

HOUSE BILL No. 5501

February 11, 1992, Introduced by Rep. Varga and referred to the Committee on Insurance.

A bill to amend Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, by adding chapter 39; and to repeal certain parts of the act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding chapter 39 to read as
4 follows:

5 CHAPTER 39. LONG-TERM CARE INSURANCE

6 SEC. 3901. AS USED IN THIS SECTION AND SECTIONS 3903 TO
7 3955:

1 (A) "ACUTE CONDITION" MEANS THAT THE INDIVIDUAL IS MEDICALLY
2 UNSTABLE, REQUIRING FREQUENT MONITORING BY MEDICAL PROFESSIONALS
3 IN ORDER TO MAINTAIN HIS OR HER HEALTH STATUS.

4 (B) "APPLICANT" MEANS:

5 (i) FOR AN INDIVIDUAL LONG-TERM CARE INSURANCE POLICY, THE
6 PERSON WHO SEEKS TO CONTRACT FOR LONG-TERM CARE BENEFITS.

7 (ii) FOR A GROUP LONG-TERM CARE INSURANCE POLICY, THE PRO-
8 POSED CERTIFICATE HOLDER.

9 (C) "GROUP LONG-TERM CARE INSURANCE" MEANS A LONG-TERM CARE
10 INSURANCE POLICY THAT IS DELIVERED OR ISSUED FOR DELIVERY IN THIS
11 STATE AND ISSUED TO ANY OF THE FOLLOWING:

12 (i) ONE OR MORE EMPLOYERS OR LABOR ORGANIZATIONS, OR TO A
13 TRUST OR THE TRUSTEES OF A FUND ESTABLISHED BY 1 OR MORE EMPLOY-
14 ERS OR LABOR ORGANIZATIONS FOR EMPLOYEES OR FORMER EMPLOYEES OR
15 MEMBERS OR FORMER MEMBERS OF THE LABOR ORGANIZATION.

16 (ii) A PROFESSIONAL, TRADE, OR OCCUPATIONAL ASSOCIATION FOR
17 ITS MEMBERS OR FORMER OR RETIRED MEMBERS IF THE ASSOCIATION IS
18 COMPOSED OF INDIVIDUALS WHO WERE ALL ACTIVELY ENGAGED IN THE SAME
19 PROFESSION, TRADE, OR OCCUPATION AND THE ASSOCIATION HAS BEEN
20 MAINTAINED IN GOOD FAITH FOR PURPOSES OTHER THAN OBTAINING INSUR-
21 ANCE UNLESS WAIVED BY THE COMMISSIONER.

22 (iii) SUBJECT TO SECTION 3903(2), AN ASSOCIATION OR TO A
23 TRUST OR TO THE TRUSTEES OF A FUND ESTABLISHED, CREATED, OR MAIN-
24 TAINED FOR THE BENEFIT OF MEMBERS OF 1 OR MORE ASSOCIATIONS.

25 (iv) A GROUP OTHER THAN THAT DESCRIBED IN SUBPARAGRAPHS (i),
26 (ii), OR (iii) IF THE COMMISSIONER DETERMINES ALL OF THE
27 FOLLOWING:

1 (A) THE ISSUANCE OF THE GROUP POLICY IS NOT CONTRARY TO THE
2 BEST INTERESTS OF THE PUBLIC.

3 (B) THE ISSUANCE OF THE GROUP POLICY WOULD RESULT IN ECONO-
4 MIES OF ACQUISITION OR ADMINISTRATION.

5 (C) THE BENEFITS ARE REASONABLE IN RELATION TO THE PREMIUMS
6 CHARGED.

7 (D) "GUARANTEED RENEWABLE" MEANS THE INSURED HAS THE RIGHT
8 TO CONTINUE THE LONG-TERM CARE INSURANCE IN FORCE BY THE TIMELY
9 PAYMENT OF PREMIUMS AND THE INSURER DOES NOT HAVE A UNILATERAL
10 RIGHT TO MAKE ANY CHANGE IN ANY PROVISION OF THE POLICY OR RIDER
11 WHILE THE INSURANCE IS IN FORCE AND CANNOT DECLINE TO RENEW,
12 EXCEPT THAT RATES MAY BE REVISED BY THE INSURER ON A CLASS
13 BASIS.

14 (E) "HOME CARE SERVICES" MEANS 1 OR MORE OF THE FOLLOWING
15 MEDICALLY PRESCRIBED SERVICES OR ASSESSMENT TEAM RECOMMENDED
16 SERVICES FOR THE LONG-TERM CARE AND TREATMENT OF AN INSURED THAT
17 ARE TO BE PROVIDED BY 1 OR MORE HOME HEALTH OR CARE AGENCIES IN A
18 NONINSTITUTIONAL SETTING ACCORDING TO A WRITTEN DIAGNOSIS AND
19 PLAN OF CARE OR INDIVIDUAL ASSESSMENT AND PLAN OF CARE:

20 (i) NURSING SERVICES UNDER THE DIRECTION OF A REGISTERED
21 NURSE, INCLUDING THE SERVICE OF A HOME HEALTH AIDE.

22 (ii) PHYSICAL THERAPY.

23 (iii) SPEECH THERAPY.

24 (iv) RESPIRATORY THERAPY.

25 (v) OCCUPATIONAL THERAPY.

26 (vi) NUTRITIONAL SERVICES PROVIDED BY A REGISTERED
27 DIETITIAN.

1 (vii) PERSONAL CARE SERVICES, HOMEMAKER SERVICES, ADULT DAY
2 CARE, AND SIMILAR NONMEDICAL SERVICES.

3 (viii) MEDICAL SOCIAL SERVICES.

4 (ix) OTHER SIMILAR MEDICAL SERVICES AND HEALTH-RELATED SUP-
5 PORT SERVICES.

6 (F) "HOME HEALTH OR CARE AGENCY" MEANS A PERSON CERTIFIED BY
7 MEDICARE WHOSE BUSINESS IS TO PROVIDE TO INDIVIDUALS IN THEIR
8 PLACES OF RESIDENCE OTHER THAN IN A HOSPITAL, NURSING HOME, OR
9 COUNTY MEDICAL CARE FACILITY, 1 OR MORE OF THE FOLLOWING
10 SERVICES: NURSING SERVICES, THERAPEUTIC SERVICES, SOCIAL WORK
11 SERVICES, HOMEMAKER SERVICES, HOME HEALTH AIDE SERVICES, OR OTHER
12 RELATED SERVICES.

13 (G) "INTERMEDIATE CARE FACILITY" MEANS A FACILITY, OR DIS-
14 TINCT PART OF A FACILITY, CERTIFIED BY THE DEPARTMENT OF PUBLIC
15 HEALTH TO PROVIDE INTERMEDIATE CARE, CUSTODIAL CARE, OR BASIC
16 CARE THAT IS LESS THAN SKILLED NURSING CARE BUT MORE THAN ROOM
17 AND BOARD.

18 (H) "LONG-TERM CARE INSURANCE" MEANS AN INDIVIDUAL OR GROUP
19 INSURANCE POLICY OR RIDER ADVERTISED, MARKETING, OFFERED, OR
20 DESIGNED TO PROVIDE COVERAGE FOR AT LEAST 12 CONSECUTIVE MONTHS
21 FOR EACH COVERED PERSON ON AN EXPENSE-INCURRED, INDEMNITY, PRE-
22 PAID, OR OTHER BASIS FOR 1 OR MORE NECESSARY OR MEDICALLY NECES-
23 SARY DIAGNOSTIC, PREVENTIVE, THERAPEUTIC, REHABILITATIVE, MAINTE-
24 NANCE, PERSONAL, OR CUSTODIAL CARE SERVICES PROVIDED IN A SETTING
25 OTHER THAN AN ACUTE CARE UNIT OF A HOSPITAL. LONG-TERM CARE
26 INSURANCE INCLUDES INDIVIDUAL OR GROUP ANNUITIES AND LIFE
27 INSURANCE POLICIES OR RIDERS THAT PROVIDE DIRECTLY OR SUPPLEMENT

1 LONG-TERM CARE INSURANCE. LONG-TERM CARE INSURANCE DOES NOT
2 INCLUDE A LIFE INSURANCE POLICY THAT ACCELERATES THE DEATH BENE-
3 FIT SPECIFICALLY FOR 1 OR MORE OF THE QUALIFYING EVENTS OF TERMI-
4 NAL ILLNESS, MEDICAL CONDITIONS REQUIRING EXTRAORDINARY MEDICAL
5 INTERVENTION OR PERMANENT INSTITUTIONAL CONFINEMENT AND THAT PRO-
6 VIDE THE OPTION OF A LUMP-SUM PAYMENT FOR THOSE BENEFITS AND IN
7 WHICH NEITHER THE BENEFITS NOR THE ELIGIBILITY FOR THE BENEFITS
8 IS CONDITIONED UPON THE RECEIPT OF LONG-TERM CARE. LONG-TERM
9 CARE INSURANCE DOES NOT INCLUDE AN INSURANCE POLICY OFFERED PRI-
10 MARILY TO PROVIDE COVERAGE FOR REHABILITATIVE AND CONVALESCENT
11 CARE AND IS NOT OFFERED, ADVERTISED, OR MARKETING AS A LONG-TERM
12 CARE POLICY, OR OFFERED PRIMARILY TO PROVIDE BASIC MEDICARE SUP-
13 PLEMENTAL COVERAGE, HOSPITAL CONFINEMENT INDEMNITY COVERAGE,
14 BASIC HOSPITAL EXPENSE COVERAGE, BASIC MEDICAL-SURGICAL EXPENSE
15 COVERAGE, MAJOR MEDICAL EXPENSE COVERAGE, DISABILITY INCOME PRO-
16 TECTION COVERAGE, CATASTROPHIC COVERAGE, COMPREHENSIVE COVERAGE,
17 ACCIDENT ONLY COVERAGE, SPECIFIC DISEASE OR SPECIFIED ACCIDENT
18 COVERAGE, OR LIMITED BENEFIT HEALTH COVERAGE.

19 (I) "PREEXISTING CONDITION" MEANS A CONDITION FOR WHICH MED-
20 ICAL ADVICE OR TREATMENT WAS RECOMMENDED BY, OR RECEIVED FROM, A
21 PROVIDER OF HEALTH CARE SERVICES WITHIN THE 6 MONTHS IMMEDIATELY
22 BEFORE THE EFFECTIVE DATE OF COVERAGE OF AN INSURED PERSON.

23 (J) "POLICY" MEANS AN INSURANCE POLICY OR CERTIFICATE,
24 RIDER, OR ENDORSEMENT DELIVERED OR ISSUED FOR DELIVERY IN THIS
25 STATE BY AN INSURER.

1 (K) "SKILLED NURSING FACILITY" MEANS A FACILITY, OR A
2 DISTINCT PART OF A FACILITY, CERTIFIED BY THE DEPARTMENT OF
3 PUBLIC HEALTH TO PROVIDE SKILLED NURSING CARE.

4 SEC. 3903. (1) GROUP LONG-TERM CARE INSURANCE COVERAGE
5 SHALL NOT BE OFFERED TO A RESIDENT OF THIS STATE UNDER A GROUP
6 POLICY ISSUED IN ANOTHER STATE TO A GROUP DESCRIBED IN SECTION
7 3901(C)(iv), UNLESS THIS STATE OR ANOTHER STATE HAVING STATUTORY
8 AND REGULATORY LONG-TERM CARE INSURANCE REQUIREMENTS SUBSTAN-
9 Tially SIMILAR TO THOSE ADOPTED IN THIS STATE HAS MADE A DETERMI-
10 NATION THAT THOSE REQUIREMENTS HAVE BEEN MET.

11 (2) BEFORE ADVERTISING, MARKETING, OR OFFERING A GROUP
12 LONG-TERM CARE INSURANCE POLICY WITHIN THIS STATE TO A GROUP
13 DESCRIBED IN SECTION 3901(C)(iii), THE GROUP OR THE INSURER SHALL
14 FILE EVIDENCE WITH THE COMMISSIONER THAT THE GROUP MEETS ALL OF
15 THE FOLLOWING REQUIREMENTS:

16 (A) CONSISTS OF AT LEAST 100 MEMBERS.

