

§5074. Disclosure standards for long-term care insurance

The following standards apply to disclosures relating to long-term care insurance. [PL 1999, c. 292, §2 (NEW).]

1. Disclosures. The superintendent may adopt rules that include standards for full and fair disclosure setting forth the manner, content and required disclosures for the sale of long-term care insurance policies and certificates; terms of renewability; initial and subsequent conditions of eligibility; nonduplication of coverage provisions; coverage of dependents; preexisting conditions; termination of insurance; continuation or conversion; probationary periods; limitations, exceptions and reductions; elimination periods; requirements for replacement; recurrent conditions; and definitions of terms. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.

[PL 1999, c. 292, §2 (NEW).]

2. Outline of coverage. An outline of coverage must be delivered to a prospective applicant for long-term care insurance at the time of initial solicitation through means that prominently direct the attention of the recipient to the document and its purpose. In the case of producer solicitations, an insurance producer shall deliver the outline of coverage prior to the presentation of an application or enrollment form. In the case of direct response solicitations, the outline of coverage must be presented in conjunction with any application or enrollment form. In the case of a policy issued to an employer group as described in section 2804, a labor union group as described in section 2805 or a trustee group as described in section 2806, an outline of coverage is not required to be provided if the information described in this subsection is contained in other materials relating to enrollment that have been filed with and approved by the superintendent. The outline of coverage must be in a standard format, including style, arrangement, overall appearance and content, prescribed by the superintendent and must include the following information:

A. A description of the principal benefits and coverage provided in the policy or certificate; [PL 1999, c. 292, §2 (NEW).]

B. A statement of the principal exclusions, reductions and limitations contained in the policy or certificate; [PL 1999, c. 292, §2 (NEW).]

C. A statement of the terms under which the policy or certificate, or both, may be continued in force or discontinued, including any reservation in the policy of a right to change premium. Continuation or conversion provisions of group coverage must be specifically described; [PL 1999, c. 292, §2 (NEW).]

D. A statement that the outline of coverage is a summary only, not a contract of insurance, and that the policy or group master policy contains governing contractual provisions; [PL 1999, c. 292, §2 (NEW).]

E. A description of the terms under which the policy or certificate may be returned and premium refunded; [PL 1999, c. 292, §2 (NEW).]

F. A statement as to whether the policy or certificate is intended to be qualified for purposes of federal and state individual income taxes; and [PL 1999, c. 292, §2 (NEW).]

G. A brief description of the relationship of cost of care and benefits. [PL 1999, c. 292, §2 (NEW).]

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3. Qualification for purposes of federal and state individual income taxes. The face page of all long-term care insurance policies and certificates must contain a prominent statement as to whether the policy or certificate is intended to be qualified for purposes of federal and state individual income taxes.

[PL 1999, c. 292, §2 (NEW).]

4. Individual life insurance policy that provides long-term care benefits. At the time of policy or certificate delivery, a policy summary must be delivered for an individual life insurance policy that provides long-term care benefits within the policy or by rider. In the case of direct response solicitations, the insurer shall deliver the policy summary upon the applicant's request but, regardless of a request, the insurer shall make such delivery no later than at the time of policy delivery. In addition to complying with all applicable requirements, the summary also must include:

- A. An explanation of how the long-term care benefits interact with other components of the policy, including deductions from death benefits; [PL 1999, c. 292, §2 (NEW).]
- B. An illustration of the amount of benefits, the length of benefits and the guaranteed lifetime benefits, if any, for each covered person; [PL 1999, c. 292, §2 (NEW).]
- C. Any exclusions, reductions and limitations on benefits of long-term care; [PL 1999, c. 292, §2 (NEW).]
- D. A statement indicating whether any long-term care inflation protection option required by law is available under this policy; and [PL 1999, c. 292, §2 (NEW).]
- E. If applicable to the policy or certificate type, the summary must also include:
 - (1) A disclosure of the effects of exercising other rights under the policy;
 - (2) A disclosure of guarantees related to long-term care costs of insurance charges; and
 - (3) Current and projected maximum lifetime benefits. [PL 1999, c. 292, §2 (NEW).]

The provisions of the policy or certificate summary listed in this subsection may be incorporated into a basic illustration required to be delivered in accordance with the life insurance policy summary that is required to be delivered in accordance with this Title governing life insurance policy summaries or with comparable statutory requirements in any other state.

[PL 1999, c. 292, §2 (NEW).]

5. Certificates of group long-term care insurance. A certificate issued pursuant to a group long-term care insurance policy that is delivered or issued for delivery in this State must include:

- A. A description of the principal benefits and coverage provided in the policy; [PL 1999, c. 292, §2 (NEW).]
- B. A statement of the principal exclusions, reductions and limitations contained in the policy; and [PL 1999, c. 292, §2 (NEW).]
- C. A statement that the group master policy determines governing contractual provisions and that the policy is available for viewing in the offices of the policyholder and will be copied for the certificate holder upon request at no cost. [PL 1999, c. 292, §2 (NEW).]

[PL 1999, c. 292, §2 (NEW).]

SECTION HISTORY

PL 1999, c. 292, §2 (NEW).

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