18–115. REASONABLE LOSS RATIOS.

(A) IN GENERAL.

BENEFITS UNDER A POLICY OR CERTIFICATE OF LONG–TERM CARE INSURANCE SHALL BE CONSIDERED REASONABLE IN RELATION TO PREMIUMS IF THE EXPECTED LOSS RATIO IS AT LEAST 60% AND IS CALCULATED IN A MANNER THAT PROVIDES FOR ADEQUATE RESERVING OF THE LONG–TERM CARE INSURANCE RISK.

(B) FACTORS FOR EVALUATION OF LOSS RATIOS.

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

(1) THE 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) THE 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) THE MIX OF BUSINESS BY RISK CLASSIFICATION; AND

(13) PRODUCT FEATURES, INCLUDING LONG ELIMINATION PERIODS, HIGH DEDUCTIBLES, AND HIGH MAXIMUM LIMITS.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 647.3.

Defined terms: "Commissioner" § 1–101
"Long–term care insurance" § 18–101
"Loss ratio" § 18–101
"Policy" § 1–101
"Premium" § 1–101