



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
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BILL HASLAM
GOVERNOR

JULIE MIX McPEAK
COMMISSIONER

TO: Tennessee Long Term Care Insurers and Consumers

FROM: Julie Mix McPeak, Commissioner *Julie Mix McPeak*

RE: Qualified State Long-Term Care Insurance Partnership Policy

DATE: September 29, 2015

The Department has received inquiries regarding the correct application of Qualified State Long-Term Care Insurance Partnership Policy (Partnership Policy) requirements pertaining to inflation protection. Specifically, the Department has been asked to provide guidance on whether a policyholder may adjust the policy's inflation protection as the policyholder ages to meet the minimum requirements.

Tenn. Comp. R. & Regs. 0780-01-61-.31(2) lists the requirements that a policy must meet in order to fall within the definition of a Partnership Policy. Among the listed requirements is inflation protection that varies depending on the age of the policyholder. Specifically, Tenn. Comp. R. & Regs. 0780-01-61-.31(2) requires a Partnership Policy to provide the following inflation protection:

1. For a person who is less than sixty-one (61) years of age as of the date of purchase of the policy, the policy provides compound annual inflation protection;
2. For a person who is at least sixty-one (61) years of age but less than seventy-six (76) years of age as of the date of purchase of the policy, the policy provides some level of inflation protection; and
3. For a person who is at least seventy-six (76) years of age as of the date of purchase of the policy, the policy may provide inflation protection, but is not required.

The Division takes the position that a policyholder may adjust the originally purchased, and qualifying, Partnership Policy's inflation protection to comply with the applicable age range without losing its qualified status.

September 29, 2015

Page 2 of 2

Any questions regarding the intent of this Memorandum should be directed to the Insurance Division's Policy Analysis Section, 6th Floor, Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee, 37243, and/or (615) 741-2825.