**Maine Bureau of Insurance  
Initial Rate Filing Review Requirements Checklist  
for New Long Term Care Insurance Policy Forms**

**Subject to Title 24-A M.R.S.A. Chapter 68A and Rule 425**

**Long Term Care Insurance Policies Issued On or After October 1, 2004.**

**LTC03G & LTC03I**

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| **S**  **E**  **C**  **T**  **I**  **O**  **N** | **REVIEW REQUIREMENTS**  **(**[**RULE 425**](http://www.maine.gov/sos/cec/rules/02/031/031c425.doc)**)** | **REFERENCE** | **DESCRIPTION OF REVIEW STANDARDS REQUIREMENT** | | **SPECIFIC LOCATION OF COMPLIANCE IN FILING** | |
| **A.** | **General Initial Rate Filing Requirements:** | [24-A M.R.S.A. §2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html), [24-A M.R.S.A. § 2701, 2.A.,](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2701.html) & [24-A M.R.S.A. § 2839](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2839.html) | **Notice: This “Rule 425” Initial rate filing checklist applies to *all* *initial* rate filings for LTC policies issued on and after October 1, 2004, *for new forms*.**  A Long Term Care insurance policy rate filing must be submitted whenever a new policy, rider, or endorsement form that affects benefits is submitted for approval. Rates must be filed with the form rather than separately. The rate filing must include all initial rates and rating formulas.  The filing must be clearly identified as either a group or an individual rate filing.  The Superintendent may request additional information as necessary. | |  | |
| **B.** | **Electronic (SERFF) Filing Requirements:** | [24-A M.R.S.A. §2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html), | All filings must be filed electronically, using the NAIC System for Electronic Rate and Form Filing (SERFF).  See: <http://www.serff.com>.If the filing is found to be in compliance with the applicable requirements, the SERFF record will show the rates to be “Approved,” and the record will be closed. | |  | |
| **C.** | **Additional Filing Requirements** (every rate submission must contain the following): | | | | | | | |
|  | **1. Carrier Information:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | The name and address of the carrier, and the name, title, email address and direct phone number of the person responsible for the filing, must be provided in the SERFF “Filing Contact Information” section. | | | *Location, page:* | |
|  | **2. Scope and Purpose of Filing:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | Specify that this is a new form and rate filing. | | | *Location, page:* | |
|  | **3. Form Number(s) and Description of Benefits:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | Include a brief description of the benefits provided by each policy form and any attached riders or endorsements and provide the following:  1. Form number(s)  2. Issue age range  3. Attained age or issue age rates  4. Benefit periods  5. Elimination periods  6. Rate guarantees  7. Premium classifications  8. Renewal clause | | | *Location, page:* | |
|  | **4. Date(s) of Issue:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | State the period during which the policy form will be/was issued in Maine. | | | *Location, page:* | |
|  | **5. Proposed Effective Date and Duration of Rates:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | State the proposed effective date, the method of implementation of the proposed rate (e.g., next anniversary or next premium due date), and the period of time the proposed rates are intended to be in effect. | | | *Location, page:* | |
|  | **6. Confidentiality:** | [Title 24-A, § 2736](http://www.mainelegislature.org/legis/statutes/24-A/title24-Asec2736.html) | Eligible confidential information should be clearly identified as described in the [*confidentiality protocol*](https://www.maine.gov/pfr/insurance/licensees/confidential-treatment)*,* available on the Bureau of Insurance website. | | | *Location, page:* | |
|  | **7.** **Supporting Information:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | The filing must include sufficient supporting information to demonstrate that the rates are not excessive, inadequate, or unfairly discriminatory. [See §D and/or §E, below.] | | | *Location, page, if applicable:* | |
|  | **8. Additional Information** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | Any additional information that the Superintendent deems necessary. | | |  | |
|  | **9. Non-compliant Filing:** | [24-A M.R.S.A. § 2736](http://janus.state.me.us/legis/statutes/24-A/title24-Asec2736.html) | If the Bureau requests additional information or finds the rates not to be in compliance with the applicable requirements, the form may not be sold in Maine until the rates are found to be acceptable. | | |  | |
|  | **10.** **Actuarial Certification:** | [Rule 425, § 10. B.(2)](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) [Rule 425, § 20. B.(2)](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) | There must be certification by a qualified actuary that, to the best of the actuary’s knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of Maine and with the rules of the Bureau of Insurance. “Qualified actuary,” as used herein, means a member in good standing of the American Academy of Actuaries. | | | *Location, page:* | |