17 (B) HAS BEEN IN ACTIVE EXISTENCE FOR AT LEAST 1 YEAR.

18 (C) HOLDS REGULAR MEETINGS AT LEAST ANNUALLY.

19 (D) EXCEPT FOR CREDIT UNIONS, THE GROUP COLLECTS DUES OR
20 SOLICITS CONTRIBUTIONS FROM MEMBERS.

21 (E) THE MEMBERS HAVE VOTING PRIVILEGES AND REPRESENTATION ON
22 THE GOVERNING BOARD AND COMMITTEES.

23 (F) HAS BEEN ORGANIZED AND MAINTAINED IN GOOD FAITH FOR PUR-
24 POSES OTHER THAN OBTAINING INSURANCE. THE COMMISSIONER MAY WAIVE
25 THE REQUIREMENT PROVIDED IN THIS SUBDIVISION.

26 (3) THIRTY DAYS AFTER MAKING THE FILING UNDER THIS SECTION,
27 THE GROUP DESCRIBED IN SECTION 3901(C)(iii) SHALL BE CONSIDERED

1 TO SATISFY SUCH ORGANIZATIONAL REQUIREMENTS, UNLESS THE
2 COMMISSIONER MAKES A FINDING THAT THE GROUP DOES NOT SATISFY
3 THOSE ORGANIZATIONAL REQUIREMENTS.

4 SEC. 3905. (1) LONG-TERM CARE COVERAGE SHALL MEET ALL OF
5 THE FOLLOWING REQUIREMENTS:

6 (A) SHALL INCLUDE COVERAGE FOR INTERMEDIATE/BASIC CARE,
7 WHICH SHALL NOT BE SIGNIFICANTLY LESS THAN THE COVERAGE PROVIDED
8 FOR SKILLED NURSING CARE.

9 (B) SHALL NOT LIMIT OR EXCLUDE COVERAGE BY TYPE OF ILLNESS,
10 TREATMENT, MEDICAL CONDITION, OR ACCIDENT OTHER THAN A MOTOR
11 VEHICLE ACCIDENT, EXCEPT AS FOLLOWS:

12 (i) PREEXISTING CONDITIONS.

13 (ii) MENTAL OR NERVOUS DISORDERS; HOWEVER, THIS SHALL NOT BE
14 DEFINED TO INCLUDE MORE THAN NEUROSIS, PSYCHONEUROSIS, PSYCHOPA-
15 THY, PSYCHOSIS, OR MENTAL OR EMOTIONAL DISEASE OR DISORDER AND
16 SHALL NOT PERMIT EXCLUSION OR LIMITATION OF BENEFITS ON THE BASIS
17 OF ALZHEIMER'S DISEASE OR RELATED DISORDERS.

18 (iii) ALCOHOLISM OR DRUG ADDICTION.

19 (iv) ILLNESS, TREATMENT, OR MEDICAL CONDITION ARISING OUT OF
20 ANY OF THE FOLLOWING:

21 (A) WAR OR ACT OF WAR, WHETHER DECLARED OR UNDECLARED.

22 (B) PARTICIPATION IN A FELONY, RIOT, OR INSURRECTION.

23 (C) SERVICE IN THE ARMED FORCES OR UNITS AUXILIARY TO THE
24 ARMED FORCES.

25 (D) SUICIDE, WHETHER OR NOT THE INDIVIDUAL WAS SANE OR
26 INSANE AT THE TIME OF THE SUICIDE, ATTEMPTED SUICIDE, OR
27 INTENTIONALLY SELF-INFLICTED INJURY.

1 (2) SUBSECTION (1)(B) IS NOT INTENDED TO PROHIBIT EXCLUSIONS
2 AND LIMITATIONS BY TYPE OF PROVIDER OR TERRITORIAL LIMITATIONS.

3 (3) LONG-TERM CARE COVERAGE OTHER THAN HOME CARE COVERAGE
4 MAY PROVIDE THAT BEFORE CERTAIN COVERAGES IN THE POLICY TAKE
5 EFFECT, CARE MUST FIRST BE RECOMMENDED BY A PERSON OR PERSONS AS
6 PROVIDED IN THE POLICY AND APPROVED BY THE COMMISSIONER OR PRE-
7 SCRIBED BY A LICENSED TREATING PHYSICIAN. LONG-TERM CARE COVER-
8 AGE FOR HOME CARE MAY PROVIDE THAT BEFORE COVERAGE FOR HOME CARE
9 IN THE POLICY TAKES EFFECT, CARE MUST FIRST BE PRESCRIBED OR REC-
10 OMMENDED BY A PERSON OR PERSONS AS PROVIDED IN THE POLICY AND
11 APPROVED BY THE COMMISSIONER.

12 SEC. 3907. (1) EACH INDIVIDUAL LONG-TERM CARE POLICY SHALL
13 CONTAIN A GUARANTEED RENEWABLE PROVISION. AN INSURER SHALL NOT
14 CANCEL OR OTHERWISE TERMINATE A LONG-TERM CARE INSURANCE POLICY
15 ON THE GROUNDS OF THE AGE OR THE DETERIORATION OF THE MENTAL OR
16 PHYSICAL HEALTH OF THE INSURED.

17 (2) EACH GROUP LONG-TERM CARE POLICY SHALL CONTAIN A CONVER-
18 SION PROVISION PERMITTING AN INDIVIDUAL ENTITLED TO BENEFITS
19 UNDER THE GROUP POLICY TO ELECT TO CONVERT FROM THE GROUP POLICY
20 TO AN INDIVIDUAL LONG-TERM CARE POLICY WITH THE OPTION OF RECEIV-
21 ING BENEFITS SUBSTANTIALLY SIMILAR TO THE PRIOR COVERAGE. AN
22 INDIVIDUAL SHALL BE ENTITLED TO CONVERT TO THE INDIVIDUAL POLICY
23 AT ALL TIMES EXCEPT UNDER THE FOLLOWING CIRCUMSTANCES:

24 (A) TERMINATION OF THE INDIVIDUAL'S GROUP COVERAGE RESULTED
25 FROM THE INDIVIDUAL'S FAILURE TO MAKE ANY REQUIRED PAYMENT OF
26 PREMIUM WHEN DUE.

1 (B) THE TERMINATING COVERAGE IS REPLACED BY OTHER GROUP
2 COVERAGE EFFECTIVE ON THE DAY FOLLOWING THE TERMINATION OF THE
3 OTHER GROUP COVERAGE.

4 (3) IF EXISTING COVERAGE IS CONVERTED TO OR REPLACED BY A
5 LONG-TERM CARE INSURANCE POLICY WITH THE SAME INSURER, THE
6 LONG-TERM CARE INSURANCE POLICY SHALL NOT CONTAIN A PROVISION
7 ESTABLISHING A NEW LIMITATION PERIOD EXCEPT WITH RESPECT TO AN
8 INCREASE IN BENEFITS VOLUNTARILY SELECTED BY THE INSURED. THE
9 PREMIUM FOR THE CONVERTED POLICY SHALL BE CALCULATED ON THE BASIS
10 OF THE INSURED'S AGE AT INCEPTION OF COVERAGE UNDER THE GROUP
11 POLICY.

12 (4) A LONG-TERM CARE INSURANCE POLICY THAT PROVIDES COVERAGE
13 FOR CARE IN AN INTERMEDIATE CARE FACILITY OR A SKILLED NURSING
14 FACILITY SHALL ALSO PROVIDE COVERAGE FOR HOME CARE SERVICES.

15 SEC. 3909. (1) AN INSURER SHALL NOT OFFER A LONG-TERM CARE
16 INSURANCE POLICY UNLESS THE INSURER ALSO OFFERS TO THE POLICY-
17 HOLDER, IN ADDITION TO ANY OTHER INFLATION PROTECTION, THE OPTION
18 TO PURCHASE A POLICY THAT PROVIDES FOR BENEFIT LEVELS TO INCREASE
19 WITH BENEFIT MAXIMUMS OR REASONABLE DURATIONS THAT ARE MEANINGFUL
20 TO ACCOUNT FOR REASONABLY ANTICIPATED INCREASES IN THE COSTS OF
21 LONG-TERM CARE SERVICES COVERED BY THE POLICY. INSURERS SHALL
22 OFFER TO EACH POLICYHOLDER, AT THE TIME OF PURCHASE, THE OPTION
23 TO PURCHASE A POLICY WITH AN INFLATION PROTECTION FEATURE NO LESS
24 FAVORABLE THAN 1 OF THE FOLLOWING:

25 (A) INCREASES BENEFIT LEVELS ANNUALLY IN A MANNER SO THAT
26 THE INCREASES ARE COMPOUNDED ANNUALLY AT A RATE NOT LESS THAN
27 5%.

1 (B) GUARANTEES THE INSURED INDIVIDUAL THE RIGHT TO
2 PERIODICALLY INCREASE BENEFIT LEVELS WITHOUT PROVIDING EVIDENCE
3 OF INSURABILITY OR HEALTH STATUS SO LONG AS THE OPTION FOR THE
4 PREVIOUS PERIOD HAS NOT BEEN DECLINED. THE AMOUNT OF THE ADDI-
5 TIONAL BENEFIT SHALL BE NOT LESS THAN THE DIFFERENCE BETWEEN THE
6 EXISTING POLICY BENEFIT AND THAT BENEFIT COMPOUNDED ANNUALLY AT A
7 RATE OF AT LEAST 5% FOR THE PERIOD BEGINNING WITH THE PURCHASE OF
8 THE EXISTING BENEFIT AND EXTENDING UNTIL THE YEAR IN WHICH THE
9 OFFER IS MADE.

10 (C) COVERS A SPECIFIED PERCENTAGE OF ACTUAL OR REASONABLE
11 CHARGES AND DOES NOT INCLUDE A MAXIMUM SPECIFIED INDEMNITY AMOUNT
12 OR LIMIT.

13 (2) IF THE POLICY IS ISSUED TO A GROUP, THE REQUIRED OFFER
14 IN SUBSECTION (1) SHALL BE MADE TO THE GROUP POLICYHOLDER.
15 HOWEVER, IF THE POLICY IS ISSUED TO A GROUP DEFINED IN
16 SECTION 3901(C)(iv) OTHER THAN TO A CONTINUING CARE RETIREMENT
17 COMMUNITY, THE OFFERING SHALL BE MADE TO EACH PROPOSED CERTIFI-
18 CATE HOLDER.

19 (3) INSURERS SHALL INCLUDE ALL OF THE FOLLOWING INFORMATION
20 IN OR WITH THE SUMMARY OF COVERAGE:

21 (A) A GRAPHIC COMPARISON OF THE BENEFIT LEVELS OF A POLICY
22 THAT INCREASES BENEFITS OVER THE POLICY PERIOD WITH A POLICY THAT
23 DOES NOT INCREASE BENEFITS. THE GRAPHIC COMPARISON SHALL SHOW
24 BENEFIT LEVELS OVER AT LEAST A 20-YEAR PERIOD.

25 (B) ANY EXPECTED PREMIUM INCREASES OR ADDITIONAL PREMIUMS TO
26 PAY FOR AUTOMATIC OR OPTIONAL BENEFIT INCREASES. IF PREMIUM
27 INCREASES OR ADDITIONAL PREMIUMS WILL BE BASED ON THE ATTAINED

1 AGE OF THE APPLICANT AT THE TIME OF THE INCREASE, THE INSURER
2 SHALL ALSO DISCLOSE THE MAGNITUDE OF THE POTENTIAL PREMIUMS THE
3 APPLICANT WOULD NEED TO PAY AT AGES 75 AND 85 FOR BENEFIT
4 INCREASES. AN INSURER MAY USE A REASONABLE HYPOTHETICAL, OR A
5 GRAPHIC DEMONSTRATION, FOR THE PURPOSES OF THIS DISCLOSURE.

