

Review Requirements Checklist  
FOR REVISION TO LONG-TERM CARE INSURANCE (LTCI) RATES

**NOTE: This document is intended to assist carriers in preparing LTCI rate increase filings for review and approval by the Bureau of Insurance. It provides guidance based on current Virginia laws and regulations. It should be noted, however, that this checklist should not be used exclusive of other important resources, including, but not limited to, any and all other applicable state insurance laws and associated rules and regulations. Note that some regulatory references in the Comments column are approximate. It is the responsibility of the carriers to verify that their products comply with all relevant statutory and regulatory requirements.**

REVIEW REQUIREMENTS	REFERENCES	COMMENTS	FILER'S NOTES
Notice of Proposed Rate Increase	§ 38.2-5206.1 A	<p>Within 60 days of filing for a rate increase with the Commission, insurers providing long-term care insurance policies in Virginia must issue a written notice to each policyholder and certificateholder that the insurer has filed for a rate increase. This requirement is applicable to long-term care insurance rate increase requests submitted to the Commission on or after July 1, 2024. The notice must include:</p> <ul style="list-style-type: none"> <li>• The reasoning for which the insurer is requesting a rate increase;</li> <li>• The amount of the rate increase requested, expressed as a percentage for each individual policyholder, group policyholder or individual certificateholder, as applicable;</li> <li>• Directions on how to obtain information about the Commission's review of the rate case via the Commission's website;</li> <li>• Contact information for the Commission, including the Commission's website, email address and toll-free telephone number;</li> </ul>	

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Notice of Proposed Rate Increase (cont.)	§ 38.2-5206.1 A	<ul style="list-style-type: none"> <li>• A statement informing the policyholder of the right to provide comments to the Commission on the proposed rate increase and how to submit such comments to the Commission, including all available options via phone, website, and mail;</li> <li>• Information on how to contact the insurer for more information, including the insurer's website, email address, and toll-free telephone number; and</li> <li>• A statement that the notice provides information on a proposed rate increase and that the insurer will notify the policyholder of the Commission's approval or denial of the proposed rate increase</li> </ul>	
Source of Filing	14 VAC 5-101-40	Filings shall be submitted in SERFF. Third-party filing authorization must be included.	
	14VAC5-101-50 C 1	Filing description must include the type of insurance form, including a description of the form and the market for which the form is intended; and intentions to concentrate on a specialized market should be noted.	
	14VAC5-101-50 C 2	Filing description must include the form number of each form that is being filed.	
General Information Filing Description	14VAC5-101-50 C 3	Filing description must state whether submitted form is new, or if replacing, revising, or modifying a previously approved form, the exact changes that are intended.	
	14VAC5-101-50 C 4	Filing description must identify any change in benefits and indicate whether the change affects premium rates for the form.	
	14VAC5-101-50 C 5	Filing description must state if approval of a form submitted has been withdrawn by another regulatory body and the reasons for such a withdrawal.	

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	14VAC5-101-50 F	Any form filed that is to be used with a previously approved form, including an application, shall identify the form number, approval date, and SERFF or state tracking number in the new filing.	
	14VAC5-101-50 G	Any amendment, endorsement, or rider that intends to revise a previously approved form shall be accompanied by the previously approved form filed as supporting documentation.	
Form Number	14VAC5-101-60 1	Form Number must appear in the lower left-hand corner of the first page of the form. It shall consist of numbers, letters, or a combination of both. The form number shall distinguish the form from all other forms used by the company.	
Company Name and Address	14VAC5-101-60 2	Full and proper name (including "Inc.") must appear prominently on first page or cover sheet of all forms. Home office address must be included on first page of any policy, application, or enrollment form.	
Marketing Name or Logo	14VAC5-101-60 3	A marketing name or logo also may be used on the form, provided that the marketing name or logo does not mislead as to the identity of the company.	
	14VAC5-101-60 4	The cover page of a policy also shall include the address of an office that will administer the policy if different from the home office, a company telephone number, and company website address.	
Final Form	14VAC5-101-60 5	Form must be submitted in "final form" and in "John Doe fashion" to indicate its intended use.	
Electronic Version	14VAC5-101-60 6	Each form that is to be used in an electronic version shall be filed in a format that matches the electronic version exactly.	
Readability	14VAC5-101-70 A	Each form submitted for review or approval shall be written in simplified language, logically and clearly arranged, and printed in a legible format.	

