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## 2017 Long-Term Care Market Conduct Annual Statement

The Market Conduct Annual Statement (MCAS) is an analysis tool that states can use to review market activity of the entire insurance marketplace in a consistent manner and to identify companies whose practices are outside normal ranges. For the 2017 Long-Term Care (LTC) MCAS, all companies with any in-force LTC policies, Life-LTC hybrid products, or Annuity-LTC hybrid products were required to participate in the project in Wisconsin. The 2017 data year is the fourth year companies were required to participate in the Long-Term Care MCAS. A total of 92 companies participated in the project and filed for one or more LTC lines of business.

Statewide averages are calculated for nine categories for each LTC line of business. The following statewide averages and charts indicating where the number of reporting companies whose ratios fall within various ranges are for informational purposes only and do not represent standards for market behavior. This information does not establish compliance or non-compliance. MCAS data, company specific and/or statewide averages, may not be used in any form of company advertising or marketing.

| <b>Stand-Alone Long-Term Care</b>   | <b>Statewide Average Ratio</b> |
|---|--------------------------------|
| Ratio 1. The percentage of replacements to new business policies issued                             | 2.89%                          |
| Ratio 2. The number of complaints per 1,000 policies in-force as of the end of the reporting period | 0.46#                          |
| Ratio 3. The average number of claimants per policy in-force  | 0.04#                          |
| Ratio 4. The percentage of denied claimant requests to new claimants                                | 21.58%                         |
| Ratio 5. The percentage of claim determinations made more than 60 days from notice of claim         | 14.32%                         |
| Ratio 6. The percentage of benefit payment requests denied  | 8.14%                          |
| Ratio 7. The percentage of benefit request payments made more than 60 days from notice of request   | 0.81%                          |
| Ratio 8. The percentage of benefit request denials made more than 60 days from notice of request    | 2.19%                          |
| Ratio 9. The percentage of lawsuits closed with consideration for the consumer                      | 0.00%                          |

| Ratio | Number of companies with ratios falling in the range: |            |             |             |             |             |             |             |             |             |              |       |
|-------|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------|
|       | 0%  | >0% to 10% | >10% to 20% | >20% to 30% | >30% to 40% | >40% to 50% | >50% to 60% | >60% to 70% | >70% to 80% | >80% to 90% | >90% to 100% | >100% |
| 1     | 6   | 6          | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            | 0     |
| 2     | 54  | 2          | 3           | 0           | 2           | 3           | 4           | 2           | 0           | 0           | 0            | 4     |

|   | 0% | >0 to 0.10 | >0.10 to 0.20 | >0.20 to 0.30 | >0.30 to 0.40 | >0.40 to 0.50 | >0.50 to 0.60 | >0.60 to 0.70 | >0.70 to 0.80 | >0.80 to 0.90 | >0.90 to 1.00 | >1.00 |
|---|----|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| 3 | 17 | 43         | 10            | 2             | 1             | 0             | 0             | 0             | 0             | 0             | 0             | 1     |
|   | 0% | >0% to 10% | >10% to 20%   | >20% to 30%   | >30% to 40%   | >40% to 50%   | >50% to 60%   | >60% to 70%   | >70% to 80%   | >80% to 90%   | >90% to 100%  | >100% |
| 4 | 18 | 6          | 12            | 12            | 2             | 1             | 4             | 0             | 0             | 0             | 3             | 0     |
| 5 | 17 | 13         | 8             | 1             | 5             | 2             | 3             | 0             | 3             | 0             | 2             | 0     |
| 6 | 11 | 27         | 12            | 6             | 1             | 1             | 0             | 0             | 0             | 0             | 0             | 0     |
| 7 | 38 | 20         | 0             | 1             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 8 | 26 | 16         | 2             | 1             | 1             | 0             | 0             | 0             | 0             | 0             | 1             | 0     |
| 9 | 0  | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |

| <b>Life Hybrid Long-Term Care</b> |  | <b>Statewide Average Ratio</b> |
|-----------------------------------|--|--------------------------------|
| Ratio 1.                          | The percentage of replacements to new business policies issued                             | 18.18%                         |
| Ratio 2.                          | The number of complaints per 1,000 policies in-force as of the end of the reporting period | 0.00#                          |
| Ratio 3.                          | The average number of claimants per policy in-force  | 0.01#                          |
| Ratio 4.                          | The percentage of denied claimant requests to new claimants                                | 21.71%                         |
| Ratio 5.                          | The percentage of claim determinations made more than 60 days from notice of claim         | 34.55%                         |
| Ratio 6.                          | The percentage of benefit payment requests denied  | 0.10%                          |
| Ratio 7.                          | The percentage of benefit request payments made more than 60 days from notice of request   | 0.00%                          |
| Ratio 8.                          | The percentage of benefit request denials made more than 60 days from notice of request    | 0.00%                          |
| Ratio 9.                          | The percentage of lawsuits closed with consideration for the consumer                      | 0.00%                          |

