

Comments of Consumer Representatives to the
NAIC Long Term Care Valuation Subgroup
Recommendations for Enhancements to the Long-Term Care Experience Report
January 9, 2018

The undersigned NAIC consumer representatives offer the following comments on amendments to the Long Term Care Experience Report. The current report consists of 5 forms.

Form 1: Actual vs. Expected Claims Persistency provides nationwide experience for each of the six most recent experience years and prior years' experience (inception to date) for earned premiums, incurred claims, valuation expected incurred claims, actual to expected incurred claims, open claim count, new claim count and lives in force at end of year inception broken out by individual and group and by comprehensive, institutional only and non-institutional only.

Form 2: Experience Reserve vs. Reported Reserve by Calendar Year provides nationwide reporting of earned premiums, incurred claims, loss ratio, in-force counts, new issue counts, persistency and experience and reported policy reserves broken out by policy form and by individual and group.

Form 3: LTC Experience Development provides various loss development triangles broken out by individual and group.

Form 4: Life and Annuity Products with LTC Accelerated Benefits provides nationwide reporting for each of the two most recent years and prior years (inception to date) for policies in force, certificates, death claims, LTC accelerated claims and total reserves.

Form 5: State Experience provides state-specific reports of earned premium, incurred claims, in force count and lives in force broken out by individual and group LTC.

Recommendations

While Forms 1, 2 and 3 are detailed and robust for nationwide experience – including nationwide experience by policy form – Forms 4 and 5 are sparse and provide limited information. We recommend enhancing Forms 4 and 5 as follows:

Form 4 Enhancements

We recommend adding a category of reporting for riders providing LTC benefits in addition to the current reporting of life and annuity products with LTC accelerated benefit provisions. The two approaches are significantly different in terms of sales, reserves and exposure.

We also recommend further separating experience reporting by life and annuity products (broken out per the preceding paragraph by LTC accelerated benefits and LTC benefit riders).

Given the rapid growth of LTC-Life and LTC-Annuity hybrid products, we also recommend state-specific reporting of the current data elements with the additional breakouts described above.

Form 5 Enhancements

The Form 5 state page provides extremely limited information and we recommend expanding Form 5 to include the detail of Form 2 or alternatively, require Form 2 reporting by state instead of by nationwide experience. It is unclear what purpose is served by the current Form 5 other than to provide the broadest of descriptions of the most recent activity in the state's LTC market. Regulators, policymakers, consumers and others will benefit from additional data reporting by state.

Bonnie Burns, NAIC Consumer Representative

Peter Kochenburger, NAIC Consumer Representative

Amy Bach, United Policyholders and NAIC Consumer Representative

Birny Birnbaum, Center for Economic Justice and NAIC Consumer Representative