

## Combination Long-Term-Care New Product Filing Checklist

(Long-Term-Care Rules Authority [MCA 33-22-1121-Rules](#))

- 1) Refer to [MCA 33-22-1107\(6\)](#) for what is and is not “Long-term-care insurance”
- 2) Review and confirm compliance with [ARM 6.6.3122 - INITIAL FILING REQUIREMENTS](#).  
Additionally:
  - a) Explain how these premium levels were determined.
  - b) When defining moderately adverse conditions for policy forms that are noncancellable, include in the actuarial certification that this policy form is noncancelable and therefore premium rate increases will not be requested.
  - c) Explain whether the assumptions for projected experience include any margin for adverse experience or confirm that the assumptions are based on best estimates. Note that interest can be included in MAE but cannot be not used to justify future rate increases.
  - d) Specify the profitability measure used and the level of change needed to exceed MAE levels. Explain a change in assumptions that will meet the change in profit measure used. Confirm that no increase will be requested if these levels are not exceeded.
- 3) Reserve Standards are determined in accordance with [ARM 6.6.3111](#).

Please take note of the following sections:

**6.6.3111(1)** When long-term care benefits are provided through the acceleration of benefits under group or individual life policies or riders to such policies, policy reserves for such benefits shall be determined in accordance with [33-2-523, MCA](#). (This has been moved to [33-2-409, MCA](#)). Claim reserves must also be established in the case when such policy or rider is in claim status.

**6.6.3111(2)** Reserves for policies and riders subject to this rule should be based on the multiple decrement model utilizing all relevant decrements except for voluntary termination rates. Single decrement approximations are acceptable if the calculation produces essentially similar reserves, if the reserve is clearly more conservative, or if the reserve is immaterial. The calculations may take into account the reduction in life insurance benefits due to the payment of long-term care benefits. However, in no event shall the reserves for the long-term care benefit and the life insurance benefit be less than the reserves for the life insurance benefit assuming no long-term care benefit.

Please confirm your compliance to these reserving requirements.

Additionally, confirm that in no event shall the reserves for the long-term care benefit and the life insurance benefit be less than the reserves for the life insurance benefit assuming no long-term care benefit.

- 4) [ARM 6.6.3112\(2\)](#) A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to premiums paid, if the policy complies with all of the following provisions:
  - a) The interest credited internally to determine cash value accumulations, including long-term care, if any, are guaranteed not to be less than the minimum guaranteed interest rate for cash value accumulations without long-term care set forth in the policy;

- b) The portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of Montana;
- c) The policy meets the disclosure requirements of Sections 6I, 6J, and 6K of the NAIC Long-Term Care Insurance Model Act;
- d) Any policy illustration that meets the applicable requirements of the NAIC Life Insurance Illustrations Model Regulation; and
- e) An actuarial memorandum is filed with the insurance department that includes:
  - i) A description of the basis on which the long-term care rates were determined;
  - ii) A description of the basis for the reserves;
  - iii) A summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance;
  - iv) A description and a table of each actuarial assumption used. For expenses, an insurer must include percent of premium dollars per policy and dollars per unit of benefits, if any;
  - v) A description and a table of the anticipated policy reserves and additional reserves to be held in each future year for active lives;
  - vi) The estimated average annual premium per policy and the average issue age;
  - vii) A statement as to whether underwriting is performed at the time of application. The statement shall indicate whether underwriting is used and, if used, the statement shall include a description of the type or 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; and
  - viii) A description of the effect of the long-term care policy provision on the required premiums, nonforfeiture values and reserves on the underlying life insurance policy, both for active lives and those in long-term care claim status.

5) Are the accelerated benefits considered incidental? Incidental is defined:

“Incidental,” as used in section 20J, means that the value of the long-term care benefits provided is less than ten percent (10%) of the total value of the benefits provided over the life of the policy. These values shall be measured as of the date of issue.

- 6) Provide proper justification for all assumptions used. Specifically, provide actual-to-expected exhibits for policyholder lapse studies where actual lapses are from similar plans and expected lapses are the lapses assumed with this filing. If no other similar plans are available provide the source of the assumption and the justification that the assumption is applicable to this plan.
- 7) For Guaranteed renewable plans, how would future rate increases be determined with the rider and life benefit. Would an increase be determined with the rider and benefit together or separately?