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	14VAC5-101-70 C	Defined words and terms shall be placed in a separate definition section that is clearly identified, unless only used in one section.	
Type Size	14VAC5-101-70 E	Any form submitted for review or approval shall be printed in at least 10-point type size.	
	14VAC5-101-70 F	Any policy shall achieve a minimum Flesch reading ease score of 50 or an equivalent score using another comparable test, unless otherwise specified by statute, or an exception requested pursuant to 14 VAC 5-101-70 G.	
Variability	14VAC5-101-80	<p>A. Use of variable bracketed information shall be limited. All variable information shall be clear, easily understood and fully explain each use of the variable language.</p> <p>B. Administrative information, such as officer names, titles and signatures, contact information, or company logo may be presented as variable bracketed text.</p> <p>C. Different types of benefits may be variable only for inclusion or exclusion within the form. The use of brackets within brackets is not permitted, except when variability is necessary to identify a period of time or other numeric value.</p> <p>D. Each instance of variable text shall appear in brackets on a form and shall be separately and completely explained in detail in a Statement of Variability document. Each explanation of variability shall appear in the same order that it appears on the form.</p> <p>E. Requests for revisions to a Statement of Variability contained in a previously approved filing shall be accomplished by notification in the original filing.</p>	

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Filing a Rate Revision	14 VAC 5-130-70 A	(i) New rate sheet; (ii) All information required by SERFF.	
	14 VAC 5-130-70 B	Actuarial Memorandum	
	14VAC5-130-70 B 1	A description of the type of policy, including benefits, renewability, issue age limits, and if applicable, whether the policy includes grandfathered, non-grandfathered plans, or both.	
	14VAC5-130-70 B 2	The scope and reason for the premium or rate revision.	
	14VAC5-130-70 B 3	A comparison of the revised premiums with the current premium scale, including all percentage rate changes and any rating factor changes.	
	14VAC5-130-70 B 4	A statement of whether the revision applies only to new business, only to in-force business, or to both.	
	14VAC5-130-70 B 5	The estimated average annual premium per policy and per member, before and after the proposed rate revision. If different changes by rating classification are requested, the filing also must include: (i) Range of changes; and (ii) Average overall change, including a detailed explanation of how the change was determined.	
	14VAC5-130-70 B 6	<i>The following is applicable to all coverage with the exception of coverage issued in the small group market:</i> (i) Projections for future experience, and Virginia and national historical experience of earned premiums, paid claims, incurred claims and loss from inception through most recent quarter. Virginia and national experience should be shown separately. Missing experience should be estimated with all estimation assumptions and methodologies provided in detail; (ii) A statement of the basis for determining the rate revision (Virginia, national, or blended); and	

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		(iii) If blended, provide the credibility factor assigned to the national experience.	
	14VAC5-130-70 B 7	Details and dates of all past rate revisions, including annual rate revisions members will experience resulting from this filing. If a company only revises rates annually, the rate revision must be identical to the current submission. If a company has had more frequent rate revisions, the annual revision must reflect the compounding impact of all revisions for the past 12 months.	
	14VAC5-130-70 B 8	A description of how revised rates were determined, including the general description and source of each assumption of Form 130-A. For claims, provide historical and projected claims by major service category for both cost and utilization on Form 130-B.	
	14VAC5-130-70 B 9	If the rate revision applies to new business, provide the anticipated loss ratio and a description of how it was calculated.	
	14VAC5-130-70 B 10	If the rate revision applies to in-force business provide: (a) The anticipated loss ratio and a description of how it was calculated; and (b) The estimated cumulative loss ratio, historical and anticipated, and a description of how it was calculated.	
	14VAC5-130-70 B 11	The loss ratio that was originally anticipated for the policy.	
	14VAC5-130-70 B 12	If 9, 10a, or 10b is less than 11, supporting documentation for the use of such premiums or rates.	
	14VAC5-130-70 B 13	The current number of Virginia and national members to which the revision applies for the most recent month for which such data is available, and either premiums in force, premiums earned, or premiums collected for such	

