

(2) A POLICY OR CERTIFICATE THAT GUARANTEES THE INSURED THE RIGHT TO PERIODICALLY INCREASE BENEFIT LEVELS WITHOUT PROVIDING EVIDENCE OF INSURABILITY OR HEALTH STATUS SO LONG AS THE OPTION FOR THE PREVIOUS PERIOD HAS NOT BEEN DECLINED; OR

(3) A POLICY THAT COVERS A SPECIFIC PERCENTAGE OF ACTUAL OR REASONABLE CHARGES AND DOES NOT INCLUDE A MAXIMUM SPECIFIED INDEMNITY AMOUNT OR LIMIT.

(D) THE AMOUNT OF THE ADDITIONAL BENEFIT UNDER SUBSECTION (C)(2) OF THIS SECTION SHALL BE NO LESS THAN THE DIFFERENCE BETWEEN THE EXISTING POLICY OR CERTIFICATE BENEFIT AND THAT BENEFIT COMPOUNDED ANNUALLY AT A RATE OF AT LEAST 5 PERCENT FOR THE PERIOD BEGINNING WITH THE PURCHASE OF THE EXISTING BENEFIT AND EXTENDING UNTIL THE YEAR IN WHICH THE OFFER IS MADE.

~~647.4.~~ 647.3.

(A) BENEFITS UNDER LONG-TERM CARE INSURANCE POLICIES OR CERTIFICATES SHALL BE DEEMED REASONABLE IN RELATION TO PREMIUMS PROVIDED THE EXPECTED LOSS RATIO IS AT LEAST 60 PERCENT, CALCULATED IN A MANNER THAT PROVIDES FOR ADEQUATE RESERVING OF THE LONG-TERM CARE INSURANCE RISK.

(B) IN EVALUATING THE EXPECTED AND ACTUAL LOSS RATIOS, THE COMMISSIONER SHALL CONSIDER:

- (1) STATISTICAL CREDIBILITY OF INCURRED CLAIMS EXPERIENCE AND EARNED PREMIUMS;
- (2) THE PERIOD FOR WHICH RATES ARE COMPUTED TO PROVIDE COVERAGE;
- (3) EXPERIENCED AND PROJECTED TRENDS;
- (4) CONCENTRATION OF EXPERIENCE WITHIN EARLY POLICY DURATION;
- (5) EXPECTED CLAIM FLUCTUATION;
- (6) EXPERIENCED REFUNDS, ADJUSTMENTS, OR DIVIDENDS;
- (7) RENEWABILITY FEATURES;
- (8) ALL APPROPRIATE EXPENSE FACTORS;
- (9) INTEREST;
- (10) THE EXPERIMENTAL NATURE OF THE COVERAGE;
- (11) POLICY RESERVES;
- (12) MIX OF BUSINESS BY RISK CLASSIFICATION; AND