

TITLE 50: INSURANCE
PART 2012 TRADITIONAL LONG-TERM CARE INSURANCE
CHAPTER I: DEPARTMENT OF INSURANCE

Section 2012.64 Initial Filing Requirements

- a) This Section applies to any traditional long-term care policy issued in this State on or after January 1, 2003.
- b) An insurer shall provide the information listed in subsection (b) of this Section to the Director 30 days prior to making a traditional long-term care insurance form available for sale.
 - 1) A copy of the disclosure documents required in Section 2012.62; and
 - 2) An actuarial certification consisting of at least the following:
 - 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 increases 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 complete description of the basis for contract reserves that are anticipated to be held under the form, to include:
 - i) Sufficient detail or sample calculations provided so as to have a complete depiction of the reserve amounts to be held;
 - ii) A statement that the assumptions used for reserves contain reasonable margins for adverse experience;
 - iii) A statement that the net valuation premium for renewal years does not increase (except for attained-age rating where permitted); and
 - iv) A statement that the difference between the gross premium and the net valuation premium for renewal years is sufficient to cover expected renewal expenses. If such a statement cannot be made, a complete description of the situations where this does not occur must be provided and shall include an aggregate distribution of anticipated issues that may be used as long as the underlying gross premiums maintain a reasonably consistent relationship. In the event that gross premiums for a certain age group appear to be inconsistent with this requirement, the Director may request a demonstration under Section 2012.64(c) based on a standard age distribution; and
 - 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.

- c) The Director may request an actuarial demonstration that benefits are reasonable in relation to premiums. The actuarial demonstration shall include either premium and claim experience on similar policy forms, adjusted for any premium or benefit differences, relevant and credible data from other studies, or both. In the event the Director asks for additional information pursuant to this subsection (c), the January 1, 2003, timeframe identified in Section 2012.64(a) does not include the period during which the insurer is preparing the requested information.

(Source: Added at 26 Ill. Reg. 8835, effective July 1, 2002)