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		members in the year immediately prior to the filing of the rate revision.	
	14VAC5-130-70 B 14	Certification by a qualified actuary that, to the best of the actuary's knowledge and judgment, the rate filing is in compliance with applicable laws and regulations of this Commonwealth and the premiums are reasonable in relation to the benefits provided.	
Policyholder Letter Review	14VAC5-200-75 A	Other than policies for which no applicable premium rate or rate schedule increases can be made, insurers shall provide all of the information listed in this subsection to the applicant at the time of application or enrollment, unless the method of application does not allow for delivery at that time. In such a case, an insurer shall provide all the information listed in this section to the applicant no later than at the time of delivery of the policy or certificate.	
	14VAC5-200-75 A 1	A statement that the policy may be subject to rate increases in the future;	
	14VAC5-200-75 A 2	An explanation of potential future premium rate revisions, and the policyholder's or certificateholder's option in the event of a premium rate revision;	
	14VAC5-200-75 A 3	The premium rate or rate schedules applicable to the applicant that will be in effect until a request is made for an increase;	
	14VAC5-200-75 A 4	A general explanation for applying premium rate or rate schedule adjustments that shall include: a. A description of when premium rate or rate schedule adjustments will be effective (e.g., next anniversary date, next billing date, etc.); and b. The right to a revised premium rate or rate schedule as provided in subdivision 2 of this subsection if the premium rate or rate schedule is changed;	

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	§ 38.2-5206.1 A	An insurer shall provide notice of an upcoming premium rate schedule increase to all policyholders or certificate holders, if applicable, at least 90 days prior to the implementation of the premium rate schedule increase by the insurer. Such notice shall be filed with the commission at the time the premium rate increase is filed. The notice shall include at least the following information:	
	§ 38.2-5206.1 B	Please be aware that if the Commission denies the proposed rate increase, the insurer shall issue a written notice to each policyholder of the Commission's denial of the proposed rate increase within 90 days of the final decision by the Commission	
	14VAC5-200-75 D 1	All applicable information identified in subsection A of this section when the rate increase is implemented;	
Policyholder Options	14VAC5-200-75 D 2	A clear explanation of options available to the policyholder as alternatives to paying the increased premium amount, including: a. An offer to reduce policy benefits provided by the current coverage consistent with the requirements of 14VAC5-200-183; b. A disclosure stating that all options available to the policyholder may not be of equal value; c. In the case of a partnership policy, a disclosure that some benefit reduction options may result in a loss in partnership status that may reduce policyholder protections; and d. Contact information that will allow the policyholder to contact the insurer for additional options available;	



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	14VAC5-200-75 D 3	A clear identification of the driving factors of the premium rate increase; and	
	14VAC5-200-75 D 4	A statement substantially similar to the following: The rate increase request was reviewed by the commission and was found to be compliant with applicable Virginia laws and regulations addressing long-term care insurance. All premium rate filings are available	

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		for public inspection and may be accessed online through the Virginia Bureau of Insurance's webpage at <a href="http://www.scc.virginia.gov/BOI">www.scc.virginia.gov/BOI</a> .	
Pre-Rate Stability	14VAC5-200-150 A	This section applies to any premium rate increase filed with the commission on or after September 1, 2015, for any long-term care insurance policy issued in this Commonwealth before October 1, 2003.	
Reasonableness of Benefits	14VAC5-200-150 B	Benefits under individual long-term care insurance policies shall be deemed reasonable in relation to premiums provided the expected loss ratio is the greater of 60% or the lifetime loss ratio used in the original pricing applied to the current rate schedule plus: (i) 80% applied to any premium rate increase for individual policy forms or, (ii) 75% applied to any premium rate increase on group policy forms.	
		In evaluating the expected loss ratio, due consideration shall be given to all relevant factors, including:	
	14VAC5-200-150 B 1	Statistical credibility of incurred claims experience and earned premiums.	
	14VAC5-200-150 B 2	The period for which rates are computed to provide coverage.	
	14VAC5-200-150 B 3	Experienced and projected trends;	
	14VAC5-200-150 B 4	Concentration of experience within early policy duration;	
	14VAC5-200-150 B 5	Expected claim fluctuation;	
	14VAC5-200-150 B 6	Experience refunds, adjustments or dividends.	
	14VAC5-200-150 B 7	Renewability features;	
	14VAC5-200-150 B 8	All appropriate expense factors;	
	14VAC5-200-150 B 9	Interest;	
	14VAC5-200-150 B 10	Experimental nature of the coverage;	
	14VAC5-200-150 B 11	Policy reserves;	

