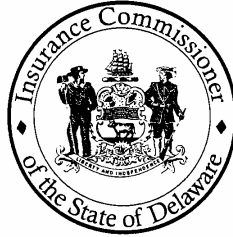


Matthew Denn
Insurance Commissioner



Department of Insurance
841 Silver Lake Blvd.
Dover, DE 19904-2465
(302) 674-7300
(302) 739-5280 fax

DOMESTIC/FOREIGN INSURERS BULLETIN NO. 23

**TO: ALL HEALTH INSURERS PROVIDING LONG-TERM CARE
INSURANCE IN DELAWARE**

**RE: OBLIGATION OF INSURERS TO OFFER INFLATION PROTECTION
UNDER REGULATION 1404, SECTION 13.1.1**

DATED: October 19, 2006

It has come to the Department's attention that some Insurance Companies that market long-term care insurance are not aware that the requirement to offer inflation protection contained in section 13.1.1 of Regulation 1404 was amended effective January 1, 2005. Section 13.0 requires that an insurance company offer the policyholder an option to purchase a policy with an inflation protection feature. Subsection 13.1.1 was amended to permit the insurer to offer other or alternate forms of inflation protection if the applicant rejected the feature that offered inflation protection at 5% compounded annually.

Section 13.1.1 was modified to read:

Increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five (5%). However, if the insured individual shall reject the inflation offer as provided for in this section, the insurer may offer other or alternate forms of inflation protection.

It is important to note that the offer of 5% compounded annual protection must be clearly offered and expressly rejected prior to any offer of an alternate form of inflation protection is made to the policyholder.

~