

**#MoSummit2016**



**DIFP**  
Department of Insurance,  
Financial Institutions &  
Professional Registration

# *The Life and Health Pulse*



**2016 Director's  
Regulatory Summit**

# Disclaimer

*This presentation is intended to provide a general educational overview of insurance regulatory topics. The materials contained herein are not intended nor should they be construed to provide specific legal or regulatory guidance. The content of this presentation and any related discussion represents the views and perspectives of the speaker(s) and do not in any way constitute official interpretations or opinions of the Missouri Department of Insurance. Legal or regulatory counsel should always be consulted to review specific questions or issues of regulatory compliance.*



# Speakers

Mary Mealer, Missouri DIFP

Jessica Schrimpf, Missouri DIFP

Karen Schutter, Interstate Insurance  
Product Regulation Commission



**DIFP**  
Department of Insurance,  
Financial Institutions &  
Professional Registration

# DIFP Hot Topics

- New Filing Rule
  - 20 CSR 100-9.100
  - Submissions
    - **Filed:** appropriate fee; proper TOI and filing type and documents attached to appropriate tab
    - **Received:** appropriate fee; not a filed document or does not include documents to be filed
    - **Deficient:** inappropriate fee



# DIFP Hot Topics

- New Filing Rule:
  - Only “filed” documents will be reviewed for compliance with applicable MO insurance laws.
  - Any document that replaces another will be treated as new filing submission; no additional fee required
  - Requires payment of fees via EFT



# DIFP Hot Topics

- New TOIs for Health:
  - H22 Student Health Insurance
    - Sickness only indemnity
    - Accident and sickness indemnity
    - Other indemnity
  - H23 Indemnity Other Than Hospital
    - Accident only
    - Sickness only
    - Accident and sickness
    - Other



# DIFP Hot Topics

- H24 Group Limited Wraparound Coverage
  - Any size group
  - Large group only
  - Small group only
- Individual H24 TOI: intended to comply with federal requirements



# DIFP Hot Topics

- Consumer Affairs: Complaints
  - Air Ambulance
  - Surprise out of network balance bills
  - LTC
  - Life
  - Trends



# DIFP Hot Topics

- Air Ambulance
  - 28 complaints
  - \$1,027,091.00 Billed to Consumers
  - \$367,393.29 Paid by Insurers
  - \$659,767.71 Potential Member Liability



# DIFP Hot Topics

- Air Ambulance Complaints
  - Low Reimbursement
  - Lack of Medical Necessity



# DIFP Hot Topics

- Surprise Out of Network Balance Bills
  - Common Examples
    - Ancillary Services
    - Emergency Room
    - Facility vs Physician Network Status



# DIFP Hot Topics

- Long-Term Care
  - Rising Premiums
  - Difficulty in Obtaining Benefits
  - Payment Delays



# DIFP Hot Topics

- Long Term Care: Rising Premiums – 3 Main Reasons
  - Rising cost of care
  - Increased longevity
  - Inflation riders



# DIFP Hot Topics

- Long Term Care: Difficulty Obtaining Benefits
  - 6 ADL's (Activities of Daily Living)
  - Cognitive Impairment
  - Many impairments don't qualify



# DIFP Hot Topics

- Long Term Care: Payment Delays
  - Monthly documents
  - Recurring request for document submission



# DIFP Update

- MACRA (2015): Section 401
- Missouri chaired the Medicare Supplement Working Group
- Draft of proposed rule changes passed Exec Plenary at August NAIC meeting.
- CMS to review and implement