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	14VAC5-200-150 B 12	Mix of business by risk classification; and	
	14VAC5-200-150 B 13	Product features such a long elimination periods, high deductibles and high maximum limits.	
		Demonstrations of loss ratios shall be made in compliance with the Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms, Chapter 130 (14 VAC 5-130) of this title. All present and accumulated values used to determine rate increases, including the lifetime loss ratio used in the original pricing, shall use the maximum valuation interest rate for contract reserves as specified in § 38.2-1371 of the Code of Virginia.	
	14VAC5-200-150 C	Any insurer may request a series of scheduled rate increases that are actuarially equivalent to a single amount requested over the lifetime of the policy. The entire series mat be approved at one time as part of the current rate increase filing.	
	14VAC5-200-150 D	As a condition of approval of a rate increase for a block of business for which the contingent benefit upon lapse is not otherwise required, a contingent benefit upon lapse provision will be required in accordance with 14VAC5-200-185 D. If the rate increase is approved in a series of scheduled rate increases and the sum of all scheduled rate increases will trigger the offering of a contingent benefit upon lapse, the insurer shall be required to include contingent benefit upon lapse at the time of each scheduled increase.	
	14VAC5-200-150 E	All submissions shall include information required by 14VAC5-200-75.	
Long-Term Care Insurance Funded by Life Insurance	14VAC5-200-150 F	A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to	

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		premiums paid, if the policy complies with all the following provisions:	
	14VAC5-200-150 F 1	The interest credited internally to determine cash value accumulations, including long term care, if any, are guaranteed not to be less than the minimum guaranteed interest rate for cash value accumulations without long-term care set forth in the policy;	
	14VAC5-200-150 F 2	The portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of Chapter 32 (§ 38.2-3200 et seq.) of Title 38.2 of the Code of Virginia;	
	14VAC5-200-150 F 3	If an application for a long-term care insurance contract or certificate is approved, the issuer shall deliver the contract or certificate of insurance to the applicant no later than 30 days after the date of approval;	
	14VAC5-200-150 F 4	At the time of policy delivery, a policy summary shall be delivered for an individual life insurance policy that provides long-term care benefits within the policy or by rider. In the case of direct response solicitations, the insurer shall deliver the policy summary upon the applicant's request, but regardless of request shall make delivery no later than at the time of policy delivery. In addition to complying with all applicable requirements, the summary shall also include:	
		a. An explanation of how the long-term care benefit interacts with other components of the policy, including deductions from death benefits;	
		b. An illustration of the amount of benefits, the length of benefit, and the guaranteed lifetime benefits, if any, for each covered person;	
		c. Any exclusions, reductions and limitations on benefits of long-term care;	

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		d. A statement that any long-term care inflation protection option required by 14VAC5- 200-100 is not available under this policy;	
		e. If applicable to the policy type, the summary shall also include: (1) A disclosure of the effects of exercising other rights under the policy; (2) A disclosure of guarantees related to long-term care costs of insurance charges; and (3) Current and projected maximum lifetime benefits; and	
		f. The provisions of the policy summary listed above may be incorporated into a basic illustration or into the life insurance policy summary;	
	14VAC5-200-150 F 5	Any time a long-term care benefit, funded through a life insurance vehicle by the acceleration of the death benefit, is in benefit payment status, a monthly report shall be provided to the policyholder. The report shall include:	
		a. Any long-term care benefits paid out during the month;	
		b. An explanation of any changes in the policy (e.g., death benefits or cash values) due to long-term care benefits being paid out; and	
		c. The amount of long-term care benefits existing or remaining;	
	14VAC5-200-150 F 6	Any policy illustration that meets the applicable requirements of 14VAC5-41; and	
	14VAC5-200-150 F 7	An actuarial memorandum is filed with the Bureau of Insurance that includes:	
		a. A description of the basis on which the long-term care rates were determined;	
		b. A description of the basis for the reserves;	