6 (4) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE PRODUCTS
7 THAT ALSO CONTAIN LONG-TERM CARE BENEFITS.

8 SEC. 3911. (1) A PREEEXISTING CONDITION LIMITATION PERIOD IN
9 A LONG-TERM CARE INSURANCE POLICY, OTHER THAN A GROUP LONG-TERM
10 CARE POLICY DESCRIBED IN SECTION 3901(C)(i), SHALL NOT EXCEED 1
11 OF THE FOLLOWING:

12 (A) SIX MONTHS AFTER THE EFFECTIVE DATE OF COVERAGE.

13 (B) A PERIOD OF TIME SET BY THE COMMISSIONER IF THE COMMIS-
14 SIONER HAS FOUND THAT A LONGER LIMITATION PERIOD THAN PROVIDED
15 FOR IN SUBDIVISION (A) IS JUSTIFIED BECAUSE THE GROUP IS SPE-
16 Cially LIMITED BY AGE, GROUP CATEGORIES, OR OTHER SPECIFIC POLICY
17 PROVISIONS AND THAT THE LONGER LIMITATION PERIOD WILL BE IN THE
18 BEST INTEREST OF THE PUBLIC.

19 (2) A LONG-TERM CARE INSURANCE POLICY, OTHER THAN A GROUP
20 LONG-TERM CARE POLICY DESCRIBED IN SECTION 3901(C)(i), SHALL NOT
21 USE A DEFINITION OF PREEEXISTING CONDITION WHICH IS MORE RESTRIC-
22 TIVE THAN THE DEFINITION IN SECTION 3901.

23 (3) THE DEFINITION OF PREEEXISTING CONDITION DOES NOT PRO-
24 HIBIT AN INSURER FROM USING AN APPLICATION FORM DESIGNED TO
25 ELICIT THE COMPLETE HEALTH HISTORY OF AN APPLICANT AND, ON THE
26 BASIS OF THE ANSWERS ON THAT APPLICATION, UNDERWRITE IN

1 ACCORDANCE WITH THAT INSURER'S ESTABLISHED UNDERWRITING
2 STANDARDS.

3 (4) UNLESS OTHERWISE PROVIDED IN THE POLICY, A PREEXISTING
4 CONDITION, REGARDLESS OF WHETHER IT IS DISCLOSED ON THE APPLICA-
5 TION, NEED NOT BE COVERED UNTIL AFTER THE LIMITATION PERIOD. A
6 LONG-TERM CARE INSURANCE POLICY SHALL NOT EXCLUDE OR USE WAIVERS
7 OR RIDERS OF ANY KIND TO EXCLUDE, LIMIT, OR REDUCE COVERAGE OR
8 BENEFITS FOR SPECIFICALLY NAMED OR DESCRIBED PREEXISTING CONDI-
9 TIONS BEYOND THE LIMITATION PERIOD.

10 SEC. 3913. (1) A LONG-TERM CARE INSURANCE POLICY MAY NOT
11 LIMIT OR EXCLUDE SERVICES FOR HOME HEALTH CARE BENEFITS IN ANY OF
12 THE FOLLOWING WAYS:

13 (A) BY REQUIRING THAT THE INSURED WOULD NEED SKILLED CARE IN
14 A SKILLED NURSING FACILITY IF HOME HEALTH CARE SERVICES WERE NOT
15 PROVIDED.

16 (B) BY REQUIRING THAT THE INSURED FIRST OR SIMULTANEOUSLY
17 RECEIVE NURSING OR THERAPEUTIC SERVICES IN A HOME OR COMMUNITY
18 SETTING BEFORE HOME HEALTH CARE SERVICES ARE COVERED.

19 (C) BY LIMITING ELIGIBLE SERVICES TO SERVICES PROVIDED BY
20 REGISTERED NURSES OR LICENSED PRACTICAL NURSES.

21 (D) BY REQUIRING THAT A NURSE OR THERAPIST PROVIDE SERVICES
22 COVERED BY THE POLICY THAT CAN BE PROVIDED BY A HOME HEALTH AIDE
23 OR OTHER LICENSED OR CERTIFIED HOME CARE WORKER ACTING WITHIN THE
24 SCOPE OF HIS OR HER LICENSURE OR CERTIFICATION.

25 (E) BE REQUIRING THAT THE INSURED HAVE AN ACUTE CONDITION
26 BEFORE HOME HEALTH CARE SERVICES ARE COVERED.

1 (F) BY LIMITING BENEFITS TO SERVICES PROVIDED BY
2 MEDICARE-CERTIFIED AGENCIES OR PROVIDERS.

3 (2) HOME HEALTH CARE COVERAGE MAY BE APPLIED TO THE NONHOME
4 HEALTH CARE BENEFITS PROVIDED IN THE POLICY WHEN DETERMINING MAX-
5 IMUM COVERAGE UNDER THE TERMS OF THE POLICY.

6 SEC. 3915. A LONG-TERM CARE INSURANCE POLICY SHALL NOT CON-
7 DITION BENEFITS ON ANY OF THE FOLLOWING:

8 (A) THE PRIOR INSTITUTIONALIZATION OF THE INSURED.

9 (B) PRIOR RECEIPT OF A HIGHER LEVEL OF INSTITUTIONAL CARE.

10 SEC. 3917. IF A LONG-TERM CARE INSURANCE POLICY OR CERTIFI-
11 CATE REPLACES ANOTHER LONG-TERM CARE POLICY OR CERTIFICATE, THE
12 REPLACING INSURER SHALL WAIVE ANY TIME PERIODS APPLICABLE TO PRE-
13 EXISTING CONDITIONS AND PROBATIONARY PERIODS FOR SIMILAR BENEFITS
14 IN THE NEW LONG-TERM CARE POLICY TO THE EXTENT THAT SIMILAR
15 EXCLUSIONS HAVE BEEN SATISFIED UNDER THE ORIGINAL POLICY.

16 SEC. 3919. TERMINATION OF LONG-TERM CARE INSURANCE SHALL BE
17 WITHOUT PREJUDICE TO ANY BENEFITS PAYABLE FOR INSTITUTIONALIZA-
18 TION IF SUCH INSTITUTIONALIZATION BEGAN WHILE THE LONG-TERM CARE
19 COVERAGE WAS IN FORCE AND CONTINUES WITHOUT INTERRUPTION AFTER
20 TERMINATION. AN EXTENSION OF BENEFITS BEYOND THE PERIOD THE
21 LONG-TERM CARE INSURANCE WAS IN FORCE MAY BE LIMITED TO THE DURA-
22 TION OF THE BENEFIT PERIOD, IF ANY, OR TO PAYMENT OF THE MAXIMUM
23 BENEFITS AND MAY BE SUBJECT TO ANY POLICY WAITING PERIOD AND ALL
24 OTHER APPLICABLE PROVISIONS OF THE POLICY.

25 SEC. 3921. (1) ALL APPLICATIONS FOR LONG-TERM CARE INSUR-
26 ANCE POLICIES EXCEPT THOSE THAT ARE GUARANTEED ISSUE SHALL

1 CONTAIN CLEAR AND UNAMBIGUOUS QUESTIONS DESIGNED TO ASCERTAIN THE
2 APPLICANT'S HEALTH CONDITION.

3 (2) IF AN APPLICATION FOR LONG-TERM CARE INSURANCE CONTAINS
4 A QUESTION WHICH ASKS WHETHER THE APPLICANT HAS HAD MEDICATION
5 PRESCRIBED BY A PHYSICIAN, IT MUST ALSO ASK THE APPLICANT TO LIST
6 THE MEDICATION THAT HAS BEEN PRESCRIBED.

7 (3) IF ANY MEDICATIONS LISTED IN AN APPLICATION WERE KNOWN
8 BY THE INSURER, OR SHOULD HAVE BEEN KNOWN AT THE TIME OF APPLICA-
9 TION, TO BE DIRECTLY RELATED TO A MEDICAL CONDITION FOR WHICH
10 COVERAGE WOULD OTHERWISE BE DENIED, THEN THE POLICY SHALL NOT BE
11 RESCINDED FOR THAT CONDITION.

12 (4) EXCEPT FOR POLICIES THAT ARE GUARANTEED ISSUE, ALL OF
13 THE FOLLOWING APPLY:

14 (A) THE FOLLOWING LANGUAGE SHALL BE SET OUT CONSPICUOUSLY
15 AND IN CLOSE CONJUNCTION WITH THE APPLICANT'S SIGNATURE BLOCK ON
16 AN APPLICATION FOR A LONG-TERM CARE INSURANCE POLICY:

17 CAUTION: IF YOUR ANSWERS ON THIS APPLICATION ARE INCORRECT
18 OR UNTRUE, [COMPANY] HAS THE RIGHT TO DENY BENEFITS OR RESCIND
19 YOUR POLICY.

20 (B) THE FOLLOWING LANGUAGE, OR LANGUAGE SUBSTANTIALLY SIMI-
21 LAR TO THE FOLLOWING, SHALL BE SET OUT CONSPICUOUSLY ON THE
22 LONG-TERM CARE INSURANCE POLICY AT THE TIME OF DELIVERY:

23 CAUTION: THE ISSUANCE OF THIS LONG-TERM CARE INSURANCE
24 POLICY IS BASED UPON YOUR RESPONSES TO THE QUESTIONS ON YOUR
25 APPLICATION. A COPY OF YOUR [APPLICATION] [ENROLLMENT FORM] [IS
26 ENCLOSED] [WAS RETAINED BY YOU WHEN YOU APPLIED]. IF YOUR
27 ANSWERS ARE INCORRECT OR UNTRUE, THE COMPANY HAS THE RIGHT TO

1 DENY BENEFITS OR RESCIND YOUR POLICY. THE BEST TIME TO CLEAR UP
2 ANY QUESTIONS IS NOW, BEFORE A CLAIM ARISES! IF, FOR ANY REASON,
3 ANY OF YOUR ANSWERS ARE INCORRECT, CONTACT THE COMPANY AT THIS
4 ADDRESS: [INSERT ADDRESS]

5 (C) PRIOR TO ISSUANCE OF A LONG-TERM CARE POLICY TO AN
6 APPLICANT AGE 80 OR OLDER, THE INSURER SHALL OBTAIN 1 OF THE
7 FOLLOWING:

- 8 (i) A REPORT OF A PHYSICAL EXAMINATION.
9 (ii) AN ASSESSMENT OF FUNCTIONAL CAPACITY.
10 (iv) AN ATTENDING PHYSICIAN'S STATEMENT.
11 (iv) COPIES OF MEDICAL RECORDS.
12 (5) A COPY OF THE COMPLETED APPLICATION OR ENROLLMENT FORM,
13 WHICHEVER IS APPLICABLE, SHALL BE DELIVERED TO THE INSURED NO
14 LATER THAN AT THE TIME OF DELIVERY OF THE POLICY UNLESS IT WAS
15 RETAINED BY THE APPLICANT AT THE TIME OF APPLICATION.
16 (6) EVERY INSURER OR OTHER ENTITY SELLING OR ISSUING
17 LONG-TERM CARE INSURANCE BENEFITS SHALL MAINTAIN A RECORD OF ALL
18 POLICY RESCISSIONS, BOTH STATE AND COUNTRYWIDE, EXCEPT THOSE THE
19 INSURED VOLUNTARILY EFFECTUATED, AND SHALL ANNUALLY FURNISH THIS
20 INFORMATION TO THE COMMISSIONER.

