

ALFRED W. GROSS
COMMISSIONER OF INSURANCE

COMMONWEALTH OF VIRGINIA



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9206
<http://www.scc.virginia.gov>

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

May 1, 2007

Administrative Letter 2007 - 3

- TO:** All Companies Licensed to Write Accident and Sickness Insurance in Virginia
- RE:** Chapter 200 of Title 14 of the Virginia Administrative Code
Rules Governing Long-Term Care Insurance
Long-Term Care Partnership Program

The State Corporation Commission recently adopted revisions to the Rules Governing Long-Term Care Insurance, 14 VAC 5-200-10 et seq., (the Rules). The Rules were revised primarily to address requirements necessary to establish a Public-Private Long-Term Care Partnership Program (Partnership Program), between the Commonwealth of Virginia and private insurance companies. The revisions to the Rules will become effective September 1, 2007, concurrent with the implementation date of the Partnership Program in Virginia. The purpose of this letter is to provide general guidance to companies that are considering offering Long-Term Care Partnership policies (Partnership Policies), in Virginia. This letter focuses only on two processes related to the sale of Partnership Policies in Virginia – agent training and Partnership Product qualification. Insurers are expected and required to review the revised Rules in their entirety to ensure that they are compliant with all the requirements in the Rules, including those that may not necessarily relate directly to the Partnership Program.

I. Agent Training

Licensed agents may not sell a Partnership Policy in Virginia unless and until they have received the requisite eight (8) hours of initial training addressed in the Rules at 14 VAC 5-200-205 E. Thereafter, agents must receive at least four (4) hours of ongoing training every twenty-four (24) months. All training must be approved by the Insurance Continuing Education (CE) Board and must, at a minimum, consist of the specific topics identified in the Rules. Insurers will be responsible for ensuring that their agents are appropriately trained, for maintaining documentation of such training, and for producing training records upon request by the Bureau. Agents who meet all Partnership training requirements will be considered to be "qualified" to sell Partnership policies. Insurers are cautioned to take steps to prevent the sale of Partnership policies by agents who have not met these qualification requirements.

Initial Training

- An agent must satisfactorily complete a course consisting of at least two (2) hours, covering the topics identified in 14 VAC 5-200-205 E 3 (a). The course must be designated as CE for Long-Term Care Partnership in Virginia.
- To facilitate a transition toward sales of Partnership Policies, recent relevant training may be used to satisfy all or part of the remaining six (6) hours of the initial training requirements, subject to the following:

Any agent who completes the Partnership-specific course covering the topics identified in 14 VAC 5-200-205 E 3 (a) prior to January 1, 2008 may receive credit for up to six (6) hours of CE approved training covering the topics identified in 14 VAC 5-200-205 E 3 (b through f), and completed between January 1, 2005 and September 1, 2007.

Any agent who completes the Partnership-specific course covering the topics identified in 14 VAC 5-200-205 E 3 (a) on or after January 1, 2008 may receive credit for up to six (6) hours of CE approved training covering the topics identified in 14 VAC 5-200-205 E 3 (b through f), and completed on or after January 1, 2007.

All previous training must be designated as CE for long-term care. Training received in another state will be recognized to complete the requirements relating to the topics identified in 14 VAC 5-200-205 E 3 (b through f) as long as the training is CE approved and identified as CE for long-term care.

Ongoing Training

- The four (4) hours of ongoing training must, at a minimum, consist of two (2) hours relating to the topics identified in 14 VAC 5-200-205 E 3 (a), and two (2) hours relating to the topics identified in 14 VAC 5-200-205 E 3 (b through f).

II. Product Qualification

Partnership policies issued or issued for delivery in Virginia must be approved by the Commission in accordance with § 38.2-316 of the Code of Virginia, and all applicable statutes and rules. Policies submitted for approval as Partnership Policies must also be accompanied by a Partnership Certification Form in the format prescribed in Form 200-C of the Rules.

Insurers seeking approval to use a previously approved long-term care policy form as a Partnership Policy must submit a copy of the previously approved policy form appropriately book-marked to demonstrate compliance with all items identified in the accompanying Partnership Certification Form, along with the approval date of the policy.

To facilitate the product approval process during the transitional period prior to September 1, 2007, the Bureau will accept and review submissions of Partnership Policies prior to that date and will notify insurers of the outcome of its review immediately upon conclusion. However, actual approval dates of qualified Partnership policies will not precede September 1, 2007 and the sales or issuances of Partnership Policies may not occur prior to September 1, 2007 under any circumstances.

Questions concerning agent training may be addressed to:

Preston Winn
Supervisor, Agents Licensing
Bureau of Insurance
Agent Regulation and Administration Division
P.O. Box 1157
Richmond, VA 23218
Phone: 804-786-9521

Questions concerning Partnership Product qualification may be addressed to:

Mary Ann Mason
Senior Insurance Market Examiner
Bureau of Insurance
Life and Health Division
P.O. Box 1157
Richmond, VA 23218
Phone: 804-371-9348

Cordially,



Alfred W. Gross
Commissioner of Insurance