**Section 2012.97 Annual Rate Certification Requirements**

a) This Section applies to any long-term care policy issued in this State on or after July 1, 2018.

b) The annual rate certifications required by subsection (c) and the memorandum required by subsection (d), shall be filed in accordance with the filing requirements in Section 2012.95.

c) An annual actuarial certification prepared, dated and signed by a member of the American Academy of Actuaries who provides the information shall be included and shall provide at least the following information:

1) A statement of the sufficiency of the current premium rate schedule including:

A) For the rate schedules currently marketed,

i) The premium rate schedule continues to be 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; or

ii) If the above statement cannot be made, a statement that margins for moderately adverse experience may no longer be sufficient. In this situation, the insurer shall provide to the Director, within 60 days of the date the actuarial certification is submitted to the Director, a plan of action, including a time frame, for the re-establishment of adequate margins for moderately adverse experience so that the ultimate premium rate schedule would be reasonably expected to be sustainable over the future life of the form with no future premium increases anticipated. Failure to submit a plan of action to the Director within 60 days or to comply with the time frame stated in the plan of action constitutes grounds for the Director to withdraw or modify its approval of the form for future sales pursuant to Section 143 of the Illinois Insurance Code.

B) For the rate schedules that are no longer marketed,

i) That the premium rate schedule continues to be sufficient to cover anticipated costs under best estimate assumptions; or

ii) That the premium rate schedule may no longer be sufficient. In this situation, the insurer shall provide to the Director, within 60 days of the date the actuarial certification is submitted to the Director, a plan of action, including a time frame, for the re-establishment of adequate margins for moderately adverse experience.

2) A description of the review performed that led to the statement.

d) An actuarial memorandum dated and signed by a member of the American Academy of Actuaries who prepares the information shall be prepared to support the actuarial certification and provide at least the following information:

1) A detailed explanation of the data sources and review performed by the actuary prior to making the statement in subsection (c)(1).

2) A complete description of experience assumptions and their relationship to the initial pricing assumptions.

3) A description of the credibility of the experience data.

4) An explanation of the analysis and testing performed in determining the current presence of margins.

(Source: Added at 42 Ill. Reg. 4867, effective February 27, 2018)