



States, Strength & Speed Aligned

IIPRC-LTC-I-3-OC

**INDIVIDUAL LONG-TERM CARE INSURANCE
STANDARDS FOR THE OUTLINE OF COVERAGE**

1. Date Adopted: August 13, 2010
2. Purpose and Scope: The Individual Long-Term Care Insurance Standards for the Outline of Coverage apply to the long-term care insurance outline of coverage required by Section 1A(1) of the Core Standards for Individual Long-Term Care Insurance Policies, as prescribed in Appendix A of these standards and Section 33 of the Model Regulation.
3. Rules Repealed, Amended or Suspended by the Rule: None.
4. Statutory Authority: Among the IIPRC's primary purposes and powers is to establish reasonable uniform standards for the insurance products covered in the Interstate Insurance Product Regulation Compact ("Compact"), specifically pursuant to Article I §2, Article IV §2 and Article VII §1 of the Compact, as enacted into law by each IIPRC member state.
5. Required Findings: These standards are not available for use in combination with State Product Components in accordance with the Operating Procedure for the Filing and Approval of Product Filings. These standards are not available to be filed using the Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission.
6. Effective Date: December 1, 2010

INDIVIDUAL LONG-TERM CARE INSURANCE STANDARDS FOR THE OUTLINE OF COVERAGE

Scope: These standards are intended to apply to the long-term care insurance outline of coverage required by Section 1A(1) of the Core Standards for Individual Long-Term Care Insurance Policies, as prescribed in Appendix A of these standards and Section 33 of the Model Regulation. References to Appendix A in these standards shall be deemed to only require companies to comply with the requirements as they are applicable to individual long-term care insurance forms.

Mix and Match: These standards are not available to be used in combination with State Product Components as described in Section 110(b) of the Operating Procedure for the Filing and Approval of Product Filings.

Self-Certification: These standards are not available to be filed using the Rule for the Self-Certification of Product Components Filed with the Interstate Insurance Product Regulation Commission.

As used in these standards the following definitions apply:

“Model Act” means the NAIC Long-Term Care Insurance Model Act (#640) as adopted by the NAIC on September 1, 2000, and as subsequently amended.

“Model Regulation” means the NAIC Long-Term Care Insurance Model Regulation (#641) as adopted by the NAIC on September 1, 2000, and as subsequently amended.

§ 1. ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

The following additional filing submission requirements shall apply:

- (1) All forms filed for approval shall be included with the filing. Changes to a previously approved form shall be highlighted.
- (2) If a filing is being submitted on behalf of a company, include a letter or other document authorizing the firm to file on behalf of the company.
- (3) If the outline of coverage contains variable items, include the Statement of Variability required in the specific Interstate Insurance Product Regulation Commission national product standard. The submission shall also include a certification that any change or modification to a variable item shall be administered in accordance with the requirements in the Variability of Information section, including any requirements for prior approval of a change or modification.

- (4) Include a statement of the types of policy forms and plans with which the outline of coverage will be used.
- (5) Include a statement of how the outline of coverage will be used, such as paper or electronic. For electronic uses, the company shall describe the procedures that will be used to verify the authenticity of the transaction.
- (6) Include a statement of whether the language of the outline of coverage reflects the language prescribed in Appendix A of these standards and Section 33, Standard Format Outline of Coverage, of the Model Regulation, or if substantive changes have been made. If substantive changes have been made, the filing shall highlight the changes made.

B. VARIABILITY OF INFORMATION

- (1) The standard format for the outline of coverage as prescribed in Appendix A of these standards and Section 33, Standard Format Outline of Coverage, of the Model Regulation establishes the use of text and sequence of text, and uses brackets to denote text that may be variable.
- (2) Where variability is available, the company shall identify items that will be considered variable and those items shall be bracketed or otherwise marked to denote variability.
- (3) The submission shall include a Statement of Variability that will discuss the conditions under which each variable item may change, as well as the alternative content to which the item may change. The Statement of Variability shall present reasonable and realistic illustrations of how the item may change.

