



ADMINISTRATIVE RULES OF MONTANA

6.6.3118 SUITABILITY STANDARDS

- (1) Every issuer, health service corporation, health maintenance organization or other entity marketing long-term care insurance (the "issuer") shall:
 - (a) develop and use appropriate suitability standards to determine whether the purchase or replacement of long-term care insurance is appropriate for the needs of the applicant;
 - (b) train its producers in the use of its suitability standards; and
 - (c) maintain a copy of its suitability standards and make them available for inspection upon request by the commissioner.
- (2) To determine whether the applicant meets the standards developed by the issuer, the producer and issuer shall develop procedures that take the following into consideration:
 - (a) the ability to pay for the proposed coverage and other pertinent financial information related to the purchase of the coverage;
 - (b) the applicants' goals or needs with respect to long-term care and the advantages and disadvantages of insurance to meet these goals or needs; and
 - (c) the values, benefits and costs of the applicant's existing insurance, if any, when compared to the values, benefits and costs of the recommended purchase or replacement.
- (3) To determine whether the applicant meets the standards required by (2), the issuer, and where a producer is involved, the producer shall make reasonable efforts to obtain the information set out in (2). The efforts shall include presentation to the applicant, at or prior to application, the "Long-Term Care Insurance Personal Worksheet." The personal worksheet used by the issuer shall contain, at a minimum, the information in the format contained in ARM 6.6.3120(1)(b) in not less than 12 point type. The issuer may request the applicant to provide additional information to comply with its suitability standards. A copy of the issuer's personal worksheet shall be filed with the commissioner.
 - (a) A completed personal worksheet shall be returned to the issuer prior to the issuer's consideration of the applicant for coverage, except the personal worksheet need not be returned for sales of employer group long-term care insurance to employees and their spouses; and
 - (b) The sale or dissemination outside the company or agency by the issuer or producer of information obtained through the personal worksheet in ARM 6.6.3120(1)(b), LTC Form B is prohibited.

- (4) The issuer shall use the suitability standards it has developed pursuant to this rule in determining whether issuing long-term care insurance coverage to an applicant is appropriate.
- (5) Producers shall use the suitability standards developed by the issuer in marketing long-term care insurance.
- (6) At the same time as the personal worksheet is provided to the applicant, the disclosure form entitled "Things You Should Know Before You Buy Long-Term Care Insurance" shall be provided. The form shall be in the format contained in ARM 6.6.3120(1)(c), LTC Form C in not less than 12 point type.
- (7) If the issuer determines that the applicant does not meet its financial suitability standards, or if the applicant has declined to provide the information, the issuer may reject the application. In the alternative, the issuer shall send the applicant a letter similar to ARM 6.6.3120(1)(d), LTC Form D. However, if the applicant has declined to provide financial information, the issuer may use some other method to verify the applicant's intent. Either the applicant's returned letter or a record of the alternative method of verification shall be made part of the applicant's file.
- (8) The issuer shall report annually to the commissioner the total number of applications received from residents of this state, the number of those who declined to provide information on the personal worksheet, the number of applicants who did not meet the suitability standards, and the number of those who chose to confirm after receiving a suitability letter.
- (9) This rule shall not apply to life insurance policies or certificates that accelerate benefits for long-term care.

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, 1996 MAR p. 143, Eff. 1/1/96; TRANS & AMD from ARM 6.6.5602, 1998 MAR p. 3271, Eff. 12/18/98; AMD, 2008 MAR p. 615, Eff. 10/1/08; AMD, 2019 MAR p. 126, Eff. 1/1/20.