credibility of experience (4 states)
- Investment earning rate (4 states)
- Whether request attempts to recoup past losses or pricing mistakes (3 states)
- New “moderately adverse” compared to initial filing (3 states)
- Economic impact on company (1 state)
- Loss ratios on paid basis (1 state)
- Independent projections (1 state)

Note: This question was optional, and those who responded could name multiple factors.

15. Do filing requirements differ for individual and group LTC products, other than certification of appropriate groups?



Differences identified by "yes" states:

- Group loss ratio may be higher (4 states)
- Extraterritorial groups may be handled differently (2 states)