

LIMITED LONG-TERM CARE INSURANCE MODEL ACT

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Section 1.

Section 1. Purpose

The purpose of this Act is to promote the public interest, to promote the availability of limited long-term care insurance policies, to protect applicants for limited long-term care insurance, as defined, from unfair or deceptive sales or enrollment practices, to establish standards for limited long-term care insurance, to facilitate public understanding and comparison of limited long-term care insurance policies, and to facilitate flexibility and innovation in the development of limited long-term care insurance coverage.

Drafting Note: The purpose clause evidences legislative intent to protect the public while recognizing the need to permit flexibility and innovation with respect to limited long-term care insurance coverage.

Section 2. Scope

The requirements of this Act shall apply to policies delivered or issued for delivery in this state on or after the effective date of this Act. This Act is not intended to supersede the obligations of entities subject to this Act to comply with the substance of other applicable insurance laws insofar as they do not conflict with this Act, except

- (d) 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

Section 7. Incontestability Period

- A. For a policy or certificate that has been in force for less than six (6) months, the insurer may rescind a limited long-term care insurance policy or certificate or deny an otherwise valid limited-long term care insurance claim upon a showing of misrepresentation that is material to the acceptance for coverage.
- B. For a policy or certificate that has been in force for at least six (6) months but less than 94 (t) ind 94

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(3) The training required by this section shall not include training that is insurer or company product specific or that includes any sales or marketing information, materials, or training, other than those required by state or federal law.

C. (1) Insurers subject to this Act shall obtain verification that a producer receives training required by Subsection A before a producer is permitted to sell, solicit or negotiate the insurer's limited long-term care insurance products, maintain records subject to the state's record retention requirements, and make that verification available to the Commissioner upon request.

(2) Insurers subject to this Act shall maintain records that verify its producers have completed the training required for short-term care policies and that they demonstrate an understanding of the policies and their relationship to public and private long-term care. These records shall be maintained in accordance with the state's record retention requirements and shall be made available to the Commissioner upon request.

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Section 13. Penalties

In addition to any other penalties provided by the laws of this state, any insurer and any producer found to have violated any requirement of this state relating to the regulation of limited long care insurance or the marketing of such insurance shall be subject to a fine of up to three (3) times the amount of any commissions paid for each policy involved in the violation or up to \$10,000, whichever is greater.

Drafting Note: The intention of this section is to authorize separate fines for both the insurer and the producer in the amounts suggested above.

Section 14. Effective Date

This Act shall be effective [insert date].

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

*4th Quarter 2018 (adopted new model).
Technical Corrections (August 2019).*