21 SEC. 3923. (1) EXCEPT FOR RIDERS OR ENDORSEMENTS BY WHICH
22 THE INSURER EFFECTUATES A REQUEST MADE IN WRITING BY THE INSURED
23 UNDER AN INDIVIDUAL LONG-TERM CARE INSURANCE POLICY, ALL RIDERS
24 OR ENDORSEMENTS ADDED TO A LONG-TERM CARE INSURANCE POLICY AFTER
25 DATE OF ISSUE OR AT REINSTATEMENT OR RENEWAL THAT REDUCE OR ELIM-
26 INATE BENEFITS OR COVERAGE IN THE POLICY SHALL REQUIRE SIGNED
27 ACCEPTANCE BY THE INSURED INDIVIDUAL. AFTER THE DATE OF POLICY

1 ISSUE, ANY RIDER OR ENDORSEMENT THAT INCREASES BENEFITS OR
2 COVERAGE WITH A CONCOMITANT INCREASE IN PREMIUM DURING THE POLICY
3 TERM SHALL BE AGREED TO IN WRITING AND SIGNED BY THE INSURED,
4 EXCEPT IF THE INCREASED BENEFITS OR COVERAGE ARE REQUIRED BY
5 LAW. IF A SEPARATE ADDITIONAL PREMIUM IS CHARGED FOR BENEFITS
6 PROVIDED IN CONNECTION WITH RIDERS OR ENDORSEMENTS, THAT PREMIUM
7 CHARGE SHALL BE SET FORTH IN THE POLICY, RIDER, OR ENDORSEMENT.

8 (2) A LONG-TERM CARE INSURANCE POLICY THAT PROVIDES FOR THE
9 PAYMENT OF BENEFITS BASED ON STANDARDS DESCRIBED AS "USUAL AND
10 CUSTOMARY", "REASONABLE AND CUSTOMARY", OR WORDS OF SIMILAR
11 IMPORT SHALL INCLUDE A DEFINITION OF THE TERMS AND AN EXPLANATION
12 OF THE TERMS IN ITS ACCOMPANYING SUMMARY OF COVERAGE.

13 (3) IF A LONG-TERM CARE INSURANCE POLICY CONTAINS ANY LIMITA-
14 TIONS WITH RESPECT TO PREEXISTING CONDITIONS, THE LIMITATIONS
15 SHALL APPEAR AS A SEPARATE PARAGRAPH OF THE POLICY AND SHALL BE
16 LABELED AS "PREEXISTING CONDITION LIMITATIONS".

17 (4) A LONG-TERM CARE INSURANCE POLICY CONTAINING ANY LIMITA-
18 TIONS OR CONDITIONS FOR ELIGIBILITY SHALL SET FORTH A DESCRIPTION
19 OF THE LIMITATIONS OR CONDITIONS, INCLUDING ANY REQUIRED NUMBER
20 OF DAYS OF CONFINEMENT, IN A SEPARATE PARAGRAPH OF THE POLICY AND
21 SHALL LABEL THE PARAGRAPH "LIMITATIONS OR CONDITIONS ON ELIGIBIL-
22 ITY FOR BENEFITS".

23 SEC. 3925. (1) THIS SECTION APPLIES TO INDIVIDUAL LIFE
24 INSURANCE POLICIES THAT MEET BOTH OF THE FOLLOWING:

25 (A) PROVIDE FOR PAYMENT OF LONG-TERM CARE BENEFITS THROUGH
26 THE ACCELERATION OF ALL OR A PORTION OF THE DEATH BENEFIT
27 OTHERWISE PAYABLE.

1 (B) GUARANTEE THAT AT LEAST THE TOTAL INITIAL DEATH BENEFIT
2 SHALL BE PAID EITHER FOR LONG-TERM CARE BENEFITS OR UPON THE
3 DEATH OF THE INSURED, PROVIDED THAT THE NECESSARY PREMIUM PAY-
4 MENTS ARE MADE.

5 (2) AT THE TIME OF THE POLICY FORM FILING, THE INSURER SHALL
6 FILE INFORMATION WITH THE COMMISSIONER THAT INCLUDES THE
7 FOLLOWING:

8 (A) FOR THOSE POLICIES THAT HAVE FIXED PREMIUMS, THE TOTAL
9 MAXIMUM ANNUAL PREMIUM FOR EACH YEAR TO AT LEAST AGE 95 FOR THE
10 POLICY, INCLUDING ANY PREMIUM THAT MUST BE PAID FOR LONG-TERM
11 CARE BENEFITS.

12 (B) FOR THOSE POLICIES THAT HAVE FLEXIBLE PREMIUMS, THE
13 TOTAL MAXIMUM LEVEL ANNUAL PREMIUM FOR EACH YEAR TO AT LEAST AGE
14 95 FOR THE POLICY, INCLUDING ANY PREMIUM THAT MUST BE PAID FOR
15 LONG-TERM CARE BENEFITS. THESE PREMIUMS SHALL BE CALCULATED
16 USING THE MINIMUM GUARANTEED INTEREST AND THE MAXIMUM GUARANTEED
17 RISK CHARGES FOR MORTALITY AND LONG-TERM CARE.

18 (C) IF THE PLAN USES RISK CHARGES, A TABLE OF THE MAXIMUM
19 RISK CHARGES THAT MAY BE MADE IN THE DETERMINATION OF CASH
20 VALUES. THESE RISK CHARGES SHALL INCLUDE THE CHARGES FOR
21 LONG-TERM CARE.

22 (D) IF THE PLAN USES RISK CHARGES, A DEMONSTRATION OF THE
23 METHOD OF APPLICATION OF THE RISK CHARGES IN THE DETERMINATION OF
24 CASH VALUES.

25 (E) AN ACTUARIAL DEMONSTRATION THAT THE POLICY COMPLIES WITH
26 THE MINIMUM NONFORFEITURE REQUIREMENTS THAT WOULD BE REQUIRED FOR
27 THE LIFE INSURANCE BENEFITS WITHOUT CONSIDERING ANY IDENTIFIED

1 PREMIUM FOR LONG-TERM CARE BENEFITS OR COSTS FOR LONG-TERM CARE
2 BENEFITS.

3 (3) AT THE TIME OF DELIVERY OF A POLICY A COST DISCLOSURE
4 SHALL BE PROVIDED TO THE APPLICANT. THE COST DISCLOSURE SHALL
5 INCLUDE THE FOLLOWING:

6 (A) A STATEMENT THAT THE TOTAL GROSS PREMIUM INCLUDES A PRE-
7 MIUM FOR THE LONG-TERM CARE BENEFITS.

8 (B) THE MAXIMUM LIFE INSURANCE AND LONG-TERM CARE RISK
9 CHARGES USED IN THE DETERMINATION OF CASH VALUES.

10 (C) A STATEMENT THAT THE MAXIMUM TOTAL RISK CHARGES FOR THE
11 BENEFITS PROVIDED IN THE POLICY CAN NEVER BE INCREASED ABOVE THE
12 MAXIMUMS DISCLOSED.

13 (D) AN EXPLANATION OF THE METHOD OF APPLICATION OF RISK
14 CHARGES USED IN THE DETERMINATION OF THE CASH VALUES.

15 (E) THE MINIMUM INTEREST RATE GUARANTEED.

16 (F) AN EXPLANATION OF THE EFFECT OF POLICY LOAN AND WITH-
17 DRAWALS ON LONG-TERM CARE BENEFITS.

18 (G) AN EXPLANATION OF THE EFFECT OF THE PAYMENTS OF
19 LONG-TERM CARE BENEFITS ON THE OTHER POLICY BENEFITS.

20 (H) AN ILLUSTRATION OF THE AMOUNT OF LONG-TERM CARE
21 BENEFITS.

22 (I) FOR POLICIES THAT PERMIT VARIABILITY IN TIMING OR AMOUNT
23 OF PREMIUM PAYMENT, A MINIMUM FUNDING PREMIUM CALCULATED AND
24 PROMINENTLY DISCLOSED. THE MINIMUM FUNDING PREMIUM UNDER THIS
25 SUBDIVISION SHALL MEET BOTH OF THE FOLLOWING:

1 (i) BE AT LEAST EQUAL TO A LEVEL ANNUAL PREMIUM TO AT LEAST
2 AGE 95 USING MINIMUM INTEREST GUARANTEES AND MAXIMUM RISK
3 CHARGES.

4 (ii) PROVIDE THE INITIAL DEATH BENEFIT INCLUDING LONG-TERM
5 CARE BENEFITS FOR THE WHOLE OF LIFE.

6 (J) A YEAR-BY-YEAR ILLUSTRATION FOR THE POLICY ON BOTH A
7 GUARANTEED AND PROJECTED BASIS FOR EACH OF THE FIRST 20 YEARS.
8 THESE ILLUSTRATIONS MAY BE MADE USING A PREMIUM LESS THAN THE
9 MINIMUM FUNDING PREMIUM IF THAT PREMIUM EXCEEDS THE MAXIMUM PRE-
10 MIUMS PERMITTED UNDER THE INTERNAL REVENUE CODE TO QUALIFY AS
11 LIFE INSURANCE. HOWEVER, IF THE LOWER PREMIUM IS USED, THE
12 ILLUSTRATION SHALL MAKE CLEAR THAT UNLESS INTEREST IN EXCESS OF
13 MINIMUM GUARANTEES OR RISK CHARGES LESS THAN THE MAXIMUM GUARAN-
14 TEES ARE MADE, PREMIUMS IN EXCESS OF THOSE ILLUSTRATED MAY BE
15 NECESSARY TO PROVIDE BENEFITS FOR THE WHOLE OF LIFE.

16 (4) ON THE POLICY ANNIVERSARY, THE INSURER SHALL SUPPLY TO
17 THE POLICYOWNER A REPORT THAT INCLUDES THE FOLLOWING:

18 (A) THE CURRENT CASH VALUE, DEATH BENEFIT, AND LONG-TERM
19 CARE BENEFIT.

20 (B) THE TOTAL GROSS ANNUAL PREMIUM FOR EACH OF THE NEXT 20
21 YEARS OR TO AT LEAST AGE 95, IF SOONER. FOR POLICIES THAT PERMIT
22 VARIABILITY IN TIMING OR AMOUNT OF PREMIUM PAYMENT, THE GROSS
23 PREMIUM SHALL BE CALCULATED AS THE LEVEL ANNUAL PREMIUM OVER THE
24 PERIOD USING CURRENT CASH VALUE, MINIMUM INTEREST, AND MAXIMUM
25 RISK CHARGES TO PROVIDE THE DEATH BENEFIT FOR THE WHOLE OF LIFE
26 INCLUDING LONG-TERM CARE BENEFITS. THE PREMIUM SHALL BE

1 IDENTIFIED AS THE MINIMUM FUNDING PREMIUM FOR THE ATTAINED
2 DURATION AND SHALL BE PROMINENTLY DISCLOSED.

3 (C) A YEAR-BY-YEAR ILLUSTRATION FOR THE POLICY ON BOTH A
4 GUARANTEED AND PROJECTED BASIS FOR EACH OF THE NEXT 20 YEARS OR
5 AT LEAST TO AGE 95, IF SOONER, SHOWING THE CASH VALUE, DEATH BEN-
6 EFIT, AND LONG-TERM CARE BENEFIT. THESE ILLUSTRATIONS MAY BE
7 MADE USING A GROSS PREMIUM LESS THAN THE MINIMUM FUNDING PREMIUM
8 FOR THE ATTAINED DURATION IF THAT PREMIUM EXCEEDS THE MAXIMUM
9 PREMIUM PERMITTED UNDER THE INTERNAL REVENUE CODE TO QUALIFY AS
10 LIFE INSURANCE. HOWEVER, IF THE LOWER PREMIUM IS USED, THE
11 ILLUSTRATION SHALL MAKE CLEAR THAT UNLESS INTEREST IN EXCESS OF
12 MINIMUM GUARANTEES OR RISK CHARGES LESS THAN THE MAXIMUM GUARAN-
13 TEES ARE MADE, PREMIUMS IN EXCESS OF THOSE ILLUSTRATED MAY BE
14 NECESSARY TO PROVIDE BENEFITS FOR THE WHOLE OF LIFE.

15 SEC. 3927. (1) BENEFITS UNDER INDIVIDUAL LONG-TERM CARE
16 INSURANCE POLICIES SHALL BE CONSIDERED REASONABLE IN RELATION TO
17 PREMIUMS PROVIDED THE EXPECTED LOSS RATIO IS AT LEAST 60%, CALCU-
18 LATED IN A MANNER THAT PROVIDES FOR ADEQUATE RESERVING OF THE
19 LONG-TERM CARE INSURANCE RISK. IN EVALUATING THE EXPECTED LOSS
20 RATIO, DUE CONSIDERATION SHALL BE GIVEN TO ALL RELEVANT FACTORS,
21 INCLUDING:

22 (A) STATISTICAL CREDIBILITY OF INCURRED CLAIMS EXPERIENCE
23 AND EARNED PREMIUMS.

