

HOUSE BILL NO. 1193

Introduced by

Representative Hoffner

1 A BILL for an Act to amend and reenact sections 26.1-45-04, 26.1-45-04.1, and 26.1-45-09 of
2 the North Dakota Century Code, relating to disclosures made to purchasers of long-term care
3 insurance policies.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 26.1-45-04 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **26.1-45-04. Disclosure and standards for long-term care insurance.** The
8 commissioner of insurance ~~may~~ shall adopt rules that include standards for full and fair
9 disclosure setting forth the manner, content, and required disclosures for the sale of long-term
10 care insurance policies, terms of renewability, initial and subsequent conditions of eligibility,
11 nonduplication of coverage provisions, coverage of dependents, preexisting conditions,
12 termination of insurance, continuation or conversion, probationary periods, limitations,
13 exceptions, reductions, elimination periods, requirements for replacement, recurrent conditions,
14 and definitions of terms.

15 **SECTION 2. AMENDMENT.** Section 26.1-45-04.1 of the North Dakota Century Code
16 is amended and reenacted as follows:

17 **26.1-45-04.1. Adoption of long-term care benefits comparison guides by**
18 **commissioner.** The commissioner of insurance shall adopt rules to create a long-term care
19 benefits comparison guide ~~to be presented~~ that an agent shall present to a client at the point of
20 sale between the client and agent. The guide must include information regarding nursing home
21 coverage and alternatives to nursing home coverage.

22 **SECTION 3. AMENDMENT.** Section 26.1-45-09 of the North Dakota Century Code is
23 amended and reenacted as follows:

1 **26.1-45-09. Right to return policy - Outline of coverage required - Contents of**
2 **certificate - Summary of policy provisions - Report of benefits status.**

3 1. Long-term care insurance applicants have the right to return the policy or certificate
4 within thirty days of the date of its delivery or within thirty days of its effective date,
5 whichever occurs later, and to have the premium refunded if, after examination of
6 the policy or certificate, the applicant is not satisfied for any reason. Long-term
7 care insurance policies and certificates must have a notice prominently printed on
8 the first page or attached thereto stating in substance that the applicant has the
9 right to return the policy or certificate within thirty days of the date of its delivery or
10 within thirty days of its effective date, whichever occurs later, and to have the
11 premium refunded if, after examination of the policy or certificate, other than a
12 certificate issued pursuant to a policy issued to a group defined in subdivision a of
13 subsection 3 of section 26.1-45-01, the applicant is not satisfied for any reason.

14 2. a. An outline of coverage must be delivered to a prospective applicant for
15 long-term care insurance at the time of initial solicitation through means that
16 prominently direct the attention of the recipient to the document and its
17 purpose.

18 (1) The commissioner shall prescribe a standard format including style,
19 arrangement, overall appearance, and the content of an outline of
20 coverage.

21 (2) In the case of agent solicitations, an agent must deliver the outline of
22 coverage ~~prior to~~ before the presentation of an application or
23 enrollment form.

24 (3) In the case of direct response solicitations, the outline of coverage must
25 be presented in conjunction with any application or enrollment form.

26 b. The outline of coverage must include:

27 (1) A description of the principal benefits and coverage provided in the
28 policy.

29 (2) A statement of the principal exclusions, reductions, and limitations
30 contained in the policy.

- 1 (3) A statement of the terms under which the policy or certificate, or both,
2 may be continued in force or discontinued, including any reservation in
3 the policy of a right to change premium. Continuation or conversion
4 provisions of group coverage must be specifically described.
- 5 (4) A statement that the outline of coverage is a summary only, not a
6 contract of insurance, and that the policy or group master policy
7 contains the governing contractual provisions.
- 8 (5) A description of the terms under which the policy or certificate may be
9 returned and premium refunded.
- 10 (6) A brief description of the relationship of cost of care and benefits.
- 11 (7) A description of the elements of eligibility which must be met before
12 benefit payments under the policy or certificate will begin.
- 13 3. A certificate issued pursuant to a group long-term care insurance policy which
14 policy is delivered or issued for delivery in this state must include:
- 15 a. A description of the principal benefits and coverage provided in the policy.
16 b. A statement of the principal exclusions, reductions, and limitations contained
17 in the policy.
18 c. A statement that the group master policy determines governing contractual
19 provisions.
20 d. A description of the elements of eligibility which must be met before benefit
21 payments under the policy or certificate will begin.
- 22 4. At the time of policy delivery, a policy summary must be delivered for an individual
23 life insurance policy ~~which~~ that provides long-term care benefits within the policy or
24 by rider. In the case of direct response solicitations, the insurer shall deliver the
25 policy summary upon the applicant's request, but regardless of request shall make
26 such delivery no later than at the time of policy delivery. In addition to complying
27 with all applicable requirements, the summary must also include:
- 28 a. An explanation of how the long-term care benefit interacts with other
29 components of the policy, including deductions from death benefits;
30 b. An illustration on the amount of benefits, the length of benefit, and the
31 guaranteed lifetime benefits, if any, for each covered person;

- 1 c. Any exclusions, reductions, and limitations on benefits of long-term care; and
- 2 d. If applicable to the policy type, the summary shall also include:
 - 3 (1) A disclosure of the effects of exercising other rights under the policy;
 - 4 (2) A disclosure of guarantees relating to long-term care costs of insurance
 - 5 charges; and
 - 6 (3) Current and projected maximum lifetime benefits.
- 7 5. Any time a long-term care benefit, funded through a life insurance vehicle by the
- 8 acceleration of the death benefit, is in benefit payment status a monthly report
- 9 must be provided to the policyholder. Such report must include:
 - 10 a. Any long-term care benefits paid out during the month;
 - 11 b. An explanation of any changes in the policy, e.g., death benefits or cash
 - 12 values, due to long-term care benefits being paid out; and
 - 13 c. The amount of long-term care benefits existing or remaining.