



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
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Superintendent

April 19, 2017

Director Bruce R. Range
Market Conduct Examination Standards (D) Working Group
National Association of Insurance Commissioners
1100 Walnut Street
Suite 1500
Kansas City, MO 64106-2197

Dear Director Range:

Subject: Long-Term Care – Model Act / Regulation Comparison to Market Regulation Handbook Procedures

Attached, please find New York's comments related to a comparison of recent revisions to the NAIC LTC Model Act / Regulation to current NAIC Market Regulation Handbook examination procedures for the purpose of determining if additional market conduct procedures should be included within the Market Conduct Handbook. .

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Date: April 14, 2017

New York - Suggested Long-Term Care Revisions to Chapter 22, “Conducting the Long-Term Care Examination”, of the Market Conduct Regulation Handbook

Long-Term Care Insurance Model Act – Executive (EX) Committee and Plenary – 12/31/2016

Section 6(F)(1)&(2) (2016 – pg. 5)– *LTC Policies, certificates and riders shall have a notice prominently printed on the first page or attached thereto including specific instructions to accomplish a return”.*

Suggestion for inclusion within the Handbook: The examiner should determine that new policies, certificates and riders include the new model law wording regarding the free look statement or language and substantially similar and time frame (30 days) for return of policy for refund.

Section 6(G)(2) (2016 – pg. 6)– The outline of coverage (delivered to the prospective applicant) shall include:...

“(b) a description of the eligibility triggers for benefits and how those triggers are met:”...

Suggestion for inclusion within the Handbook: Examiner should determine / verify the individual state’s approval process for this document. If the document is not reviewed/approved by the state, the Company’s personal worksheet document should be reviewed for adherence to the Model Act wording.

Long-Term Care Insurance Model Regulation – Revisions to Model No. 641 – Executive (EX) Committee and Plenary – 12/31/2016

Appendix B (2016 pg. 13-19) – Long-Term Care Insurance Personal Worksheet & Disclosure Statement– *Have been substantially revised in the areas of Premium Information, Type of policy & Company’s right to increase premiums, premium increase history and questions related to applicant’s income/asset s/ review signatories.*

Suggestion for inclusion within the Handbook: Examiner should determine / verify the individual state’s approval process for this document. If the document is not reviewed/approved by the state, the Company’s personal worksheet document should be reviewed for adherence to the Model Act wording.

Appendix F (2016 – pg. 20-22) – Long-Term Care Insurance Potential Premium Increase Disclosure Form – Has been substantially revised in instructions area, guaranteed renewable increase in premiums option, premium change notice

Suggestion for inclusion within the Handbook: Examiner should determine / verify the individual state's approval process for this document. If the document is not reviewed/approved by the state, the Company's potential premium disclosure form should be reviewed for adherence to the Model Act wording.

Long-Term Care Insurance Model Regulation No. 641 – September, 2014 Rev.

Section 10 – Initial Filing Requirements

B(2)(d) (2014 pg. 10-11) – Actuarial Confirmation – Statement that premiums contain at least the minimum margin for moderately adverse experience.

Suggestion for inclusion within the Handbook: If not reviewed by a Department actuary (or other Department assigned actuary), the examiner should review the actuarial confirmation for minimum and composite margin requirements

B(2)(f) (2014 pg.12) – Statement that Reserve Requirements have been reviewed and support for such statement.

Suggestion for inclusion within the Handbook: If not reviewed by a Department actuary (or other Department assigned actuary), the examiner should review the Statement that Reserve Requirements have been reviewed for content and supporting documentation.

B(3)items (2014 pg. 12-13) – Actuarial Memorandum: Prepared, dated and signed by a member of the Actuarial Academy of Actuaries included and shall address and support each specific item required as part of the actuarial certification and provide additional listed information.

Includes a statement that reserve requirements have been reviewed and considered. Support for this statement (support detail), complete description of pricing assumptions, sources and levels of margins, demonstration that the gross premiums include the minimum composite margin specified in para. (2)(d).

Suggestion for inclusion within the Handbook: Actuarial memorandum prepared, dated and signed by a member of the Academy of Actuaries shall be included and shall address and support each specific item required by the actuarial certification and provide following information (described).

Note: This section indicates that in any review of the actuarial certification and actuarial memorandum, the commissioner may request review by an actuary with experience in long-term pricing who is independent of the company.

Suggestion for inclusion within the Handbook: The examiner should determine that the appropriate actuarial review by an independent actuary has been done.

Section 15 (pg. 641 – 22-24) – Reporting Requirements

(Item H – Reports required to be filed with the commissioner:

New: Annual rate certification requirements, actuarial certification prepared, dated and signed by a member of the American Academy of Actuaries along with a statement of sufficiency of the current rate schedule (for rate schedules currently marketed and rate schedules no longer marketed), actuarial memorandum dated and signed by member of AAA and actuarial certification.

Suggestion for inclusion within the Handbook: that the examiner determine that the above filings have been made to the Commissioner as directed.

Section 20 (pg. 641-28) – Premium Rate Increases

(J)(5) – The contents of the actuarial memorandum that is to be filed with the Insurance Department – includes mandated information.

Suggestion for inclusion within the Handbook: For those states in which the actuarial memorandum is not reviewed on a formal basis by the state’s actuary, suggest that the examiner determine that the mandated content items of the actuarial memorandum are included within such memorandum.

Section 20.1(Pg. 641-35) – Premium Rate Schedule Increases for Policies Subject to Loss Ratio Limits Related to Original Filings.

Applies to rate notice to the commissioner time frame, certification of qualified actuary, actuarial memorandum content, other disclosure items and requirements for premium rate increases.

Suggestion for inclusion within the Handbook: For those states in which the aforementioned items not reviewed on a formal basis by the state’s actuary, suggest that the examiner determine that the mandated content items of the actuarial memorandum are included within such memorandum.

Section 27(H)&(I) (pg. 641-48) – Right to Reduce Coverage and Lower Premiums

Provides for premium rate notice to consumer requirements.

Suggestion for inclusion within the Handbook: For those states in which there is not an approval process relative rate notice wording, suggest that the examiner review such rate notices for compliance with Section 27(H)&(I) premium rate notice content.

Section 33 (pg. 641-68-73)– Standard Format - Outline of Coverage.

Prescribes a standard format for the outline of coverage document.

Suggestion for inclusion within the Handbook: For those states in which there is not an approval process relative to the outline of coverage document, suggest that the examiner review the outline of coverage document for compliance with Section 33 requirements.

Appendix E (pg. 641-80) – Claim Denial Reporting Form

The Claims Denial Reporting Form for Long-Term Care Insurance has been revised to include additional data re: claim counts by claimant and transaction as well as information on number of in-force policies

Suggestion for inclusion within the Handbook: Depending on the extent of in-house Department review, the examiner should review for filing and accuracy of content.

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