24 (B) THE PERIOD FOR WHICH RATES ARE COMPUTED TO PROVIDE
25 COVERAGE.

26 (C) EXPERIENCED AND PROJECTED TRENDS.

1 (D) CONCENTRATION OF EXPERIENCE WITHIN EARLY POLICY
2 DURATION.

3 (E) EXPECTED CLAIM FLUCTUATION.

4 (F) EXPERIENCE REFUNDS, ADJUSTMENTS, OR DIVIDENDS.

5 (G) RENEWABILITY FEATURES.

6 (H) ALL APPROPRIATE EXPENSE FACTORS.

7 (I) INTEREST.

8 (J) EXPERIMENTAL NATURE OF THE COVERAGE.

9 (K) POLICY RESERVES.

10 (L) MIX OF BUSINESS BY RISK CLASSIFICATION.

11 (M) PRODUCT FEATURES SUCH AS LONG ELIMINATION PERIODS, HIGH
12 DEDUCTIBLES, AND HIGH MAXIMUM LIMITS.

13 (2) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE POLICIES
14 THAT ALSO CONTAIN LONG-TERM CARE BENEFITS.

15 SEC. 3929. (1) IF LONG-TERM CARE BENEFITS ARE PROVIDED
16 THROUGH THE ACCELERATION OF BENEFITS UNDER GROUP OR INDIVIDUAL
17 LIFE POLICIES OR RIDERS TO THOSE POLICIES, POLICY RESERVES FOR
18 THE BENEFITS SHALL BE DETERMINED IN ACCORDANCE WITH
19 SECTION 834(1)(vi). CLAIM RESERVES SHALL ALSO BE ESTABLISHED IN
20 THE CASE WHEN THE POLICY OR RIDER IS IN CLAIM STATUS.

21 (2) RESERVES FOR POLICIES AND RIDERS SUBJECT TO
22 SUBSECTION (1) SHALL BE BASED ON THE MULTIPLE DECREMENT MODEL
23 UTILIZING ALL RELEVANT DECREMENTS EXCEPT FOR VOLUNTARY TERMINA-
24 TION RATES. SINGLE DECREMENT APPROXIMATIONS MAY BE USED IF THE
25 CALCULATION PRODUCES ESSENTIALLY SIMILAR RESERVES, IF THE RESERVE
26 IS CLEARLY MORE CONSERVATIVE, OR IF THE RESERVE IS IMMATERIAL.
27 THE CALCULATIONS MAY TAKE INTO ACCOUNT THE REDUCTION IN LIFE

1 INSURANCE BENEFITS DUE TO THE PAYMENT OF LONG-TERM CARE
2 BENEFITS. HOWEVER, IN NO EVENT SHALL THE RESERVES FOR THE
3 LONG-TERM CARE BENEFIT AND THE LIFE INSURANCE BENEFIT BE LESS
4 THAN THE RESERVES FOR THE LIFE INSURANCE BENEFIT ASSUMING NO
5 LONG-TERM CARE BENEFIT.

6 (3) IN THE DEVELOPMENT AND CALCULATION OF RESERVES FOR POLI-
7 CIES AND RIDERS SUBJECT TO SUBSECTION (1), DUE REGARD SHALL BE
8 GIVEN TO THE APPLICABLE POLICY PROVISIONS, MARKETING METHODS,
9 ADMINISTRATIVE PROCEDURES, AND ALL OTHER CONSIDERATIONS THAT HAVE
10 AN IMPACT ON PROJECTED CLAIM COSTS, INCLUDING, BUT NOT LIMITED
11 TO, ALL OF THE FOLLOWING:

- 12 (A) DEFINITION OF INSURED EVENTS.
- 13 (B) COVERED LONG-TERM CARE FACILITIES.
- 14 (C) EXISTENCE OF HOME CONVALESCENCE CARE COVERAGE.
- 15 (D) DEFINITION OF FACILITIES.
- 16 (E) EXISTENCE OR ABSENCE OF BARRIERS TO ELIGIBILITY.
- 17 (F) PREMIUM WAIVER PROVISION.
- 18 (G) RENEWABILITY.
- 19 (H) ABILITY TO RAISE PREMIUMS.
- 20 (I) MARKETING METHOD.
- 21 (J) UNDERWRITING PROCEDURES.
- 22 (K) CLAIMS ADJUSTMENT PROCEDURES.
- 23 (L) WAITING PERIOD.
- 24 (M) MAXIMUM BENEFIT.
- 25 (N) AVAILABILITY OF ELIGIBLE FACILITIES.
- 26 (O) MARGINS IN CLAIM COSTS.

(P) OPTIONAL NATURE OF BENEFIT.

(Q) DELAY IN ELIGIBILITY FOR BENEFIT.

(R) INFLATION PROTECTION PROVISIONS.

(S) GUARANTEED INSURABILITY OPTION.

(4) ANY APPLICABLE VALUATION MORBIDITY TABLE SHALL BE CERTIFIED AS APPROPRIATE AS A STATUTORY VALUATION TABLE BY A MEMBER OF THE AMERICAN ACADEMY OF ACTUARIES.

(5) IF LONG-TERM CARE BENEFITS ARE PROVIDED OTHER THAN AS IN SUBSECTION (1), RESERVES SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 3927.

SEC. 3931. THE COMMISSIONER MAY PROMULGATE RULES INCLUDING THE FOLLOWING:

(A) RULES ESTABLISHING STANDARDS FOR THE SALE OF LONG-TERM CARE INSURANCE POLICIES, TERMS OF RENEWABILITY, INITIAL AND SUBSEQUENT CONDITIONS OF ELIGIBILITY, NONDUPLICATION OF COVERAGE PROVISIONS, COVERAGE OF DEPENDENTS IF PROVIDED IN THE POLICY, PREEXISTING CONDITIONS, TERMINATION OF INSURANCE, CONTINUATION OR CONVERSION, PROBATIONARY PERIODS, LIMITATIONS, EXCEPTIONS, REDUCTIONS, ELIMINATION PERIODS, REQUIREMENTS FOR REPLACEMENT, RECURRENT CONDITIONS, DEFINITIONS OF TERMS, AND FOR FULL AND FAIR DISCLOSURE SETTING FORTH THE MANNER, CONTENT, AND REQUIRED DISCLOSURES.

(B) RULES ESTABLISHING LOSS RATIO STANDARDS FOR LONG-TERM CARE INSURANCE POLICIES.

SEC. 3933. AN INSURER THAT OFFERS INDIVIDUAL LONG-TERM CARE INSURANCE SHALL PROVIDE TO A PROSPECTIVE APPLICANT BEFORE APPLICATION AND UPON REQUEST BEFORE RENEWAL A SUMMARY OF COVERAGE

1 AND SHALL OBTAIN AN ACKNOWLEDGMENT OF RECEIPT OF THE SUMMARY ON
 2 THE APPLICATION FORM OR RENEWAL FORM BY OBTAINING THE APPLICANT'S
 3 SIGNATURE. AN INSURER USING DIRECT SALES RESPONSE SHALL PROVIDE
 4 THE SUMMARY OF COVERAGE TO AN APPLICANT IN CONJUNCTION WITH THE
 5 INITIAL APPLICATION AND UPON REQUEST BEFORE RENEWAL. THE SUMMARY
 6 OF COVERAGE SHALL BE A FREE-STANDING DOCUMENT, USING NO SMALLER
 7 THAN 10 POINT TYPE, AND SHALL CONTAIN NO ADVERTISING MATERIAL.
 8 THE SUMMARY OF COVERAGE SHALL BE IN SUBSTANTIALLY THE FOLLOWING
 9 FORM:

10 (COMPANY NAME)

11 (ADDRESS: CITY AND STATE)

12 (TELEPHONE)

13 INDIVIDUAL LONG-TERM CARE POLICY SUMMARY OF COVERAGE

14 [POLICY NUMBER OR GROUP MASTER POLICY AND CERTIFICATE

15 NUMBER] CAUTION: THE ISSUANCE OF THIS LONG-TERM CARE INSURANCE

16 POLICY IS BASED UPON YOUR RESPONSES TO THE QUESTIONS ON YOUR

17 APPLICATION. A COPY OF YOUR [APPLICATION] [ENROLLMENT FORM] [IS

18 ENCLOSED] [WAS RETAINED BY YOU WHEN YOU APPLIED]. IF YOUR

19 ANSWERS ARE INCORRECT OR UNTRUE, THE COMPANY HAS THE RIGHT TO

20 DENY BENEFITS OR RESCIND YOUR POLICY. THE BEST TIME TO CLEAR UP

21 ANY QUESTIONS IS NOW, BEFORE A CLAIM ARISES. IF, FOR ANY REASON,

22 ANY OF YOUR ANSWERS ARE INCORRECT, CONTACT THE COMPANY AT THIS

23 ADDRESS: [INSERT ADDRESS]

24 1. THIS POLICY IS [USE 1 OF THE FOLLOWING:] AN INDIVIDUAL

25 POLICY OF INSURANCE; A GROUP POLICY THAT WAS ISSUED IN THE

26 [INDICATE JURISDICTION IN WHICH GROUP POLICY WAS ISSUED].

1 2. PURPOSE OF THE SUMMARY OF COVERAGE. THIS SUMMARY OF
2 COVERAGE PROVIDES A VERY BRIEF DESCRIPTION OF THE IMPORTANT FEAT-
3 URES OF THE POLICY. YOU SHOULD COMPARE THIS SUMMARY OF COVERAGE
4 TO SUMMARIES OF COVERAGE FOR OTHER POLICIES AVAILABLE TO YOU.
5 THIS IS NOT AN INSURANCE CONTRACT, BUT ONLY A SUMMARY OF
6 COVERAGE. ONLY THE POLICY CONTAINS GOVERNING CONTRACTUAL
7 PROVISIONS. THIS MEANS THAT THE POLICY SETS FORTH IN DETAIL THE
8 RIGHTS AND OBLIGATIONS OF BOTH YOU AND THE INSURANCE COMPANY.
9 THEREFORE, IF YOU PURCHASE THIS COVERAGE, OR ANY OTHER COVERAGE,
10 IT IS IMPORTANT THAT YOU READ YOUR POLICY CAREFULLY.

11 3. THE FOLLOWING ARE TERMS UNDER WHICH THE POLICY MAY BE
12 RETURNED AND PREMIUM REFUNDED:

13 (A) [PROVIDE A BRIEF DESCRIPTION OF THE RIGHT TO RETURN -
14 "FREE LOOK" PROVISION OF THE POLICY.]

15 (B) [INCLUDE A STATEMENT THAT THE POLICY EITHER DOES OR DOES
16 NOT CONTAIN PROVISIONS PROVIDING FOR A REFUND OR PARTIAL REFUND
17 OF PREMIUM UPON THE DEATH OF AN INSURED OR SURRENDER OF THE
18 POLICY. IF THE POLICY CONTAINS THESE PROVISIONS, INCLUDE A
19 DESCRIPTION OF THEM.]

20 4. THIS IS NOT MEDICARE SUPPLEMENTAL COVERAGE. IF YOU ARE
21 ELIGIBLE FOR MEDICARE, REVIEW THE MEDICARE SUPPLEMENTAL BUYER'S
22 GUIDE AVAILABLE FROM THE INSURANCE COMPANY. [FOR AGENTS] NEITHER
23 [INSERT COMPANY NAME] NOR ITS AGENTS REPRESENT MEDICARE, THE FED-
24 ERAL GOVERNMENT, OR ANY STATE GOVERNMENT. [FOR DIRECT RESPONSE]
25 [INSERT COMPANY NAME] IS NOT REPRESENTING MEDICARE, THE FEDERAL
26 GOVERNMENT, OR ANY STATE GOVERNMENT.

