

**191—39.12 (514G) Reserve standards.**

**39.12(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 Iowa Code section 508.36(3) “a”(7). Claim reserves must also be established when such policy or rider is in claim status.

Reserves for policies and riders subject to this subrule 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.

In the development and calculation of reserves for policies and riders subject to the subrule, due regard shall be given to the applicable policy provisions, marketing methods, administrative procedures and all other considerations which have an impact on projected claim costs, including, but not limited to, the following:

- a.* Definition of insured events;
- b.* Covered long-term care facilities;
- c.* Existence of home convalescence care coverage;
- d.* Definition of facilities;
- e.* Existence or absence of barriers to eligibility;
- f.* Premium waiver provision;
- g.* Renewability;
- h.* Ability to raise premiums;
- i.* Marketing method;
- j.* Underwriting procedures;
- k.* Claims adjustment procedures;
- l.* Waiting period;
- m.* Maximum benefit;
- n.* Availability of eligible facilities;
- o.* Margins in claim costs;
- p.* Optional nature of benefit;
- q.* Delay in eligibility for benefit;
- r.* Inflation protection provisions; and
- s.* Guaranteed insurability option.

Any applicable valuation morbidity table shall be certified as appropriate as a statutory valuation table by a member of the American Academy of Actuaries.

**39.12(2)** When long-term care benefits are provided other than as in subrule 39.12(1), reserves shall be determined in accordance with sound actuarial standards, applied consistently and accepted by the commissioner of insurance.