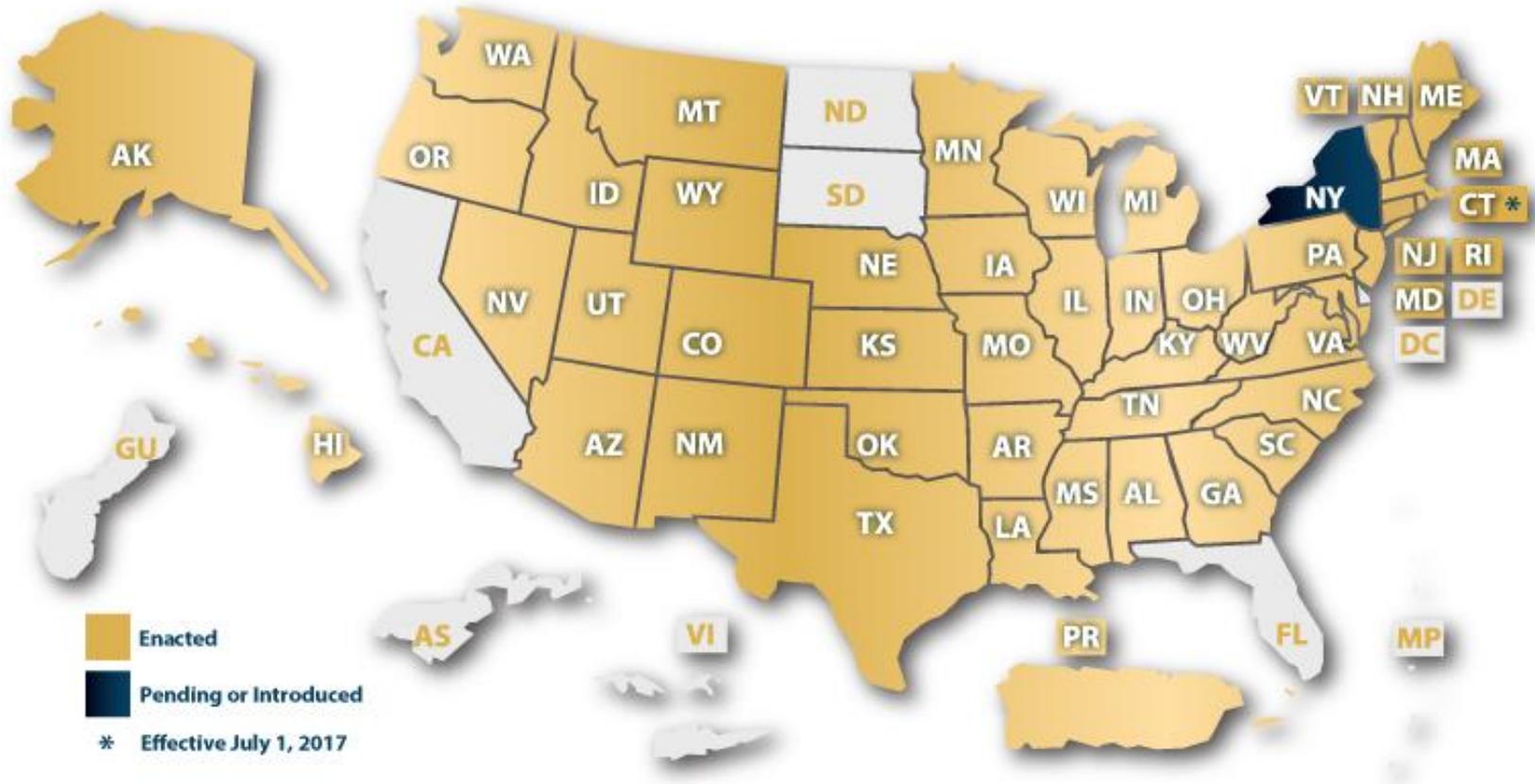


# DIFP Update

- MACRA
  - Plans C and F no longer available to newly eligible beneficiaries as of 1/1/2020
  - Plans C and F “become” plans D and G
  - Plans D and G new guaranteed issue plans
  - New Plan G High Deductible Plan



# The IIPRC Today



# Compact Legislative Activity – What's New

- Connecticut – Effective July 1, 2017
- District of Columbia – DC Council considering bill in Fall (B21-0830)
- California – Conducting independently funded study of Compact
- New York - LICONY working with sponsors of A5208. Department still has reservations



