

***Insurance Association of Connecticut
Insurance and Real Estate Committee***

February 3, 2011

**SB 15, An Act Requiring Public Comment On Long-Term Care
Policy Rate Filings**

The Insurance Association of Connecticut (IAC) is opposed to SB 15, An Act Requiring Public Comment On Long-Term Care Policy Rate Filings, which seeks to mandate that the Insurance Department hold a symposium prior to rendering any decision on a long-term care rate filing and that any decision made by the department consider comments made by the public at such symposium.

Long term care insurance is a relatively new product in terms of insurance. It was developed in the 1980's as a product to provide individuals with an alternative method to pay the high cost of future long-term care. Long-term care insurance is a guaranteed renewable product, which means the insurance company guarantees the individual the ability to renew the policy. Guaranteed renewable, however, does not mean that the company guarantees to renew at the same premium. Long-term care insurance contracts specifically state that the rates may increase over time, as does the National Association of Insurance Commissioners (NAIC) shopper's guide, which must be provided to the prospective purchaser.

Insurers are required to maintain certain loss ratio values for these products and over time that may require a rate increase. Any rate increase of a long-term care product in Connecticut must be filed with the Insurance Department. Each rate filing must be accompanied by actuarial data justifying the requested rate increase and meet specific statutory and regulatory requirements. The Insurance Department likewise must make its determination based on all relevant salient information adhering to the strict standards set forth in law.

What value would a symposium add to that process? Would the public be able to provide specific actuarial data and loss ratio expectations, as is required for a filing, in opposition to that filing? It is well settled, that when asked, no one would say they want their rates to go up. So besides providing only subjective information on a rate, what objective information could the public offer at a rate symposium that the department is then required to consider when reviewing a long-term care rate filing?

The Insurance Department has already demonstrated time and time again that its experienced staff reviews such filings carefully and does not merely “rubber stamp” such filings. For example, in the past year alone the Insurance Department approved a very limited number of the filings at the rate requested and denied more outright or approved at a reduced rate. The Insurance Department is already understaffed and overburdened in their attempt to review such filings in a timely manner. A symposium would only serve to further overburden the Insurance Department’s experienced personnel and resources while providing no value and unnecessarily delay the review process.

The IAC urges your rejection of SB 15.