



ADMINISTRATIVE RULES OF MONTANA

6.6.3108 REQUIREMENT TO OFFER INFLATION PROTECTION

- (1) No issuer may offer a long-term insurance policy or certificate unless the issuer also offers to the policyholder, in addition to any other inflation protection, the option to purchase a policy or certificate that provides for benefit levels to increase with benefit maximums or reasonable durations which are meaningful to account for reasonably anticipated increases in the costs of long-term care services covered by the policy or certificate. Issuers must offer to each policyholder, at the time of purchase, the option to purchase a policy or certificate with an inflation protection feature no less favorable than one of the following:
 - (a) increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than 5%;
 - (b) guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status so long as the option for the previous period has not been declined. The amount of the additional benefit shall be no less than the difference between the existing policy benefit and that benefit compounded annually at a rate of at least 5% for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made; or
 - (c) covers a specified percentage of actual or reasonable charges and does not include a maximum specified indemnity amount or limit.
- (2) Where the policy or certificate is issued to a group, the required offer in (1) above shall be made to the group policyholder; except, if the policy or certificate is issued to a group defined in 33-22-1107(5)(d), MCA, other than to a continuing care retirement community, the offering shall be made to each proposed certificateholder.
- (3) The offer in (1) above shall not be required of life insurance policies or riders containing accelerated long-term care benefits.
- (4) Issuers shall include the following information in or with the outline of coverage:
 - (a) a graphic comparison of the benefit levels of a policy or certificate that increases benefits over the policy period with a policy or certificate that does not increase benefits. The graphic comparison shall show benefit levels over at least a 20-year period; and
 - (b) any expected premium increases or additional premiums to pay for automatic or optional benefit increases. If premium increases or additional premiums will be based on the attained age of the applicant at the time of the increase, the issuer shall also disclose the magnitude of the potential premiums the applicant would need to pay at ages 75 and 85 for benefit increases.

- (c) an issuer may use a reasonable hypothetical, or a graphic demonstration, for the purposes of this disclosure.
- (5) Inflation protection benefit increases under a policy or certificate which contains these benefits shall continue without regard to an insured's age, claim status or claim history, or the length of time the person has been insured under the policy or certificate.
- (6) An offer of inflation protection that provides for automatic benefit increases shall include an offer of a premium which the issuer expects to remain constant. The offer shall disclose in a conspicuous manner that the premium may change in the future unless the premium is guaranteed to remain constant.
- (7) Inflation protection as provided in (1)(a) shall be included in a long-term care insurance policy or certificate unless an issuer obtains a rejection of inflation protection signed by the policyholder as required in this rule. The rejection shall be considered a part of the application and shall state:
 - (a) I reviewed the outline of the coverage and the graphs that compare the benefits and premiums of this policy or certificate with and without inflation protection. Specifically, I reviewed Plans_____, and I reject inflation protection.

Authorizing statute(s): 33-1-313, 33-22-1121, MCA

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

History: NEW, 1991 MAR p. 119, Eff. 2/1/91, AMD, 1998 MAR p. 3271, Eff. 12/18/98; AMD, 2008 MAR p. 615, Eff. 10/1/08.