# Meet the Compact Team

- Mindy Bradford - Life Reviewer
- Ed Charbonnier - Life Reviewer
- Karen Givens - Annuity Reviewer
- Maureen Perry - LTC/DI Reviewer
- Katie Campbell - Actuary
- Jeanne Daharsh - Actuary
- Becky McElduff - Assistant Director of Product Operations
- Karen Schutter – Executive Director
- Sara Dubsky – Operations Manager
- Anne Marie Narcini - Regulatory Consultant, Product Standards Development



# 2016 Filing Stats

- 214 Companies registered in 2016 thus far
- 2,158 forms for 695 products filed as of 7/31/16
- 616 products approved as of 8/31/16
- Mix and Match at 51% as of 7/31/2016
- Average approval time 28 business days\*

\* Excludes the company response time to objection letters



# What's New With Uniform Standards: Group Disability Income Insurance

- Effective June 8, 2016
- 7 Uniform Standards: Policy Standards, Enrollment Forms, Statement of Insurability Forms, Rate Filings and Rate Changes
- Group Policyholder Application Standards apply to all group products available to be filed through Insurance Compact
- Mix and Match: Only in combination with state-approved group life or annuity contracts if the DI rider and all DI components are filed with the IIPRC



# What's New With Uniform Standards: Phase 5 – Five Year Review

- Annuity Benefit Features
  - Bonus Benefits
  - Market Value Adjustment Feature for Separate and General Accounts
  - Guaranteed Living Benefits
  - Guaranteed Minimum Death Benefits
- 2 life standards
  - Return of Premium
  - Waiver for Payor Disability



# What's New With Uniform Standards: Phase 5 – Five Year Review

- Key Changes Effective July 18, 2016
  - Market Value Adjustment – General Account:  
Removed 7%/7-year limitation of withdrawal charges for general account, non-Multi Year Guarantee annuities
  - Deleted existing actuarial opinion and added actuarial certification



# What's New With Uniform Standards: Phase 5 – Five Year Review

- Key Changes Effective October 17, 2016 – Guaranteed Living Benefits
  - Provides for enhanced benefits if the covered person experiences a qualifying event.
  - Qualifying events consistent with the Additional Standards for Waiver of Surrender Charges including ADL triggers, chronic illness, terminal illness, disability, cognitive impairment
  - Qualifying event benefit shall not exceed twice the benefit amount otherwise payable.



# What's New With Uniform Standards: Five Year Review: Long-Term Care

- Public comment period open until 10/31 for proposed amendments
- Includes amendments for revisions to NAIC LTC Model regulation and Model Bulletin
- Rate standard requirements for dollar-for-dollar LTC riders
- Clarification, conforming and technical changes



# Long-term Care Insurance Proposed Amendments on Compact Docket

## Docket Developing Standards

Listed below are the Uniform Standards and Operating Procedures pending action by the Commission. Please click the "+" button to the left of each standard name to view details about the proposed rule.

RULEMAKING				
+ Uniform Standards				
- Amendments to Uniform Standards				
Name of Standard/Procedure	Issued	Hearing Requests Due	Comments Due	Hearing Date
- Core Standards for Individual Long-Term Care Insurance Policies	Sept. 1, 2016	Sept. 20, 2016	Oct. 31, 2016	

**Name of Proposed Rule: Core Standards for Individual Long-Term Care Insurance Policies**

**Subject Matter of Proposed Rule:** The purpose of these amendments is to revise the Operating Procedures and Uniform Standards effective between January 1, 2011 and July 1, 2010 and December 31, 2010, in accordance with the Five-Year Commission Review of Rules required by §119 of the Rule for the Adoption, Amendment and Repeal of Rules for the Interstate Insurance Product Regulation Commission. The procedures adopted by the Management Committee in March 2012 for implementing the Five-Year Review process limit the scope of review under §119 to identifying "the need for continuation, repeal or amendment of the rule based primarily on whether circumstances or underlying assumptions have changed since the last time the rule was adopted, amended or reviewed." See the [Transmittal Memo](#) for a more detailed description of the proposed amendments.

