



## ADMINISTRATIVE RULES OF MONTANA

### 6.6.3121 REQUIRED DISCLOSURE OF RATING PRACTICES TO CONSUMERS

- (1) This rule shall apply as follows:
  - (a) except as provided in (2), this provision applies to any long-term care policy issued in Montana on or after January 1, 2009; and
  - (b) for certificates issued on or after the effective date of this amended rule under a group long-term care insurance policy as defined in 33-22-1107(5), MCA, which policy was in force at the time this amended rule became effective, the provisions of this rule shall apply on the policy anniversary following January 1, 2009.
- (2) Other than policies for which no applicable premium rate or rate schedule increases can be made, issuers shall provide all of the information listed in this rule to the applicant at the time of application or enrollment, unless the method of application does not allow for delivery at that time. In such case, an issuer shall provide all of the information listed in this rule to the applicant no later than at the time of delivery of the policy:
  - (a) a statement that the policy may be subject to rate increases in the future;
  - (b) an explanation of potential future premium rate revisions, and the policyholder's or certificateholder's option in the event of a premium rate revision;
  - (c) the premium rate or rate schedules applicable to the applicant that will be in effect until a request is made for an increase; and
  - (d) a general explanation for applying premium rate or rate schedule adjustments that shall include:
    - (i) a description of when premium rate or rate schedule adjustments will be effective, e.g., next anniversary date, next billing date, etc.; and
    - (ii) the right to a revised premium rate or rate schedule as provided in (2)(c) if the premium rate or rate schedule is changed.
  - (e) information regarding each premium rate increase on this policy form or similar policy forms over the past ten years for this state or any other state that, at a minimum, identifies:
    - (i) the policy forms for which the premium rates have been increased;
    - (ii) the calendar years when the form was available for purchase; and
    - (iii) the amount or percent of each increase. The percentage may be expressed as a percentage of the premium rate prior to the increase, and may also be expressed as

minimum and maximum percentages if the rate increase is variable by rating characteristics.

- (f) the issuer may, in a fair manner, provide additional explanatory information related to the rate increases;
  - (g) an issuer shall have the right to exclude from the disclosure premium rate increases that only apply to blocks of business acquired from other nonaffiliated issuers or the long-term care policies acquired from other nonaffiliated issuers when those increases occurred prior to the acquisition;
  - (h) if an acquiring issuer files for a rate increase on a long-term care policy form acquired from nonaffiliated issuers or a block of policy forms acquired from nonaffiliated issuers on or before the later of the effective date of this rule or the end of a 24 month period following the acquisition of the block or policies, the acquiring issuer may exclude that rate increase from the disclosure. However, the nonaffiliated selling company shall include the disclosure of that rate increase in accordance with (2)(e); and
  - (i) if the acquiring issuer in (2)(h) files for a subsequent rate increase, even within the 24 month period, on the same policy form acquired from nonaffiliated issuers or block of policy forms acquired from nonaffiliated insurers referenced in (2)(h), the acquiring issuer shall make all disclosures required by (2)(e), including disclosure of the earlier rate increase referenced in (2)(h).
- (3) An applicant shall sign an acknowledgment at the time of application, unless the method of application does not allow for signature at that time, that the issuer made the disclosure required under (2)(a) and (e). If due to the method of application the applicant cannot sign an acknowledgment at the time of application, the applicant shall sign no later than at the time of delivery of the policy.
  - (4) An issuer shall use the forms in ARM 6.6.3120(1)(b) and (f) to comply with the requirements of (2) and (3).
  - (5) An issuer shall provide notice of an upcoming premium rate schedule increase to all policyholders or certificateholders, if applicable, at least 45 days prior to the implementation of the premium rate schedule increase by the issuer. The notice shall include the information required by (2), when the rate increase is implemented.
  - (6) A premium increase notice required by (5) shall include:
    - (a) an offer to reduce policy benefits provided by the current coverage consistent with the requirements of ARM 6.6.3129;
    - (b) a disclosure stating that all options available to the policyholder may not be of equal value; and
    - (c) in the case of a partnership policy, a disclosure that some benefit reduction options may result in a loss in partnership status that may reduce policyholder protections.

**Implementing statute(s):** 33-22-1101, 33-22-1102, 33-22-1103, 33-22-1107, 33-22-1108, 33-22-1111, 33-22-1112, 33-22-1113, 33-22-1114, 33-22-1115, 33-22-1116, 33-22-1117, 33-22-1119, 33-22-1120, 33-22-1121, MCA

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**History:** NEW, 2008 MAR p. 615, Eff. 1/1/09; AMD, 2019 MAR p. 126, Eff. 1/1/20.