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		c. A summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance;	
		d. A description and a table of each actuarial assumption used. For expenses, an insurer must include percentage of premium dollars per policy and dollars per unit of benefits, if any;	
		e. A description and a table of the anticipated policy reserves and additional reserves to be held in each future year for active lives;	
		f. The estimated average annual premium per policy and the average issue age;	
		g. A statement as to whether underwriting is performed at the time of application. The statement shall indicate whether underwriting is used and, if used, the statement shall include a description of the type or types of underwriting used, such as medical underwriting or functional assessment underwriting. Concerning a group policy, the statement shall indicate whether the enrollee or any dependent will be underwritten and when underwriting occurs; and	
		h. A description of the effect of the long-term care policy provision on the required premiums, nonforfeiture values and reserves on the underlying life insurance policy, both for active lives and those in long-term care claim status.	
Post-Stability Policies	14VAC5-200-153 A	This section applies to any premium rate increase filed with the commission on or after September 1, 2015, for any long-term care insurance policy issued in this Commonwealth on or after October 1, 2003, but prior to September 1, 2015.	
	14VAC5-200-153 B	An insurer shall request the commission's approval of a pending premium rate schedule increase, including an	

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		exceptional increase, prior to the notice to the policyholders and shall include:	
	14VAC5-200-153 B 1	Information required by 14VAC5-200-75;	
	14VAC5-200-153 B 2	Certification by a qualified actuary that:	
		a. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated; and	
		b. The premium rate filing is in compliance with the provisions of this section;	
	14VAC5-200-153 B 3	An actuarial memorandum justifying the rate schedule change request that includes:	
		a. Lifetime projections of earned premiums and incurred claims based on the filed premium rate schedule increase and the method and assumptions used in determining the projected values, including reflection of any assumptions that deviate from those used for pricing other forms currently available for sale;	
		(1) Annual values for the five years preceding and the three years following the valuation date shall be provided separately;	
		(2) The projections shall include the development of the lifetime loss ratio, unless the rate increase is an exceptional increase;	
		(3) The projections shall demonstrate compliance with subsection C of this section; and	
		(4) For exceptional increases,	
		(a) The projected experience should be limited to the increases in claims expenses attributable to the approved reasons for the exceptional increase; and	

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		(b) In the event the commission determines as provided in the definition of exceptional increase in 14VAC5-200-40 that offsets may exist, the insurer shall use appropriate net projected experience;	
		b. Disclosure of how reserves have been incorporated in this rate increase whenever the rate increase will trigger contingent benefit upon lapse;	
		c. Disclosure of the analysis performed to determine why a rate adjustment is necessary, which pricing assumptions were not realized and why, and what other actions taken by the company have been relied on by the actuary;	
		d. A statement that policy design, underwriting, and claims adjudication practices have been taken into consideration;	
		e. If it is necessary to maintain consistent premium rates for new policies and policies receiving a rate increase, the insurer will need to file composite rates reflecting projections of new policies; and	
		f. A demonstration that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted;	
	14VAC5-200-153 B 4	A statement that renewal premium rate schedules are not greater than new business premium rate schedules except for differences attributable to benefits, unless sufficient justification is provided to the commission; and	
	14VAC5-200-153 B 5	Sufficient information for review and approval of the premium rate schedule increase by the commission.	
Series Rate Increases		An insurer may request a series of scheduled rate increases that are actuarially equivalent to a single amount requested over the lifetime of the policy. The	



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		entire series may be approved at one time as part of the current rate increase filing. The insurer shall be required to include contingent benefit upon lapse at the time of each scheduled increase.	
		The insurer may request a premium rate schedule increase less than what is required under this section and the commission may approve such premium rate schedule increase, without submission of the certification in subdivision 2 a of this subsection, if the actuarial memorandum discloses the premium rate schedule increase necessary to make such certification required, the premium rate schedule increase filing satisfies all other requirements of this section, and is, in the opinion of the commission, in the best interest of policyholders.	
	14VAC5-200-153 C	All premium rate schedule increases shall be determined in accordance with the following requirements:	
Exceptional Increases	14VAC5-200-153 C 1	Exceptional increases shall provide that 70% of the present value of projected additional premiums from the exceptional increase will be returned to policyholders in benefits;	
	14VAC5-200-153 C 2	Premium rate schedule increases shall be calculated such that the sum of the accumulated value of incurred claims, without the inclusion of active life reserves, and the present value of future projected incurred claims, without the inclusion of active life reserves, will not be less than the sum of the following:	
		a. The accumulated value of the initial earned premium times 58%;	
		b. 85% of the accumulated value of prior premium rate schedule increases on an earned basis;	
		c. The present value of future projected initial earned premiums times 58%; and	