§ 2. GENERAL FORM REQUIREMENTS

A. COVER PAGE OR FIRST PAGE

- (1) The telephone number and full corporate name, including city and state, of the company shall appear in prominent print on the cover page or first page of the outline of coverage. "Prominent print" means, for example, all capital letters, contrasting color, underlined or otherwise differentiated from the other type on the form.
- (2) A marketing name or logo may also be used on the cover page or first page of the outline of coverage provided that the marketing name or logo does not mislead as to the identity of the company. For the purpose of this requirement, the company's marketing name or logo shall not be considered material of an advertising nature.

- (3) Each company's complete mailing address shall appear on the cover page or first page of the outline of coverage.
- (4) A form identification number shall appear at the bottom of the outline of coverage in the lower left hand corner of the outline of coverage. The form number shall be adequate to distinguish the form from all others used by the company. The form number shall include a prefix of ICCxx (where xx represents the appropriate year the form was submitted for filing) to indicate it has been approved by the Interstate Insurance Product Regulation Commission.

B. OUTLINE OF COVERAGE

- (1) The outline of coverage shall include the information as prescribed by Appendix A of these standards and Section 33, Standard Format Outline of Coverage, of the Model Regulation.
 - (a) The outline of coverage shall be a free-standing document, presented in a font size no smaller than ten-point type.
 - (b) The outline of coverage shall not contain advertising material.
 - (c) Text that is capitalized or underscored in the standard format outline of coverage may be emphasized by other means that provide prominence equivalent to the capitalization or underscoring.

Appendix A – Standard Format Outline of Coverage

[COMPANY NAME]

[ADDRESS - CITY & STATE]

[TELEPHONE NUMBER]

LONG-TERM CARE INSURANCE

OUTLINE OF COVERAGE

[Form Number or Policy Number or Group Master Policy and Certificate Number]

Notice to buyer: This policy may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations.

[Except for policies or certificates which are guaranteed issue, the following caution statement, or language substantially similar, must appear as follows in the outline of coverage.]

Caution: The issuance of this long-term care insurance [policy] [certificate] is based upon your responses to the questions on your application. A copy of your [application] [enrollment form] [is enclosed] [was retained by you when you applied][will be attached to any issued policy][will be enclosed with any issued policy]. If your answers are incorrect or untrue, the company has the right to deny benefits or rescind your policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact the company at this address: [insert address]

1. This policy is [an individual policy of insurance]([a group policy] which was issued in the [indicate jurisdiction in which group policy was issued]).
2. **PURPOSE OF OUTLINE OF COVERAGE.** This outline of coverage provides a very brief description of the important features of the policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual or group policy contains governing contractual provisions. This means that the policy or group policy sets forth in detail the rights and obligations of both you and the insurance company. Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR POLICY (OR CERTIFICATE) CAREFULLY!**

3. FEDERAL TAX CONSEQUENCES.

This [POLICY] [CERTIFICATE] is intended to be a federally tax-qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended.

OR

Federal Tax Implications of this [POLICY] [CERTIFICATE]. This [POLICY] [CERTIFICATE] is not intended to be a federally tax-qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986 as amended. Benefits received under the [POLICY] [CERTIFICATE] may be taxable as income.

4. TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE CONTINUED IN FORCE OR DISCONTINUED.

(a) [For long-term care health insurance policies or certificates describe one of the following permissible policy renewability provisions:

(1) Policies and certificates that are guaranteed renewable shall contain the following statement:] RENEWABILITY: THIS POLICY [CERTIFICATE] IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of your policy, [certificate] to continue this policy as long as you pay your premiums on time. [Company Name] cannot change any of the terms of your policy on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY.

(2) [Policies and certificates that are noncancellable shall contain the following statement:] RENEWABILITY: THIS POLICY [CERTIFICATE] IS NONCANCELLABLE. This means that you have the right, subject to the terms of your policy, to continue this policy as long as you pay your premiums on time. [Company Name] cannot change any of the terms of your policy on its own and cannot change the premium you currently pay. However, if your policy contains an inflation protection feature where you choose to increase your benefits, [Company Name] may increase your premium at that time for those additional benefits.