| Ratio | Number of companies with ratios falling in the range: |            |               |               |               |               |               |               |               |               |               |       |
|-------|---|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
|       | 0%  | >0% to 10% | >10% to 20%   | >20% to 30%   | >30% to 40%   | >40% to 50%   | >50% to 60%   | >60% to 70%   | >70% to 80%   | >80% to 90%   | >90% to 100%  | >100% |
| 1     | 4   | 3          | 4             | 4             | 0             | 1             | 1             | 1             | 0             | 0             | 1             | 0     |
|       | 0%  | >0 to 0.25 | >0.25 to 0.50 | >0.50 to 0.75 | >0.75 to 1.00 | >1.00 to 2.00 | >2.00 to 3.00 | >3.00 to 4.00 | >4.00 to 5.00 | >5.00 to 6.00 | >6.00 to 7.00 | >7.00 |
| 2     | 36  | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
|       | 0%  | >0 to 0.10 | >0.10 to 0.20 | >0.20 to 0.30 | >0.30 to 0.40 | >0.40 to 0.50 | >0.50 to 0.60 | >0.60 to 0.70 | >0.70 to 0.80 | >0.80 to 0.90 | >0.90 to 1.00 | >1.00 |
| 3     | 28  | 7          | 1             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
|       | 0%  | >0% to 10% | >10% to 20%   | >20% to 30%   | >30% to 40%   | >40% to 50%   | >50% to 60%   | >60% to 70%   | >70% to 80%   | >80% to 90%   | >90% to 100%  | >100% |
| 4     | 5   | 1          | 1             | 0             | 0             | 0             | 1             | 1             | 0             | 0             | 1             | 0     |
| 5     | 2   | 0          | 0             | 2             | 0             | 0             | 0             | 1             | 0             | 1             | 2             | 0     |
| 6     | 9   | 1          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 7     | 9   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 8     | 1   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 9     | 0   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |

**Annuity Hybrid Long-Term Care**

|   | <b>Statewide<br/>Average Ratio</b> |
|---|------------------------------------|
| Ratio 1. The percentage of replacements to new business policies issued                             | 47.98%                             |
| Ratio 2. The number of complaints per 1,000 policies in-force as of the end of the reporting period | 0.00#                              |
| Ratio 3. The average number of claimants per policy in-force  | 0.02#                              |
| Ratio 4. The percentage of denied claimant requests to new claimants                                | 23.68%                             |
| Ratio 5. The percentage of claim determinations made more than 60 days from notice of claim         | 22.86%                             |
| Ratio 6. The percentage of benefit payment requests denied  | 0.00%                              |
| Ratio 7. The percentage of benefit request payments made more than 60 days from notice of request   | 0.00%                              |
| Ratio 8. The percentage of benefit request denials made more than 60 days from notice of request    | 0.00%                              |
| Ratio 9. The percentage of lawsuits closed with consideration for the consumer                      | 0.00%                              |

| Ratio | Number of companies with ratios falling in the range: |            |               |               |               |               |               |               |               |               |               |       |
|-------|---|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
|       | 0%  | >0% to 10% | >10% to 20%   | >20% to 30%   | >30% to 40%   | >40% to 50%   | >50% to 60%   | >60% to 70%   | >70% to 80%   | >80% to 90%   | >90% to 100%  | >100% |
| 1     | 0   | 0          | 0             | 0             | 0             | 2             | 1             | 0             | 0             | 0             | 0             | 0     |
|       | 0%  | >0 to 0.25 | >0.25 to 0.50 | >0.50 to 0.75 | >0.75 to 1.00 | >1.00 to 2.00 | >2.00 to 3.00 | >3.00 to 4.00 | >4.00 to 5.00 | >5.00 to 6.00 | >6.00 to 7.00 | >7.00 |
| 2     | 5   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
|       | 0%  | >0 to 0.10 | >0.10 to 0.20 | >0.20 to 0.30 | >0.30 to 0.40 | >0.40 to 0.50 | >0.50 to 0.60 | >0.60 to 0.70 | >0.70 to 0.80 | >0.80 to 0.90 | >0.90 to 1.00 | >1.00 |
| 3     | 2   | 3          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
|       | 0%  | >0% to 10% | >10% to 20%   | >20% to 30%   | >30% to 40%   | >40% to 50%   | >50% to 60%   | >60% to 70%   | >70% to 80%   | >80% to 90%   | >90% to 100%  | >100% |
| 4     | 0   | 0          | 1             | 0             | 0             | 0             | 0             | 1             | 0             | 0             | 1             | 0     |
| 5     | 1   | 0          | 0             | 1             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 6     | 2   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 7     | 2   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 8     | 0   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |
| 9     | 0   | 0          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0     |

Users of the MCAS Scorecard data should be aware of the following: (1) Only companies that meet the Market Conduct Annual Statement (MCAS) reporting threshold are required to submit MCAS data. (2) Reporting companies may revise their reported data when errors are discovered. Consequently, statewide ratios reported for one year may change as revised data are submitted by reporting companies. (3) While the jurisdictions that participate in the MCAS and the National Association of Insurance Commissioners (NAIC) make every effort to ensure that reporting companies submit complete and accurate data, the NAIC and the jurisdictions that participate in the MCAS make no representations, guarantees or warranties with respect to the accuracy or completeness of the data and statistics in scorecards. (4) The NAIC and the jurisdictions participating in the MCAS are not responsible for any calculations or products based upon the scorecard data and any use of these scorecard data must be accompanied by a statement, 'The NAIC and individual states do not endorse any calculation or subsequent use of the MCAS scorecard data.'