



## 96TH GENERAL ASSEMBLY

### State of Illinois

### 2009 and 2010

### HB0695

Introduced 2/6/2009, by Rep. Daniel V. Beiser

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/351A-3	from Ch. 73, par. 963A-3
215 ILCS 5/351A-8	from Ch. 73, par. 963A-8
215 ILCS 5/351A-9	from Ch. 73, par. 963A-9
215 ILCS 5/351A-9.1	from Ch. 73, par. 963A-9.1

Amends the Illinois Insurance Code. Provides that a policy or rider of long-term care insurance issued in this State shall disclose annually in writing to the applicant (1) an explanation of whether or the extent to which the maximum lifetime benefits shall automatically increase in keeping with overall inflation as calculated by the U.S Department of Labor Consumer Price Index and whether or the extent to which any costs associated with such increase will impact the amount of premium; and (2) the types of long-term care services that are covered by the policy or rider and any limitations or conditions that apply to the policy or rider. In the provisions concerning outline of coverage and disclosure in certificate, requires that the outline or disclosure specify the types of long-term care benefits that are covered by the policy. Provides that the policy summary and benefit report shall be delivered annually to the applicant.

LRB096 07361 RPM 17447 b

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Sections 351A-3, 351A-8, 351A-9, and 351A-9.1 as  
6 follows:

7 (215 ILCS 5/351A-3) (from Ch. 73, par. 963A-3)

8 Sec. 351A-3. Disclosures. A policy or rider of long-term  
9 care insurance issued in this State shall disclose annually in  
10 writing to the applicant the following:

11 (1) whether or the extent to which the maximum lifetime  
12 benefits shall automatically increase in keeping with  
13 overall inflation as calculated by the U.S Department of  
14 Labor Consumer Price Index and whether or the extent to  
15 which any costs associated with such increase will impact  
16 the amount of premium; and

17 (2) the types of long-term care services that are  
18 covered and any limitations or conditions that apply to the  
19 policy or rider, including, but not limited to, the  
20 following long-term care services: nursing-home care and  
21 ancillary items; assisted-living facility care; hospice  
22 care provided in a hospice facility; respite care provided  
23 in a nursing home, assisted-living facility, or hospice

1 facility; hospice care provided at home; home care provided  
2 by an informal caregiver, nurse, home-health aide,  
3 therapist, or other authorized provider; services received  
4 in a licensed adult day care center; and respite care  
5 provided by a formal or informal caregiver at home or at an  
6 adult day care center.

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

17 (Source: P.A. 85-1172; 85-1174; 85-1440.)

18 (215 ILCS 5/351A-8) (from Ch. 73, par. 963A-8)

19 Sec. 351A-8. Outline of coverage.

20 (a) An outline of coverage shall be delivered to a  
21 prospective applicant for long-term care insurance at the time  
22 of initial solicitation through means which prominently direct  
23 the attention of the recipient to the document and its purpose.

24 (1) The Director shall prescribe a standard format  
25 including style, arrangement and overall appearance and

1 the content of an outline of coverage.

2 (2) In the case of agent solicitations, an agent must  
3 deliver the outline of coverage prior to the presentation  
4 of an application or enrollment form.

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

8 (b) The outline of coverage shall include:

9 (1) A description of the principal benefits and  
10 coverage provided in the policy and the specific long-term  
11 care services that are covered by the policy, including,  
12 but not limited to, the following long-term care services:  
13 nursing-home care and ancillary items; assisted-living  
14 facility care; hospice care provided in a hospice facility;  
15 respite care provided in a nursing home, assisted-living  
16 facility, or hospice facility; hospice care provided at  
17 home; home care provided by an informal caregiver, nurse,  
18 home-health aide, therapist, or other authorized provider;  
19 services received in a licensed adult day care center; and  
20 respite care provided by a formal or informal caregiver at  
21 home or at an adult day care center.

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

24 (3) A statement of the terms under which the policy or  
25 certificate, or both, may be continued in force or  
26 discontinued, including any reservation in the policy of a

1 right to change premium. Continuation or conversion  
2 provisions of group coverage shall be specifically  
3 described.

4 (4) A statement that the outline of coverage is a  
5 summary only, not a contract of insurance, and that the  
6 policy or group master policy contain governing  
7 contractual provisions.

8 (5) A description of the terms under which the policy  
9 or certificate may be returned and premium refunded.

10 (6) A brief description of the relationship of cost of  
11 care and benefits.

12 (7) A statement that discloses to the policyholder or  
13 certificate holder whether the policy is intended to be a  
14 federally tax-qualified long-term care insurance contract  
15 under 7702B(b) of the Internal Revenue Code of 1986, as  
16 amended.

17 (Source: P.A. 92-148, eff. 7-24-01.)

18 (215 ILCS 5/351A-9) (from Ch. 73, par. 963A-9)

19 Sec. 351A-9. Disclosure in certificate. A certificate  
20 issued pursuant to a group long-term care insurance policy,  
21 which policy is delivered or issued for delivery in this State,  
22 shall include each of the following:

23 (1) A description of the principal benefits and coverage  
24 provided in the policy, including, but not limited to, the  
25 following long-term care services: nursing-home care and

1 ancillary items; assisted-living facility care; hospice care  
2 provided in a hospice facility; respite care provided in a  
3 nursing home, assisted-living facility, or hospice facility;  
4 hospice care provided at home; home care provided by an  
5 informal caregiver, nurse, home-health aide, therapist, or  
6 other authorized provider; services received in a licensed  
7 adult day care center; and respite care provided by a formal or  
8 informal caregiver at home or at an adult day care center.

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

11 (3) A statement that the group master policy determines  
12 governing contractual provisions.

13 (Source: P.A. 85-1172; 85-1174; 85-1440.)

14 (215 ILCS 5/351A-9.1) (from Ch. 73, par. 963A-9.1)

15 Sec. 351A-9.1. Policy summary and benefit reports.

16 (a) At the time of policy delivery and annually thereafter,  
17 a policy summary shall be delivered for an individual life  
18 insurance policy which provides long-term care benefits within  
19 the policy or by rider. In the case of direct response  
20 solicitations, the insurer shall deliver the policy summary  
21 upon the applicant's request, but regardless of request shall  
22 make such delivery no later than at the time of policy  
23 delivery. In addition to complying with all applicable  
24 requirements, the summary shall also include:

25 (1) an explanation of how the long-term care benefit

1 interacts with other components of the policy, including  
2 deductions from death benefits;

3 (2) an illustration of the amount of benefits, the  
4 length of benefit, and the guaranteed lifetime benefits if  
5 any, for each covered person;

6 (3) any exclusions, reductions and limitations on  
7 benefits of long-term care; and

8 (4) if applicable to the policy type, the summary shall  
9 also include:

10 (A) disclosure of the effects of exercising other  
11 rights under the policy;

12 (B) disclosure of guarantees related to long-term  
13 care costs of insurance charges; and

14 (C) current and projected maximum lifetime  
15 benefits.

16 (b) Any time a long-term care benefit, funded through a  
17 life insurance vehicle by the acceleration of the death  
18 benefit, is in benefit payment status, a monthly report shall  
19 be provided to the policyholder. Such report shall include:

20 (1) any long-term care benefits paid during the month;

21 (2) an explanation of any changes in the policy,  
22 including changes in death benefits or cash values, due to  
23 long-term care benefits being paid out; and

24 (3) the amount of long-term care benefits existing or  
25 remaining.

26 (Source: P.A. 86-384.)