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		d. 85% of the present value of future projected premiums not in subdivision 2 c of this subsection on an earned basis;	
	14VAC5-200-153 C 3	In the event that a policy form has both exceptional and other increases, the values in subdivisions 2 b and d of this subsection will also include 70% for exceptional rate increase amounts; and	
	14VAC5-200-153 C 4	All present and accumulated values used to determine rate increases shall use the maximum valuation interest rate for contract reserves as specified in § 38.2-1371 of the Code of Virginia. The actuary shall disclose as part of the actuarial memorandum the use of any appropriate averages.	
	14VAC5-200-153 D	For each rate increase that is implemented, the insurer shall file for approval by the commission updated projections, as defined in subdivision B 3 a of this section, annually for the next three years and include a comparison of actual results to projected values. The commission may extend the period to greater than three years if actual results are not consistent with projected values from prior projections. For group insurance policies that meet the conditions in subsection K of this section, the projections required by subdivision B 3 a of this section shall be provided to the policyholder in lieu of filing with the commission.	
	14VAC5-200-153 E	If any increased premium rate in the revised premium rate schedule is greater than 200% of the comparable rate in the initial premium schedule, the premiums exceeding 200% shall be clearly identified and lifetime projections, as defined in subdivision B 3 a of this section, shall be filed for approval by the commission every five years following the end of the required period in subsection D of	

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		this section. For group insurance policies that meet the conditions in subsection K of this section, the projections required by this subsection shall be provided to the policyholder in lieu of filing with the commission.	
Premium Rate Increases for Policies Issued After September 1, 2015.	14VAC5-200-154 A	An insurer shall request the commission's approval of a pending premium rate schedule increase, including an exceptional increase, prior to the notice to the policyholders and shall include:	
	14VAC5-200-154 A 1	Information required by 14VAC5-200-75;	
	14VAC5-200-154 A 2	Certification by a qualified actuary that:	
		a. If the requested premium rate schedule increase is implemented and the underlying assumptions, which reflect moderately adverse conditions, are realized, no further premium rate schedule increases are anticipated; and	
		b. The premium rate filing is in compliance with the provisions of this section;	
	14VAC5-200-154 A 3	An actuarial memorandum justifying the rate schedule change request that includes:	
		a. Lifetime projections of earned premiums and incurred claims based on the filed premium rate schedule increase and the method and assumptions used in determining the projected values, including reflection of any assumptions that deviate from those used for pricing other forms currently available for sale;	
		(1) Annual values for the five years preceding and the three years following the valuation date shall be provided separately;	
		(2) The projections shall include the development of the lifetime loss ratio, unless the rate increase is an exceptional increase;	

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		(3) The projections shall demonstrate compliance with subsection B of this section; and	
		(4) For exceptional increases:	
		(a) The projected experience should be limited to the increases in claims expenses attributable to the approved reasons for the exceptional increase; and	
		(b) In the event the commission determines as provided in the definition of exceptional increase in 14VAC5-200-40 that offsets may exist, the insurer shall use appropriate net projected experience;	
		b. Disclosure of how reserves have been incorporated in this rate increase whenever the rate increase will trigger contingent benefit upon lapse;	
		c. Disclosure of the analysis performed to determine why a rate adjustment is necessary, which pricing assumptions were not realized and why, and what other actions taken by the company have been relied on by the actuary;	
		d. A statement that policy design, underwriting, and claims adjudication practices have been taken into consideration;	
		e. In the event that it is necessary to maintain consistent premium rates for new policies and policies receiving a rate increase, the insurer will need to file composite rates reflecting projections of new policies; and	
		f. A demonstration that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted;	
	14VAC5-200-154 A 4	A statement that renewal premium rate schedules are not greater than new business premium rate schedules	