(b) [For group coverage, specifically describe continuation/conversion provisions applicable to the certificate and group policy;]

(c) [Describe waiver of premium provisions or state that there are not such provisions.]

5. TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS.

[In bold type larger than the maximum type required to be used for the other provisions of the outline of coverage, state whether or not the company has a right to change the premium, and if a right exists, describe clearly and concisely each circumstance under which the premium may change.]

6. TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED.

- (a) [Provide a brief description of the right to return—"free look" provision of the policy.]
- (b) [Include a statement that the policy either does or does not contain provisions providing for a refund or partial refund of premium upon the death of an insured or surrender of the policy or certificate. If the policy contains such provisions, include a description of them.]

7. THIS IS NOT MEDICARE SUPPLEMENT COVERAGE. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the insurance company.

- (a) [For agents] Neither [insert company name] nor its agents represent Medicare, the federal government or any state government.
- (b) [For direct response] [insert company name] is not representing Medicare, the federal government or any state government.

8. LONG-TERM CARE COVERAGE. Policies of this category are designed to provide coverage for one or more necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community or in the home.

This policy provides coverage in the form of a fixed dollar indemnity benefit for covered long-term care expenses, subject to policy [limitations] [waiting periods] and [coinsurance] requirements. [Modify this paragraph if the policy is not an indemnity policy.]

9. BENEFITS PROVIDED BY THIS POLICY.

- (a) [Covered services, related deductibles, waiting periods, elimination periods and benefit maximums.]
- (b) [Institutional benefits, by skill level.]
- (c) [Non-institutional benefits, by skill level.]

(d) Eligibility for Payment of Benefits

[Activities of daily living and cognitive impairment shall be used to measure an insured's need for long-term care and must be defined and described as part of the outline of coverage.]

[Any additional benefit triggers must also be explained. If these triggers differ for different benefits, explanation of the triggers should accompany each benefit description. If an attending physician or other specified person must certify a certain level of functional dependency in order to be eligible for benefits, this too must be specified.]

10. LIMITATIONS AND EXCLUSIONS.

[Describe:

- (a) Preexisting conditions;
- (b) Non-eligible facilities and provider;
- (c) Non-eligible levels of care (e.g., unlicensed providers, care or treatment provided by a family member, etc.);
- (d) Exclusions and exceptions;
- (e) Limitations.]

[This section should provide a brief specific description of any policy provisions which limit, exclude, restrict, reduce, delay, or in any other manner operate to qualify payment of the benefits described in Number 9 above.]

THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.

11. 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:

- (a) That the benefit level will not increase over time;
- (b) Any automatic benefit adjustment provisions;

- (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;
- (d) If there is such a guarantee, include whether additional underwriting or health screening will be required, the frequency and amounts of the upgrade options, and any significant restrictions or limitations;
- (e) And finally, describe whether there will be any additional premium charge imposed, and how that is to be calculated.]

12. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.

[State that the policy provides coverage for insureds clinically diagnosed as having Alzheimer's disease or related degenerative and dementing illnesses. Specifically describe each benefit screen or other policy provision which provides preconditions to the availability of policy benefits for such an insured.]

13. PREMIUM.

- [(a) Provide the premium rate schedule for the policy;
- (b) If the premium varies with an applicant's choice among benefit options, indicate separately the annual premium that corresponds to each benefit option.]

14. ADDITIONAL FEATURES.

- [(a) Indicate if medical underwriting is used;
- (b) Describe other important features.]

15. CONTACT THE STATE AGENCY LISTED IN *A SHOPPER'S GUIDE TO LONG-TERM CARE INSURANCE* IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM CARE INSURANCE. CONTACT THE INSURANCE COMPANY IF YOU HAVE SPECIFIC QUESTIONS REGARDING YOUR LONG-TERM CARE INSURANCE POLICY OR CERTIFICATE.