**Citation to Published Notices:** Notice of this rule was published on September 1, 2016

**Name of Persons Requesting Public Hearing:**

**Date and Location of Public Hearing, if any:**

**Status of Proposed Rule (including Upcoming Meetings):** The Proposed Amendments have been issued for notice and comment. Written comments will be accepted on the Proposed Standards until October 31, 2016. Written requests for a public hearing must be received no later than September 20, 2016.

**Date Approved by Management Committee:**

**Date Adopted by Commission:**

**Effective Date of Rule:**

**Memos from Product Standards Committee:**

- IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to Five-Year Review (Phase 6 Long-Term Care Insurance) published for Public Call held on April 12, 2016
- IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to Five-Year Review (Phase 6 Long-Term Care Insurance) published for Public Call held on June 21, 2016
- IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to Five-Year Review (Phase 6 Long-Term Care Insurance) published for Public Call held on August 11, 2016
- Final Recommendation of Product Standards Committee of Five-Year Review for Individual Long-Term Care Uniform Standards In Phase 6
- Transmittal Memo with Summary Chart

**Link to Comments Submitted by Members and the Public:**

- Comments Received from Gayle Woods, Oregon Insurance Division



# Adopted Amended Standards on the Record

STANDARDS FOR INDIVIDUAL LIFE BENEFIT FEATURES		
INDIVIDUAL VARIABLE ANNUITY PRODUCT LINE		
Citation Number	Name of Standard/Procedure	Effective Date
IIPRC-A-03-I Standard Checklist	Core Standards for Individual Deferred Variable Annuity Contracts	Mar. 5, 2015 <a href="#">Standard History</a>
IIPRC-A-06-I Standard Checklist	Individual Immediate Variable Annuity Contract Standards	Mar. 5, 2015 <a href="#">Standard History</a>
IIPRC-A-03-I-BONUS Standard Checklist	Additional Standards for Bonus Benefits for Individual Deferred Variable Annuity Contracts	July 18, 2016 <a href="#">Standard History</a>
IIPRC-A-03-I-GLB Standard Checklist	Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities	October 17, 2016 <a href="#">Hide History</a>

**Subject Matter of Proposed Rule:** The Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities (the "Proposed Standards") apply to guaranteed living benefits (GLB) that are built into individual deferred variable annuity contracts or added to such contracts by rider, endorsement or amendment. The GLB feature provides for a minimum guarantee under specified conditions for any of the following: (1) periodic withdrawals; (2) the annuitization amount and related annual income amount; or (3) the account value after a specified period of time.

**Citation to Published Notices:** [Notice of this rule was published on October 29, 2009.](#)

**Name of persons requesting Public Hearing :** Director Mary Jo Hudson, Ohio

**Date and Location of Public Hearing, if any:** Friday, December 4, 2009 at 12:30 pm PT at the Hilton San Francisco Union Square, 333 O'Farrell Street, San Francisco, CA 94102 - Meeting Room: Grand Salon A - Grand Ballroom Level

**Status of Proposed Rule (including upcoming meetings):** The Proposed Standards have been issued for notice and comment. Written comments will be accepted on the Proposed Standards until **December 28, 2009**. Written requests for a public hearing must be received no later than **November 18, 2009**.

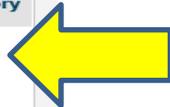
**Date Approved by Management Committee:** February 22, 2010

**Date Adopted by Commission:** February 22, 2010

**Effective Date of Rule:** June 3, 2010

**Original Version of Standard:** [Additional Standards for Guaranteed Living Benefits for Individual Deferred Variable Annuities](#)