| **D.** | **Initial Rate Filing Procedures:** [Rule 425, § 10](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) | | | | | | | |
|  | **1. Applicability:** | [Rule 425, § 10. A.](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) | A. This section applies to any long term care policy issued in this state on or after October 1, 2004. | | |  | |
|  | **2.** **Timeliness of Filing, Actuarial Certification, and other Requirements:** | [Rule 425, § 10. B.](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) | B. At least **30** days before making a long-term care insurance form available for sale, an insurer shall provide the superintendent with the information requested in B.(1), B.(2), and sub-§ D. 3, below.  (1) A copy of the disclosure documents required under [Rule 425, §9](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx);  (2) An actuarial certification consisting of at least:  (a) A statement that the initial premium rate schedule is sufficient to cover anticipated costs under moderately adverse experience, and that the premium rate schedule is reasonably expected to be sustainable over the life of the form with no future premium increase anticipated;  (b) A statement that the policy design and coverage provided have been reviewed and taken into consideration;  (c) A statement that the underwriting and claims adjudication processes have been reviewed and taken into consideration;  (d) A statement that the premiums contain a margin for moderately adverse experience that is not less than 10% of lifetime claims, or a justification for a lower margin meeting the requirements of clause (i):  (i) A composite margin that is less than 10% may be justified for long-term care benefits provided through a life insurance policy or annuity contract rather than a stand-alone long-term care policy, or in other extraordinary circumstances. The actuarial certification must include the proposed amount, full justification of the proposed amount, and methods to monitor developing experience to evaluate the validity of the lower margin on an ongoing basis. For products that combine long-term care with other types of benefits, the justification shall address margins and volatility for the entirety of the product.  (ii) A greater margin may be appropriate in circumstances where the company lacks sufficient credible experience to support the assumptions used to determine its premium rates, or for participating policies where policyholders receive distributions based on favorable claims experience.  (e) A statement that the premium rate schedule is not less than the premium rate schedule for existing similar policy forms also available from the insurer, except for reasonable differences attributable to benefits; or a comparison of the premium schedules for similar policy forms that are currently available from the insurer with an explanation of the differences.  (f) A statement that reserve requirements have been reviewed and considered. Support for this statement shall include:  (i) Sufficient detail or sample calculations to provide a complete depiction of the reserve amounts to be held; and  (ii) A statement that the difference between the gross premium and the net valuation premium for renewal years is sufficient to cover expected renewal expenses; or if such a statement cannot be made, a complete description of the situations where this does not occur. An aggregate distribution of anticipated issues may be used as long as the underlying gross premiums maintain a reasonably consistent relationship. | | | *Location, page, if applicable:* | |
|  | **3. Additional Information:** | [Rule 425, § 10. C.](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) | C. The superintendent requires an actuarial demonstration that benefits are reasonable in relation to premiums.  (1) The filing must include sufficient supporting information to demonstrate that the rates are not excessive, inadequate, or unfairly discriminatory. At a minimum, the filing must include an analysis of projected experience with respect to morbidity, mortality, lapsation, and all other relevant factors.  (a) The insurer must provide the present value of expected premiums and expected claims over the life of the policy.  (b) The projected experience must include the definitions of each component and the methodology and assumptions employed in rating this block of business.  (c) The filing must also include a comparison of the proposed rates with those of a similar plan currently sold by the company, if such is available.  (2) Additional information may be requested by the Superintendent. The 30-day period of [Rule 425, §10. B.](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx) shall begin when the insurer provides such additional requested information. | | | *Location, page, if applicable:* | |
| **E.** | **Disclosing Rating Practices to Applicants:**  The filer must review [Rule 425, § 9](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx), and ensure that the requirements contained therein are satisfied as necessary. | | | | | | | |
| **F.** | **Required Offer of Nonforfeiture Benefit; Contingent Nonforfeiture Benefit Upon Lapse:**  The filer must review [Rule 425, § 26](http://www.maine.gov/sos/cec/rules/02/031/031c425.docx), and ensure that the requirements contained therein are satisfied as necessary. | | | | | | | |
|  | **Completed by:** | | | **Date:** | | Rev. 10/26/22 | | |