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Subject: Industry Advisory Committee: IIPRC 5 Year Review (Phase 5): GLB Standards
Date: Monday, August 24, 2015 4:12:23 PM

Re: Section 6 of the July 29, 2015 Memorandum From the PSC:

On pages 20 and 21, we believe that there is a technical error in the COMMENTS section at the bottom of page 20 and the in the red text on page 21.

As stated in the IIPRC Accelerated Death Benefit standards (individual and group) on page 1, ***the key to whether or not a payment of a benefit is subject or not subject to the LTC standards is if the payment of the benefit is contingent upon receipt of long-term care.***

On pages 20-21, the proposed IIPRC language states that the key is if the ***“withdrawal benefit is contingent on the covered life receiving care from a health care facility or is unable to perform a specified number of ADLs...”***. On this basis, there would never be any benefit under the GLB (or the accelerated death benefit) because the trigger requires ADL deficiency, confinement, terminal illness, etc. The distinction between these benefits (GLB, Accelerated Death Benefits) and LTC is that for GLB and Accelerated Death Benefits qualifying events the company is merely looking to see if a qualifying event has occurred, and not if the person is receiving LTC benefits as a result of the qualifying event.

This is what our current proposed Scope section says:

These standards shall not apply to long-term care insurance products or products providing long-term care benefits as provided in the Interstate Insurance Product Regulation Commission standards for long-term care insurance. With regard to the calculation referred to in § 2.C.(1)(b), if the use of the qualifying event trigger is contingent upon the covered person’s receipt of qualified long-term care, the Interstate Insurance Product Regulation Commission shall require that such benefit be filed in accordance with its long-term care insurance standards. [emphasis added for this email]

This is what the group accelerated death benefit standards say:

Products subject to these standards shall not be described as long-term care insurance or as providing long-term care benefits. If the payment of accelerated death benefit is contingent upon receipt of long-term care services or supports, these standards shall not apply and such benefit will be subject to the IIPRC standards for long-term care insurance.

If we need to make our proposal read more like the accelerated death benefits standard, we can say:

Products subject to these standards shall not be described as long-term care insurance products or as products providing long-term care benefits. With regard to the calculation

referred to in § 2.C.(1)(b), if the use of the qualifying event trigger is contingent upon the covered person's receipt of long-term care, these standards shall not apply and such benefit will be subject to the Interstate Insurance Product Regulation Commission standards for individual long-term care insurance.

Please note that in the proposed GLB standards rely on "covered person", a defined term, and not "covered life".

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