**Link to Comments submitted by members and the public:**  
 Comments from Birny Birnbaum submitted 10/23/09  
 Comments from LISA submitted during 10/13/09 Product Standards Committee Conference Call  
 Comments from LISA submitted during 10/26/09 Management Committee Conference Call  
 Comments from the ACLI submitted during 10/13/09 Product Standards Committee Conference Call  
 Comments from LISA submitted 12/02/09  
 Comments from Brad Harker (PA), Chair of the NAIC NSWG Annuity Subgroup, submitted 12/03/09  
 Comments from State Representative Robert R. Damron (KY), IIPRC Legislative Committee Chair, submitted 12/04/2009  
 Summary of Industry Advisory Comments from 12/4 Public Hearing  
 Comment from Bruce Ramge, Deputy Director, Nebraska Department of Insurance  
 Comments from Industry Advisory Committee submitted 1/05/2010  
 Comments from American Academy of Actuaries submitted 01/06/10  
 Comments from Life Insurance Settlement Association submitted 2/5/2010  
 Transmittal Memo from Product Standards Committee – February 22, 2010  
 Transmittal Memo from Product Standards Committee – October 13, 2009



# Uniform Standards On Deck

- Drafting report for Phase 7 of 5 Year Review
  - Graded Death Benefits – Whole Life
  - Longevity Annuities
  - Private Placement – Deferred Variable Annuities
  - Private Placement – Variable Adjustable Life
  - Change of Insurance Benefit – Life
  - Overloan Protection Benefit - Life



# Uniform Standards On Deck

- Next new Uniform Standards?
  - Group Annuity?
  - Expanded groups (beyond employer/employee)?
  - Incidental benefits – innovative features?
  - We'd like to hear your ideas!



# CSO Mortality Table Update

- Accepting filings to update CSO Mortality tables for Compact-approved products
- No mix and match to update Mortality table for state-approved product
- Good opportunity to move product to Compact
- Filing Information Notice 2016-1 provides guidance
- Call or email any questions



# Focus Groups Update

- 25 Companies participated
- 12 States
- Met May – July
- Suggestions for added guidance on mix and match, website enhancements and Uniform Standards
- Summary report on Events Calendar under Agenda & Materials for August 25<sup>th</sup> meeting



# Quality Control

- Series of Weekly Tips issued over the summer
- For all Types of Insurance and Filing Types
- Tips for all filers - any experience level
- Goal: streamline the review process assist in speed to market



# Compact Filing Tips

- Do your homework
  - Understand and incorporate Compact standards in all filings
  - Look to prior filings to see requirements
- Talk to the Compact before submitting a complex filing
  - Use the Pre-filing Communication Form (Industry Resources tab of the website)
- Talk with the Compact reviewers to clarify objections and questions



# COMPACT CONTACT INFO

[Comments@insurancecompact.org](mailto:Comments@insurancecompact.org)

[www.insurancecompact.org](http://www.insurancecompact.org)

Phone: (202) 471-3962

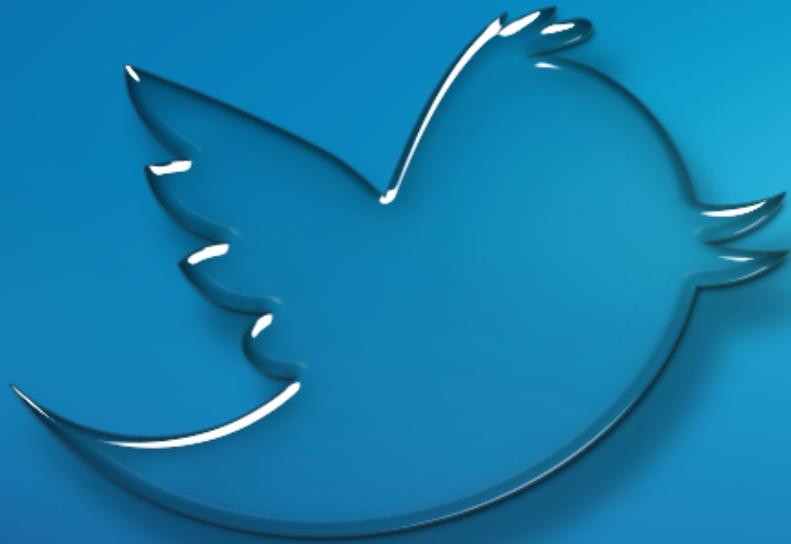


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Any  
questions



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