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		except for differences attributable to benefits, unless sufficient justification is provided to the commission; and	
	14VAC5-200-154 A 5	Sufficient information for review and approval of the premium rate schedule increase by the commission.	
	14VAC5-200-154 B	All premium rate schedule increases shall be determined in accordance with the following requirements:	
Exceptional Increases	14VAC5-200-154 B 1	Exceptional increases shall provide that 70% of the present value of projected additional premiums from the exceptional increase will be returned to policyholders in benefits;	
	14VAC5-200-154 B 2	Premium rate schedule increases shall be calculated such that the sum of the lesser of (i) the accumulated value of actual incurred claims, without the inclusion of active life reserves, or (ii) the accumulated value of historic expected claims without the inclusion of active life reserves, plus the present value of the future expected incurred claims, projected without the inclusion of actual life reserves, will not be less than the sum of the following:	
		a. The accumulated value of the initial earned premium times the greater of (i) 58% and (ii) the lifetime loss ratio consistent with the original filing including margins for moderately adverse experience;	
		b. 85% of the accumulated value of prior premium rate schedule increases on an earned basis;	
		c. The present value of future projected initial earned premiums times the greater of (i) 58% and (ii) the lifetime loss ratio consistent with the original filing including margins for moderately adverse experience; and	

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REVIEW REQUIREMENTS	REFERENCE	COMMENTS	FILER'S NOTES
		d. 85% of the present value of future projected premiums not in subdivision 2 c of this subsection on an earned basis;	
	14VAC5-200-154 B 3	Expected claims shall be calculated based on the original filing assumptions assumed until new assumptions are filed as part of a rate increase. New assumptions shall be used for all periods beyond each requested effective date of a rate increase. Expected claims are calculated for each calendar year based on the in-force policies at the beginning of the calendar year. Expected claims shall include margins for moderately adverse experience; either amounts included in the claims that were used to determine the lifetime loss ratio consistent with the original filing or as modified in any rate increase filing;	
	14VAC5-200-154 B 4	In the event that a policy form has both exceptional and other increases, the values in subdivisions 2 b and d of this subsection will also include 70% for exceptional rate increase amounts; and	
	14VAC5-200-154 B 5	All present and accumulated values used to determine rate increases, including the lifetime loss ratio consistent with the original filing reflecting margins for moderately adverse experience, shall use the maximum valuation interest rate for contract reserves as specified in § 38.2-1371 of the Code of Virginia. The actuary shall disclose as part of the actuarial memorandum the use of any appropriate averages.	
	14VAC5-200-154 C	For each rate increase that is implemented, the insurer shall file for approval by the commission updated projections, as defined in subdivision A 3 a of this section, annually for the next three years and include a comparison of actual results to projected values. The	

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REVIEW REQUIREMENTS	REFERENCE	COMMENTS	FILER'S NOTES
		<p>commission may extend the period to greater than three years if actual results are not consistent with projected values from prior projections. For group insurance policies that meet the conditions in subsection J of this section, the projections required by subdivision A 3 a of this section shall be provided to the policyholder in lieu of filing with the commission.</p>	
	14VAC5-200-154 D	<p>If any increased premium rate in the revised premium rate schedule is greater than 200% of the comparable rate in the initial premium schedule, the premiums exceeding 200% shall be clearly identified and lifetime projections, as defined in subdivision A 3 a of this section, shall be filed for approval by the commission every five years following the end of the required period in subsection C of this section. For group insurance policies that meet the conditions in subsection J of this section, the projections required by this subsection shall be provided to the policyholder in lieu of filing with the commission.</p>	

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**Access to Administrative Letters, Administrative Orders, Regulations and Laws is available at:**  
<http://www.scc.virginia.gov/boi/laws.aspx>

The Rates Section of the Life and Health Division reviews long-term care insurance rate revisions. Please contact the assigned rates examiner or the Manager of the rates section directly at (804) 371-9348 if you have questions or need additional information about this line of insurance.

I represent that a review of this submission has been conducted, and I certify that, to the best of my knowledge and belief, it is consistent and complies with the requirements of Title 38.2 of the Code of Virginia and the applicable regulations and guidance. I understand that a failure to comply with these requirements may result in a disapproval of the filing.

I hereby certify that I have reviewed the attached revision to the long-term care insurance rates and determined that it is in conformity with the Revision to Long-Term Care Insurance (LTCI) Rates checklist.

Signed: \_\_\_\_\_

Name (please print): \_\_\_\_\_ Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_ Phone No: ( ) \_\_\_\_\_

E-Mail Address: \_\_\_\_\_