April 29, 2015

To: Jan Graeber
    Eric King

Re: LTC Guidance Manual Updates

Here are suggested modifications to the exposed document and suggested changes under items 2 and 5 of the spreadsheet. I would have put these into the spreadsheet but then the existing language might have been lost.

Item 2

• Section 20.1 requires the insurer to replace the “58” in the current 58/85 test with the greater of 58 percent and the original lifetime loss ratio with the moderately adverse margin specified in the initial filing. For insurers that price at a loss ratio greater than 58 percent, this change maintains the portion of original premiums to be used for benefits plus the higher portion of any rate increase filings. Even without this provision in the regulations, many rate increase filings already reflect this change.

Item 5

Change ‘normal’ to expected (with no quotes) in both sentences. This is what regulators should expect to see in the certification.

Change “states” to would state in both sentences.

In addition, AHIP and ACLI are fine with the proposed revisions from Texas to Items 6, 8 and 9.

We are prepared for the discussion suggested for several Items.

Bill Weller