1 5. LONG-TERM CARE COVERAGE. POLICIES OF THIS CATEGORY ARE
 2 DESIGNED TO PROVIDE COVERAGE FOR 1 OR MORE NECESSARY OR MEDICALLY
 3 NECESSARY DIAGNOSTIC, PREVENTIVE, THERAPEUTIC, REHABILITATIVE,
 4 MAINTENANCE, OR PERSONAL CARE SERVICES, PROVIDED IN A SETTING
 5 OTHER THAN AN ACUTE CARE UNIT OF A HOSPITAL, SUCH AS IN A NURSING
 6 HOME, IN THE COMMUNITY, OR IN THE HOME. THIS POLICY PROVIDES
 7 COVERAGE IN THE FORM OF A FIXED DOLLAR INDEMNITY BENEFIT FOR COV-
 8 ERED LONG-TERM CARE EXPENSES, SUBJECT TO POLICY [LIMITATIONS]
 9 [WAITING PERIODS] AND [COINSURANCE] REQUIREMENTS. [MODIFY THIS
 10 PARAGRAPH IF THE POLICY IS NOT AN INDEMNITY POLICY.]

11 6. BENEFITS PROVIDED BY THIS POLICY ARE THE FOLLOWING:

12	<u>CATEGORY</u>	<u>DEFINITION</u>	<u>COMPANY BENEFITS</u>
13	SKILLED NURSING CARE	REQUIRES DAILY ATTENDANCE, \$___ PER DAY	
14		MONITORING, EVALUATION	
15		AND/OR OBSERVATION BY	
16		LICENSED HEALTH PERSONNEL	
17		IN A LICENSED SKILLED	
18		NURSING CARE FACILITY	
19			
20	MAXIMUM DAYS PAYABLE		___ DAYS
21	<hr/>		
22	INTERMEDIATE/BASIC/	IS CARE THAT INCLUDES	\$___ PER DAY
23	CUSTODIAL NURSING	ASSISTANCE IN ACTIVITIES	
24	CARE	OF DAILY LIVING THAT CAN	
25		BE PROVIDED BY PERSONS	
26		WITHOUT MEDICAL SKILL	
27		IN A LICENSED INTER-	
28		MEDIATE OR SKILLED	
29		NURSING CARE FACILITY	
30			
31	MAXIMUM DAYS PAYABLE		___ DAYS
32	<hr/>		
33	HOME HEALTH	WILL THIS POLICY COVER	___ YES ___ NO
34	BENEFITS:	HOME CARE AND WHAT ARE	
35	--DAILY BENEFIT	THE RESTRICTIONS?	\$___ PER DAY
36	--MAXIMUM DAYS		
37	PAYABLE		___ DAYS

1 --RESTRICTIONS

2

3 PRIOR HOSPITALIZA- POLICIES MAY NOT REQUIRE
4 TION THAT YOU BE PLACED IN A
5 HOSPITAL FOR A CERTAIN
6 NUMBER OF DAYS BEFORE YOU
7 CAN RECEIVE COVERAGE FOR
8 NURSING HOME CARE

9

10 DAY BENEFITS BEGIN AFTER YOU HAVE ENTERED
11 THE NURSING HOME, WHEN
12 WILL THE POLICY START TO
13 PAY FOR COVERAGE?
14

15

16 PREEXISTING CON- IF YOU HAVE BEEN TREATED ____ YES ____ NO
17 DITIONS WAITING IN THE LAST 6 MONTHS FOR
18 PERIOD A CONDITION, WILL THIS
19 POLICY COVER YOUR
20 TREATMENT?
21

22 DOES THIS POLICY COVER ____ YES ____ NO
23 YOU ONLY AFTER A WAITING
24 PERIOD?

25
26 HOW LONG IS THE WAITING
27 PERIOD?

28 DAYS

29

30 PRIOR APPROVAL FOR IS PRIOR APPROVAL NEEDED ____ YES ____ NO
31 COVERAGE BEFORE YOUR POLICY WILL
32 GIVE YOU COVERAGE?

33

34 MOTOR VEHICLE WILL THIS POLICY PROVIDE ____ YES ____ NO
35 ACCIDENTS COVERAGE FOR LONG-TERM
36 CARE NEEDED AS A RESULT
37 OF A MOTOR VEHICLE
38 ACCIDENT?

39

40 EVIDENCE OF IS A PHYSICAL EXAMINATION ____ YES ____ NO
41 INSURABILITY REQUIRED?

DO YOU HAVE TO _____ YES _____ NO
ANSWER A SERIES OF
HEALTH QUESTIONS?

5

GUARANTEED RENEWAL AS LONG AS YOU PAY YOUR _____ YES _____ NO
PREMIUMS ON TIME, WILL
THE COMPANY CONTINUE TO
INSURE YOU?

10

WAIVER OF PREMIUM ARE THERE CIRCUMSTANCES _____ YES _____ NO
UNDER WHICH YOU RECEIVE
COVERAGE, BUT DO NOT HAVE
TO PAY THE PREMIUM?

15

16

17

18

19

7. THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED
WITH YOUR LONG-TERM CARE NEEDS. [PROVIDE A BRIEF SPECIFIC
DESCRIPTION OF ANY POLICY PROVISIONS THAT LIMIT, EXCLUDE,
RESTRICT, REDUCE, DELAY, OR IN ANY OTHER MANNER OPERATE TO QUAL-
IFY PAYMENT OF THE BENEFITS.]

24

8. RELATIONSHIP OF COST OF CARE AND BENEFITS. BECAUSE THE
COSTS OF LONG-TERM CARE SERVICES WILL LIKELY INCREASE OVER TIME,
YOU SHOULD CONSIDER WHETHER AND HOW THE BENEFITS OF THIS PLAN MAY
BE ADJUSTED. [AS APPLICABLE, INDICATE THE FOLLOWING:

28

(A) THAT THE BENEFIT LEVEL WILL NOT INCREASE OVER TIME.

29

(B) ANY AUTOMATIC BENEFIT ADJUSTMENT PROVISIONS.

30

(C) WHETHER THE INSURED WILL BE GUARANTEED THE OPTION TO BUY
ADDITIONAL BENEFITS AND THE BASIS UPON WHICH BENEFITS WILL BE
INCREASED OVER TIME IF NOT BY A SPECIFIED AMOUNT OR PERCENTAGE.

33

(D) IF THERE IS SUCH A GUARANTEE, INCLUDE WHETHER ADDITIONAL
UNDERWRITING OR HEALTH SCREENING WILL BE REQUIRED, THE FREQUENCY

1 AND AMOUNTS OF THE UPGRADE OPTIONS, AND ANY SIGNIFICANT
2 RESTRICTIONS OR LIMITATIONS.

3 (E) DESCRIBE WHETHER THERE WILL BE ANY ADDITIONAL PREMIUM
4 CHARGE IMPOSED, AND HOW THAT IS TO BE CALCULATED.]

5 9. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE
6 OR DISCONTINUED.

7 [(A) DESCRIBE THE POLICY RENEWABILITY PROVISIONS.

8 (B) FOR GROUP COVERAGE, SPECIFICALLY DESCRIBE APPLICABLE
9 CONTINUATION/CONVERSION PROVISIONS.

10 (C) DESCRIBE WAIVER OF PREMIUM PROVISIONS OR STATE THAT
11 THERE ARE NO SUCH PROVISIONS.

12 (D) STATE WHETHER OR NOT THE COMPANY HAS A RIGHT TO CHANGE
13 PREMIUM, AND IF SUCH A RIGHT EXISTS, DESCRIBE CLEARLY AND CON-
14 CISELY EACH CIRCUMSTANCE UNDER WHICH THE PREMIUM MAY CHANGE.]

15 10. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.

16 [STATE THAT THE POLICY PROVIDES COVERAGE FOR INSURED WHO
17 ARE CLINICALLY DIAGNOSED AS HAVING ALZHEIMER'S DISEASE OR RELATED
18 DEGENERATIVE AND DEMENTING ILLNESSES. SPECIFICALLY DESCRIBE EACH
19 BENEFIT SCREEN OR OTHER POLICY PROVISION THAT PROVIDES PRECONDI-
20 TIONS TO THE AVAILABILITY OF POLICY BENEFITS FOR SUCH AN
21 INSURED.]

22 11. PREMIUM.

23 [(A) STATE THE TOTAL ANNUAL PREMIUM FOR THE POLICY.

24 (B) IF THE PREMIUM VARIES WITH AN APPLICANT'S CHOICE AMONG
25 BENEFIT OPTIONS, INDICATE THE PORTION OF ANNUAL PREMIUM THAT COR-
26 RESPONDS TO EACH BENEFIT OPTION.]

1 12. ADDITIONAL FEATURES.

2 [(A) INDICATE IF MEDICAL UNDERWRITING IS USED.

3 (B) DESCRIBE OTHER IMPORTANT FEATURES.]

4 I HAVE READ THIS SUMMARY AND UNDERSTAND THAT THIS SUMMARY IS
5 FOR MY OWN USE AND IS MINE TO KEEP.

6 _____
7 PROSPECTIVE APPLICANT'S SIGNATURE

8 DATE _____

9 SEC. 3935. AN APPLICATION FOR A LONG-TERM CARE POLICY SHALL
10 CONTAIN THE FOLLOWING STATEMENT PRINTED, STAMPED, OR AS PART OF A
11 STICKER PERMANENTLY AFFIXED TO THE APPLICATION IN CAPITAL LETTERS
12 ON THE FIRST PAGE:

13 "FOR ADDITIONAL INFORMATION ABOUT LONG-TERM CARE
14 COVERAGE WRITE TO THE MICHIGAN INSURANCE BUREAU,
15 P.O. BOX 30220, LANSING, MI 48909 OR CALL THE
16 AREA AGENCY ON AGING IN YOUR COMMUNITY."

17 SEC. 3937. (1) A LONG-TERM CARE INSURANCE SHOPPER'S GUIDE
18 IN THE FORMAT DEVELOPED BY THE NATIONAL ASSOCIATION OF INSURANCE
19 COMMISSIONERS, OR A GUIDE DEVELOPED OR APPROVED BY THE COMMIS-
20 SIONER, SHALL BE PROVIDED TO ALL PROSPECTIVE APPLICANTS OF A
21 LONG-TERM CARE INSURANCE POLICY IN THE FOLLOWING MANNER:

22 (A) FOR AGENT SOLICITATIONS, AN AGENT SHALL DELIVER THE
23 SHOPPER'S GUIDE PRIOR TO THE PRESENTATION OF AN APPLICATION OR
24 ENROLLMENT FORM.

25 (B) FOR DIRECT RESPONSE SOLICITATIONS, THE SHOPPER'S GUIDE
26 SHALL BE PRESENTED IN CONJUNCTION WITH ANY APPLICATION OR
27 ENROLLMENT FORM.

1 (2) LIFE INSURANCE POLICIES OR RIDERS CONTAINING LONG-TERM
2 CARE BENEFITS ARE NOT REQUIRED TO FURNISH A SHOPPER'S GUIDE PUR-
3 SUANT TO SUBSECTION (1), BUT SHALL FURNISH A SUMMARY OF COVERAGE
4 AS PROVIDED IN SECTION 3951.

5 SEC. 3939. (1) APPLICATION FORMS SHALL INCLUDE THE FOLLOW-
6 ING QUESTIONS DESIGNED TO ELICIT INFORMATION AS TO WHETHER, AS OF
7 THE DATE OF THE APPLICATION, THE APPLICANT HAS ANOTHER LONG-TERM
8 CARE INSURANCE POLICY OR CERTIFICATE IN FORCE OR WHETHER A
9 LONG-TERM CARE POLICY OR CERTIFICATE IS INTENDED TO REPLACE ANY
10 OTHER ACCIDENT AND SICKNESS OR LONG-TERM CARE POLICY OR CERTIFI-
11 CATE PRESENTLY IN FORCE:

12 (A) DO YOU HAVE ANOTHER LONG-TERM CARE INSURANCE POLICY OR
13 CERTIFICATE IN FORCE?

