

Review Requirements Checklist
FOR NEW 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
Source of Filing	14VAC5-101-40	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	14VAC5-101-50 C 5	Filing description must state if approval of a form submitted has been withdrawn by another regulatory body and the reasons for such a withdrawal.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.	
	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.	

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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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Disclosure Requirements	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 of 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;	
	14VAC5-200-75 A 5	a. Information regarding each premium rate increase on this policy form or similar policy forms over the past 10 years for this Commonwealth or any other state that, at a minimum, identifies: (1) The policy forms for which premium rates have been increased; (2) The calendar years when the form was available for purchase; and (3) The amount or percentage of each increase. The percentage may be expressed as a percentage of the	

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		premium rate prior to the increase, and may also be expressed as minimum and maximum percentages if the rate increase is variable by rating characteristics.	
	14VAC5-200-75 A 5	b. The insurer may, in a fair manner, provide additional explanatory information related to the rate increases.	
	14VAC5-200-75 A 5	c. An insurer shall have the right to exclude from the disclosure premium rate increases that only apply to blocks of business acquired from other nonaffiliated insurers or the long-term care policies acquired from other nonaffiliated insurers when those increases occurred prior to the acquisition.	
	14VAC5-200-75 A 5	d. If an acquiring insurer files for a rate increase on a long-term care policy form or a block of policy forms acquired from nonaffiliated insurers 24 months or more following the acquisition of the policy form or the block of policies, the acquiring insurer may exclude that rate increase from the disclosure. However, the nonaffiliated selling company shall include the disclosure of that rate increase in accordance with subdivision 5 a of this subsection.	
	14VAC5-200-75 A 5	e. If the acquiring insurer in subdivision 5 d of this subsection files for a subsequent rate increase, even within the 24-month period, on the same policy form acquired from nonaffiliated insurers or block of policy forms acquired from nonaffiliated insurers referenced in subdivision 5 d of this subsection, the acquiring insurer shall make all disclosures required by subdivision 5 of this subsection, including disclosure of the earlier rate increase referenced in subdivision 5 d of this subsection.	
	14VAC5-200-75 B	An applicant shall sign an acknowledgment at the time of application, unless the method of application does not allow for signature at that time, that the insurer made the disclosure required under subdivisions A 1 and 5 of this section. If due to the method of application the applicant cannot sign an acknowledgment at the time of application, the applicant shall	

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		sign no later than at the time of delivery of the policy or certificate. The insurer shall maintain copies of the signed acknowledgment for the duration of the policy or certificate.	
	14VAC5-200-75 C	An insurer shall use Forms B and F to comply with the requirements of subsections A and B of this section.	
Initial filing requirements for individual and group LTCI rates.	14VAC5-200-77 A	This section shall apply to any long-term care policy form filed with the commission on or after September 1, 2015.	
	14VAC5-200-77 B 1	An insurer shall provide the information listed in this section to the Commission and receive approval of the firm prior to making a long-term care insurance for available for sale. A copy of the disclosure documents required in 14 VAC 5-200-75; and	
	14VAC5-200-77 B 2	An actuarial certification consisting of at least the following:	
Premium Sufficiency		a. A statement that the initial premium rate schedule is sufficient to cover anticipated costs under moderately adverse experience and that the premium rate schedule is reasonably expected to be sustainable over the life of the form with no future premium increases anticipated;	
		b. An explanation for supporting subdivision 2 a of this subsection, including: (i) A description of the margin for moderately adverse experience that is included in the premium rates, and (ii) A description of the testing or pricing assumptions that was done to support the conclusion that the filed premium rates are sustainable over the life of the form;	
		c. A statement that the policy design and coverage provided have been reviewed and taken into consideration;	
		d. A statement that the underwriting and claims adjudication processes have been reviewed and taken into consideration.	
		e. A complete description of the basis for contract reserves that are anticipated to be held under the form, to include:	

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		(1) Sufficient detail or sample calculations provided so as to have a complete depiction of the reserve amounts to be held;	
		(2) A statement that the assumptions used for reserves contain reasonable margins for adverse experience;	
		(3) A statement that the net valuation premium for renewal years does not increase (except for attained-age rating); and	
		(4) A statement that the difference, in aggregate, between the gross premium and the net valuation premium for renewal years is sufficient to cover expected renewal expenses; or if such a statement cannot be made, a complete description of the situations where this does not occur. When the difference between the gross premium and the renewal net valuation premiums is not sufficient to cover expected renewal expenses, the description provided should demonstrate the type of level of change in the reserve assumptions that would be necessary for the difference to be sufficient.	
		(a) An aggregate distribution of anticipated issues may be used as long as the underlying gross premiums maintain a reasonably consistent relationship.	
		(b) If the gross premiums for certain age groups appear to be inconsistent with this requirement, the Commission may request a demonstration based on a standard age distribution; and	
		f. (1) A statement that the premium rate schedule is not less than the premium rate schedule for existing similar policy forms also available from the insurer except for reasonable differences attributable to benefits; or	
		(2) A comparison of the premium rate schedules for similar policy forms that are currently available from the insurer with an explanation of the differences. It is not expected that the insurer will need to provide a comparison of every age and set of benefits, period of payment or elimination period. A broad range of expected combinations is to be provided in a	

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		manner designed to provide a fair presentation for review by the Commission.	
	14VAC5-200-77 B 3	An actuarial memorandum that includes:	
		a. A description of the basis on which the long-term care insurance premium rates were determined;	
		b. A description of the basis for the reserves;	
		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; and	
		g. A statement that includes a description of the 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.	
		h. An explanation of the review performed by the actuary prior to making the statements in subdivisions B 2 c and d of this section;	
		i. A complete description of pricing assumptions;	
Margins		j. Sources and levels of margins incorporated into the gross premiums that are the basis for the statement in subdivision B 2 a of this section of the actuarial certification and an explanation of the analysis and testing performed in determining the sufficiency of the margins. Deviations in margins between ages, sexes, plans, or states shall be clearly	

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		described. Deviations in margins required to be described are other than those produced utilizing generally accepted actuarial methods for smoothing and interpolating gross premium scales;	
		k. A demonstration that the gross premiums include the minimum composite margin specified in subdivision B 2 e of this section; and	
		l. The anticipated loss ratio and a description of how it was calculated.	

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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 new long-term care insurance rates. Please contact this section at (804) 371-9348 if you have questions or need additional information about this line of insurance.

The Flesch reading ease score of the filed policy form is _____.

I represent that a review of the enclosed form has been conducted, and I certify that, to the best of my knowledge and belief, each form submitted is consistent and complies with the requirements of Title 38.2 of the Code of Virginia and the applicable rules and regulations. I understand that a failure to comply with these requirements will result in a disapproval of the filing.

I hereby certify that I have reviewed the attached new long-term care insurance rate filing and determined that it is in compliance with the New Long-Term Care Insurance (LTCI) Rates checklist.

Signed: _____

Name (please print): _____

Title: _____

Company Name: _____

Date: _____ Phone No: () _____

E-Mail Address: _____