

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 11, 2020

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. INS-2020-00033

*Ex Parte:* In the matter of Amending Rules  
Governing Long-Term Care Insurance

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to the Rules at Chapter 200 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Long-Term Care Insurance," which amend the Rules at 14 VAC 5-200-125.

The amendments to the Rules are necessary to allow more flexibility with the due date for the annual long-term care rate report. The Commission intends to allow the Bureau to set a date by administrative letter in approximately September or October.

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NOW THE COMMISSION is of the opinion that the proposal to amend the Rules at Chapter 200 of Title 14 of the Virginia Administrative Code as submitted by the Bureau should be considered for adoption with a proposed effective date of July 1, 2020.

Accordingly, IT IS ORDERED THAT:

(1) The proposal to amend Chapter 200 of Title 14 of the Virginia Administrative Code at 14 VAC 5-200-125 is attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose amendments to Chapter 200 shall file such comments or hearing request on or before May 1, 2020, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. INS-2020-00033. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2020-00033.

(3) If no written request for a hearing on the proposal to amend rules as outlined in this Order is received on or before May 1, 2020, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt amendments to Chapter 200 of Title 14 of the Virginia Administrative Code as proposed by the Bureau.

(4) The Bureau shall provide notice of the proposal to all carriers licensed in Virginia to write long-term care insurance and to all interested persons.

(5) The Commission's Division of Information Resources shall cause a copy of this Order, together with the proposal to amend rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General,  
Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424;  
and a copy hereof shall be delivered to the Commission's Office of General Counsel and the  
Bureau of Insurance in care of Deputy Commissioner Julie S. Blauvelt.

Project 6337 - none

STATE CORPORATION COMMISSION, BUREAU OF INSURANCE

Rules Governing Long-Term Care

**14VAC5-200-125. Annual rate reports.**

A. Every insurer shall report to the commission annually ~~by June 30~~ premium rates for all long-term care insurance policies. The commission shall establish the due date and post this report to the Bureau of Insurance's webpage. The rate report shall include:

1. For policies issued on or after October 1, 2003, an actuarial certification prepared, dated, and signed by a qualified actuary that provides at least the following information:

a. A statement of the sufficiency of the current premium rate schedule including:

(1) For policies currently marketed:

(a) The premium rate schedule continues to be sufficient to cover anticipated costs under moderately adverse experience, consistent with the margins as defined in the original rate filing or any subsequent rate filing, and that the premium rate schedule is reasonably expected to be sustainable over the life of the form with no future premium increases anticipated; or

(b) If the statement in subdivision 1 a (1) (a) of this subsection cannot be made, a statement that margins for moderately adverse experience, consistent with the margins as defined in the original rate filing or any subsequent rate filing, may no longer be sufficient. In this situation, the insurer shall submit to the commission within 60 days of the date of the actuarial certification a plan of action, including a timeframe, for the reestablishment of adequate margins for moderately adverse experience so that the ultimate premium rate schedule would be reasonably expected to be

sustainable over the future life of the form with no future premium increases anticipated. Failure to submit a plan of action to the commission within 60 days or to comply with the timeframe stated in the plan of action constitutes grounds for withdrawal or modification of approval of the form for future sales.

(2) For policies that are no longer marketed:

(a) A statement that the premium rate schedule continues to be sufficient to cover anticipated costs under best estimate assumptions; or

(b) A statement that the premium rate schedule may no longer be sufficient. The insurer shall submit to the commission within 60 days of the date of the actuarial certification a plan of action, including a timeframe for the reestablishment of adequate margins for moderately adverse experience.

b. A description of the review performed that led to the statement.

c. At least once every three years, an actuarial memorandum dated and signed by a qualified actuary that supports the actuarial certification and provides at least the following information:

(1) A detailed explanation of the data sources and review performed by the actuary prior to making the statement in subdivision 1 a (1) of this subsection;

(2) A complete description of experience assumptions and their relationship to the initial pricing assumptions;

(3) A description of the credibility of the experience data; and

(4) An explanation of the analysis and testing performed in determining the current presence of margins.

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2. For policies issued prior to October 1, 2003, the report shall include a statement signed by a qualified actuary that a complete analysis and review of the premium rates was conducted, a description of the analysis, the date on which the analysis was completed, and any rate action found to be necessary as a result of the analysis.

B. Reports required in this section shall be based on the previous calendar year data and filed with the commission no later than ~~June 30~~ the due date. The commission may request any additional information that will support the information required in this section.