14 (B) DO YOU HAVE OTHER LONG-TERM CARE COVERAGE THROUGH A
15 HEALTH CARE CORPORATION OR A HEALTH MAINTENANCE ORGANIZATION?

16 (C) DID YOU HAVE ANOTHER LONG-TERM CARE INSURANCE POLICY OR
17 CERTIFICATE IN FORCE DURING THE LAST 12 MONTHS?

18 (i) IF SO, WITH WHICH COMPANY?

19 (ii) IF THAT POLICY LAPSED, WHEN DID IT LAPSE?

20 (D) ARE YOU COVERED BY MEDICAID?

21 (E) DO YOU INTEND TO REPLACE ANY OF YOUR MEDICAL OR HEALTH
22 INSURANCE COVERAGE WITH THIS POLICY?

23 (2) UNLESS THE COVERAGE IS SOLD WITHOUT AN AGENT, A SUPPLE-
24 MENTARY APPLICATION OR OTHER FORM CONTAINING THE QUESTIONS IN
25 SUBSECTION (1) REQUIRING THE APPLICANT'S AND AGENT'S SIGNATURES
26 MAY BE USED.

1 (3) WITH REGARD TO A REPLACEMENT POLICY ISSUED TO A GROUP
2 UNDER SECTION 3904(C)(iv), THE QUESTIONS IN SUBSECTION (1) MAY BE
3 MODIFIED BUT ONLY TO THE EXTENT NECESSARY TO ELICIT INFORMATION
4 ABOUT HEALTH OR LONG-TERM CARE INSURANCE POLICIES OTHER THAN THE
5 GROUP POLICY BEING REPLACED AND PROVIDED THAT THE CERTIFICATE
6 HOLDER HAS BEEN NOTIFIED OF THE REPLACEMENT.

7 (4) AGENTS SHALL LIST ANY OTHER HEALTH INSURANCE POLICIES
8 THEY HAVE SOLD TO THE APPLICANT IN THE PAST 5 YEARS AND INDICATE
9 WHETHER OR NOT THEY ARE STILL IN FORCE.

10 (5) UPON DETERMINING THAT A SALE WILL INVOLVE REPLACEMENT,
11 AN INSURER, OTHER THAN AN INSURER USING DIRECT RESPONSE SOLICITA-
12 TION METHODS, OR ITS AGENT, SHALL FURNISH THE APPLICANT, PRIOR TO
13 ISSUANCE OR DELIVERY OF THE INDIVIDUAL LONG-TERM CARE INSURANCE
14 POLICY, A NOTICE REGARDING REPLACEMENT OF ACCIDENT AND SICKNESS
15 OR LONG-TERM CARE COVERAGE. ONE COPY OF SUCH NOTICE SHALL BE
16 RETAINED BY THE APPLICANT AND AN ADDITIONAL COPY SIGNED BY THE
17 APPLICANT SHALL BE RETAINED BY THE INSURER. THE REQUIRED NOTICE
18 SHALL BE PROVIDED IN THE FOLLOWING MANNER:

19 NOTICE TO APPLICANT REGARDING REPLACEMENT OF INDIVIDUAL ACCIDENT
20 AND SICKNESS OR LONG-TERM CARE INSURANCE

21 [INSURANCE COMPANY'S NAME AND ADDRESS]

22 SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.
23 ACCORDING TO [YOUR APPLICATION] [INFORMATION YOU HAVE FURNISHED],
24 YOU INTEND TO LAPSE OR OTHERWISE TERMINATE EXISTING ACCIDENT AND
25 SICKNESS OR LONG-TERM CARE INSURANCE AND REPLACE IT WITH AN INDIVIDUAL
26 LONG-TERM CARE INSURANCE POLICY TO BE ISSUED BY [COMPANY
27 NAME] INSURANCE COMPANY. YOUR NEW POLICY PROVIDES 30 DAYS WITHIN

1 WHICH YOU MAY DECIDE, WITHOUT COST, WHETHER YOU DESIRE TO KEEP
2 THE POLICY. FOR YOUR OWN INFORMATION AND PROTECTION, YOU SHOULD
3 BE AWARE OF AND SERIOUSLY CONSIDER CERTAIN FACTORS THAT MAY
4 AFFECT THE INSURANCE PROTECTION AVAILABLE TO YOU UNDER THE NEW
5 POLICY.

6 YOU SHOULD REVIEW THIS NEW COVERAGE CAREFULLY, COMPARING IT WITH
7 ALL ACCIDENT AND SICKNESS OR LONG-TERM CARE INSURANCE COVERAGE
8 YOU NOW HAVE, AND TERMINATE YOUR PRESENT POLICY ONLY IF, AFTER
9 DUE CONSIDERATION, YOU FIND THAT PURCHASE OF THIS LONG-TERM CARE
10 COVERAGE IS A WISE DECISION.

11 STATEMENT TO APPLICANT BY AGENT [BROKER OR OTHER
12 REPRESENTATIVE]: (USE ADDITIONAL SHEETS, AS NECESSARY.)
13 I HAVE REVIEWED YOUR CURRENT MEDICAL OR HEALTH INSURANCE
14 COVERAGE. I BELIEVE THE REPLACEMENT OF INSURANCE INVOLVED IN
15 THIS TRANSACTION MATERIALLY IMPROVES YOUR POSITION. MY CONCLU-
16 SION HAS TAKEN INTO ACCOUNT THE FOLLOWING CONSIDERATIONS, WHICH I
17 CALL TO YOUR ATTENTION:

18 1. HEALTH CONDITIONS THAT YOU MAY PRESENTLY HAVE
19 (PREEXISTING CONDITIONS) MAY NOT BE IMMEDIATELY OR FULLY
20 COVERED UNDER THE NEW POLICY. THIS COULD RESULT IN DENIAL
21 OR DELAY IN PAYMENT OF BENEFITS UNDER THE NEW POLICY,
22 WHEREAS A SIMILAR CLAIM MIGHT HAVE BEEN PAYABLE UNDER YOUR
23 PRESENT POLICY.

24 2. STATE LAW PROVIDES THAT YOUR REPLACEMENT POLICY OR CER-
25 TIFICATE CANNOT CONTAIN NEW PREEXISTING CONDITIONS OR PRO-
26 BATIONARY PERIODS. THE INSURER WILL WAIVE ANY TIME PERIODS
27 APPLICABLE TO PREEXISTING CONDITIONS OR PROBATIONARY

PERIODS IN THE NEW POLICY FOR SIMILAR BENEFITS TO THE
EXTENT SUCH TIME WAS SPENT UNDER THE ORIGINAL POLICY.

3. IF YOU ARE REPLACING EXISTING LONG-TERM CARE INSURANCE
COVERAGE, YOU MAY WISH TO SECURE THE ADVICE OF YOUR PRESENT
INSURER OR ITS AGENT REGARDING THE PROPOSED REPLACEMENT OF
YOUR PRESENT POLICY. THIS IS NOT ONLY YOUR RIGHT, BUT IT
IS ALSO IN YOUR BEST INTEREST TO MAKE SURE YOU UNDERSTAND
ALL THE RELEVANT FACTORS INVOLVED IN REPLACING YOUR PRESENT
COVERAGE.

4. IF, AFTER DUE CONSIDERATION, YOU STILL WISH TO TERMINATE
YOUR PRESENT POLICY AND REPLACE IT WITH NEW COVERAGE,
BE CERTAIN TO TRUTHFULLY AND COMPLETELY ANSWER ALL QUESTIONS
ON THE APPLICATION CONCERNING YOUR MEDICAL HEALTH HISTORY.
FAILURE TO INCLUDE ALL MATERIAL MEDICAL INFORMATION ON AN
APPLICATION MAY PROVIDE A BASIS FOR THE COMPANY TO DENY ANY
FUTURE CLAIMS AND TO REFUND YOUR PREMIUM AS THOUGH YOUR
POLICY HAD NEVER BEEN IN FORCE. AFTER THE APPLICATION HAS BEEN
COMPLETED AND BEFORE YOU SIGN IT, REREAD IT CAREFULLY TO BE
CERTAIN THAT ALL INFORMATION HAS BEEN PROPERLY RECORDED.

(SIGNATURE AGENT, BROKER, OR OTHER REPRESENTATIVE)

[TYPED NAME AND ADDRESS OF AGENT OR BROKER]

THE ABOVE "NOTICE TO APPLICANT" WAS DELIVERED TO ME ON:

(DATE)

(APPLICANT'S SIGNATURE)

(6) INSURERS USING DIRECT RESPONSE SOLICITATION METHODS

SHALL DELIVER A NOTICE REGARDING REPLACEMENT OF ACCIDENT AND
SICKNESS OR LONG-TERM CARE COVERAGE TO THE APPLICANT UPON ISSU-
ANCE OF THE POLICY. THE REQUIRED NOTICE SHALL BE PROVIDED IN THE
FOLLOWING MANNER:

NOTICE TO APPLICANT REGARDING REPLACEMENT OF ACCIDENT AND SICK-
NESS OR LONG-TERM CARE INSURANCE

[INSURANCE COMPANY'S NAME AND ADDRESS]

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.
ACCORDING TO [YOUR APPLICATION] [INFORMATION YOU HAVE FURNISHED],
YOU INTEND TO LAPSE OR OTHERWISE TERMINATE EXISTING ACCIDENT AND
SICKNESS OR LONG-TERM CARE INSURANCE AND REPLACE IT WITH THE
LONG-TERM CARE INSURANCE POLICY ISSUED BY [COMPANY NAME] INSUR-
ANCE COMPANY. YOUR NEW POLICY PROVIDES 30 DAYS WITHIN WHICH YOU
MAY DECIDE, WITHOUT COST, WHETHER YOU DESIRE TO KEEP THE POLICY.
FOR YOUR OWN INFORMATION AND PROTECTION, YOU SHOULD BE AWARE OF
AND SERIOUSLY CONSIDER CERTAIN FACTORS THAT MAY AFFECT THE INSUR-
ANCE PROTECTION AVAILABLE TO YOU UNDER THE NEW POLICY.

YOU SHOULD REVIEW THIS NEW COVERAGE CAREFULLY, COMPARING IT WITH
ALL ACCIDENT AND SICKNESS OR LONG-TERM CARE INSURANCE COVERAGE
YOU NOW HAVE, AND TERMINATE YOUR PRESENT POLICY ONLY IF, AFTER
DUE CONSIDERATION, YOU FIND THAT PURCHASE OF THIS LONG-TERM CARE
COVERAGE IS A WISE DECISION.

1. HEALTH CONDITIONS THAT YOU MAY PRESENTLY HAVE
(PREEXISTING CONDITIONS) MAY NOT BE IMMEDIATELY OR FULLY

1 COVERED UNDER THE NEW POLICY. THIS COULD RESULT IN DENIAL
2 OR DELAY IN PAYMENT OF BENEFITS UNDER THE NEW POLICY,
3 WHEREAS A SIMILAR CLAIM MIGHT HAVE BEEN PAYABLE UNDER YOUR
4 PRESENT POLICY.

5 2. STATE LAW PROVIDES THAT YOUR REPLACEMENT POLICY OR CER-
6 TIFICATE CANNOT CONTAIN NEW PREEXISTING CONDITIONS OR PRO-
7 BATIONARY PERIODS. YOUR INSURER WILL WAIVE ANY TIME PERI-
8 ODS APPLICABLE TO PREEXISTING CONDITIONS OR PROBATIONARY
9 PERIODS IN THE NEW POLICY FOR SIMILAR BENEFITS TO THE
10 EXTENT SUCH TIME WAS SPENT UNDER THE ORIGINAL POLICY.

11 3. IF YOU ARE REPLACING EXISTING LONG-TERM CARE INSURANCE
12 COVERAGE, YOU MAY WISH TO SECURE THE ADVICE OF YOUR PRESENT
13 INSURER OR ITS AGENT REGARDING THE PROPOSED REPLACEMENT OF
14 YOUR PRESENT POLICY. THIS IS NOT ONLY YOUR RIGHT, BUT IT
15 IS ALSO IN YOUR BEST INTEREST TO MAKE SURE YOU UNDERSTAND
16 ALL THE RELEVANT FACTORS INVOLVED IN REPLACING YOUR PRESENT
17 COVERAGE.

18 4. [TO BE INCLUDED ONLY IF THE APPLICATION IS ATTACHED TO
19 THE POLICY.] IF, AFTER DUE CONSIDERATION, YOU STILL WISH TO
20 TERMINATE YOUR PRESENT POLICY AND REPLACE IT WITH NEW COV-
21 ERAGE, READ THE COPY OF THE APPLICATION ATTACHED TO YOUR
22 NEW POLICY AND BE SURE THAT ALL QUESTIONS ARE ANSWERED
23 FULLY AND CORRECTLY. OMISSIONS OR MISSTATEMENTS IN THE
24 APPLICATION COULD CAUSE AN OTHERWISE VALID CLAIM TO BE
25 DENIED. CAREFULLY CHECK THE APPLICATION AND WRITE TO
26 [COMPANY NAME AND ADDRESS] WITHIN 30 DAYS IF ANY

1 INFORMATION IS NOT CORRECT AND COMPLETE, OR IF ANY PAST
2 MEDICAL HISTORY HAS BEEN LEFT OUT OF THE APPLICATION.

3 _____
4 (COMPANY NAME)

5 (7) WHERE REPLACEMENT IS INTENDED, THE REPLACING INSURER
6 SHALL NOTIFY, IN WRITING, THE EXISTING INSURER OF THE PROPOSED
7 REPLACEMENT. THE EXISTING POLICY SHALL BE IDENTIFIED BY THE
8 INSURER, NAME OF THE INSURED, AND POLICY NUMBER OR ADDRESS
9 INCLUDING ZIP CODE. THE NOTICE SHALL BE MADE WITHIN 5 WORKING
10 DAYS FROM THE DATE THE APPLICATION IS RECEIVED BY THE INSURER OR
11 THE DATE THE POLICY IS ISSUED, WHICHEVER IS SOONER.

12 SEC. 3941. EVERY INSURER PROVIDING LONG-TERM CARE INSURANCE
13 COVERAGE IN THIS STATE SHALL FILE WITH THE COMMISSIONER FOR
14 REVIEW A COPY OF ANY WRITTEN, RADIO, OR TELEVISION ADVERTISEMENT
15 FOR LONG-TERM CARE INSURANCE INTENDED FOR USE IN THIS STATE AT
16 LEAST 45 DAYS BEFORE THE DATE THE INSURER DESIRES TO USE THE
17 ADVERTISING. THE FILING SHALL INCLUDE A SAMPLE OR PHOTOCOPY OF
18 ALL APPLICABLE LONG-TERM CARE POLICIES AND RELATED FORMS AND THE
19 APPROVAL STATUS OF THE POLICIES AND FORMS. IN ADDITION, ALL
20 ADVERTISEMENTS SHALL BE RETAINED BY THE INSURER OR OTHER ENTITY
21 FOR AT LEAST 3 YEARS FROM THE DATE THE ADVERTISEMENT WAS FIRST
22 USED.

23 SEC. 3943. (1) EXCEPT AS OTHERWISE PROVIDED IN
24 SUBSECTION (2), INDIVIDUAL LONG-TERM CARE INSURANCE POLICYHOLDERS
25 SHALL HAVE THE RIGHT TO RETURN THE POLICY WITHIN 30 DAYS AFTER
26 ITS DELIVERY AND TO HAVE THE ENTIRE PREMIUM REFUNDED IF, AFTER
27 EXAMINATION OF THE POLICY, THE POLICYHOLDER IS NOT SATISFIED FOR

1 ANY REASON AND BENEFITS HAVE NOT BEEN INCURRED UNDER THE POLICY.
2 LONG-TERM CARE INSURANCE POLICIES SHALL HAVE A NOTICE PROMINENTLY
3 PRINTED ON THE FIRST PAGE OF THE POLICY AND THE SUMMARY OF COVER-
4 AGE STATING IN SUBSTANCE THAT THE POLICYHOLDER HAS THE RIGHT TO
5 RETURN THE POLICY WITHIN 30 DAYS AFTER ITS DELIVERY AND TO HAVE
6 THE ENTIRE PREMIUM REFUNDED IF, AFTER EXAMINATION OF THE POLICY,
7 THE POLICYHOLDER IS NOT SATISFIED FOR ANY REASON.

8 (2) A PERSON INSURED UNDER A LONG-TERM CARE INSURANCE POLICY
9 ISSUED PURSUANT TO A DIRECT RESPONSE SOLICITATION SHALL HAVE THE
10 RIGHT TO RETURN THE POLICY WITHIN 30 DAYS AFTER ITS DELIVERY AND
11 TO HAVE THE ENTIRE PREMIUM REFUNDED IF, AFTER EXAMINATION, THE
12 INSURED PERSON IS NOT SATISFIED FOR ANY REASON. LONG-TERM CARE
13 INSURANCE POLICIES ISSUED PURSUANT TO A DIRECT RESPONSE SOLICITA-
14 TION SHALL HAVE A NOTICE PROMINENTLY PRINTED ON THE FIRST PAGE OF
15 THE POLICY AND THE SUMMARY OF COVERAGE STATING IN SUBSTANCE THAT
16 THE INSURED PERSON SHALL HAVE THE RIGHT TO RETURN THE POLICY
17 WITHIN 30 DAYS AFTER ITS DELIVERY AND TO HAVE THE ENTIRE PREMIUM
18 REFUNDED IF, AFTER EXAMINATION, THE INSURED PERSON IS NOT SATIS-
19 FIED FOR ANY REASON. AS USED IN THIS SECTION, "DIRECT RESPONSE
20 SOLICITATION" MEANS SOLICITATION IN WHICH A REPRESENTATIVE OF THE
21 INSURER DOES NOT CONTACT THE APPLICANT IN PERSON AND EXPLAIN THE
22 COVERAGE AVAILABLE, SUCH AS, BUT NOT LIMITED TO, SOLICITATION
23 THROUGH DIRECT MAIL OR THROUGH ADVERTISEMENTS IN PERIODICALS AND
24 OTHER MEDIA.

25 SEC. 3945. IN ADDITION TO ANY OTHER PENALTIES PROVIDED BY
26 THE LAWS OF THIS STATE, ANY INSURER AND ANY AGENT FOUND TO HAVE
27 VIOLATED ANY REQUIREMENT OF THIS STATE RELATING TO THE REGULATION

1 OF LONG-TERM CARE INSURANCE OR THE MARKETING OF SUCH INSURANCE
2 SHALL BE SUBJECT TO A FINE OF UP TO 3 TIMES THE AMOUNT OF ANY
3 COMMISSIONS PAID FOR EACH POLICY INVOLVED IN THE VIOLATION OR UP
4 TO \$10,000.00, WHICHEVER IS GREATER.

5 SEC. 3949. (1) AN INSURER THAT HAS BOTH LIFE AND DISABILITY
6 AUTHORITY IN THIS STATE MAY MARKET POLICIES CONTAINING BOTH LIFE
7 BENEFITS AND LONG-TERM CARE BENEFITS.

8 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, IF LIFE INSUR-
9 ANCE PRODUCTS CONTAIN LONG-TERM CARE BENEFITS, THE LIFE INSURANCE
10 BENEFITS IN THOSE PRODUCTS SHALL COMPLY WITH THE REQUIREMENTS OF
11 CHAPTERS 40 AND 44 AND THE LONG-TERM CARE BENEFITS SHALL COMPLY
12 WITH THIS CHAPTER.

13 SEC. 3951. (1) A POLICY SUMMARY SHALL BE DELIVERED FOR A
14 LIFE INSURANCE POLICY OR CERTIFICATE THAT PROVIDES LONG-TERM CARE
15 BENEFITS. THE SUMMARY SHALL COMPLY WITH THE REQUIREMENTS IN
16 SECTION 3933. FOR DIRECT RESPONSE SOLICITATIONS, THE INSURER
17 SHALL DELIVER THE POLICY SUMMARY UPON THE APPLICANT'S REQUEST AND
18 SHALL MAKE THE DELIVERY NO LATER THAN AT THE TIME OF POLICY
19 DELIVERY. IN ADDITION TO THE POLICY SUMMARY PROVISIONS IN
20 SECTION 3933, THE POLICY SUMMARY SHALL INCLUDE ALL OF THE
21 FOLLOWING:

22 (A) AN EXPLANATION OF HOW THE LONG-TERM CARE BENEFIT INTER-
23 ACTS WITH OTHER COMPONENTS OF THE POLICY, INCLUDING DEDUCTIONS
24 FROM DEATH BENEFITS.

25 (B) AN ILLUSTRATION OF THE AMOUNT OF BENEFITS, THE LENGTH OF
26 BENEFIT, AND THE GUARANTEED LIFETIME BENEFITS, IF ANY, FOR EACH
27 COVERED PERSON.

1 (C) ANY EXCLUSIONS, REDUCTIONS, AND LIMITATIONS ON BENEFITS
2 OF LONG-TERM CARE.

3 (D) IF APPLICABLE TO THE POLICY TYPE, THE SUMMARY SHALL ALSO
4 INCLUDE ALL OF THE FOLLOWING:

5 (i) A DISCLOSURE OF THE EFFECTS OF EXERCISING OTHER RIGHTS
6 UNDER THE POLICY.

7 (ii) A DISCLOSURE OF GUARANTEES RELATED TO LONG-TERM CARE
8 COSTS OF INSURANCE CHARGES.

9 (iii) CURRENT AND PROJECTED MAXIMUM LIFETIME BENEFITS.

10 (2) IF A LONG-TERM CARE BENEFIT, FUNDED THROUGH A LIFE
11 INSURANCE VEHICLE BY THE ACCELERATION OF THE DEATH BENEFIT, IS IN
12 BENEFIT PAYMENT STATUS, A MONTHLY REPORT SHALL BE PROVIDED TO THE
13 POLICYHOLDER. THE REPORT SHALL INCLUDE ALL OF THE FOLLOWING:

14 (A) ANY LONG-TERM CARE BENEFITS PAID OUT DURING THE MONTH.

15 (B) AN EXPLANATION OF ANY CHANGES IN THE POLICY, FOR EXAM-
16 PLE, DEATH BENEFITS OR CASH VALUES DUE TO LONG-TERM CARE BENEFITS
17 BEING PAID OUT.

18 (C) THE AMOUNT OF LONG-TERM CARE BENEFITS EXIST NG OR
19 REMAINING.

20 SEC. 3953. A LIFE INSURANCE POLICY THAT PROVIDES AN ACCEL-
21 ERATED BENEFIT FOR LONG-TERM CARE SHALL PROVIDE A DISCLOSURE
22 STATEMENT AT THE TIME OF APPLICATION FOR THE POLICY OR RIDER AND
23 AT THE TIME THE ACCELERATED BENEFIT PAYMENT REQUEST IS SUBMITTED
24 STATING THAT RECEIPT OF ACCELERATED BENEFITS MAY BE TAXABLE AND
25 THAT ASSISTANCE SHOULD BE SOUGHT FROM A PERSONAL TAX ADVISER.
26 THE DISCLOSURE STATEMENT SHALL BE PROMINENTLY DISPLAYED ON THE

1 FIRST PAGE OF THE POLICY OR RIDER AND ANY OTHER RELATED
2 DOCUMENTS.

3 SEC. 3955. EACH INSURANCE POLICY THAT IS ADVERTISED;
4 MARKETED, OR OFFERED AS LONG-TERM CARE INSURANCE OR NURSING HOME
5 INSURANCE SHALL COMPLY WITH SECTIONS 3901 TO 3953 AND THE OTHER
6 APPLICABLE PROVISIONS OF THIS ACT.

7 Section 2. Sections 2280 to 2290 of Act No. 218 of the
8 Public Acts of 1956, being sections 500.2280 to 500.2290 of the
9 Michigan Compiled Laws, are repealed.