

## **IDAPA 18.01.60 s 017**

### **Requirement to offer inflation protection**

**Former Citations** IDAPA 18.01.60 s 012; IDAPA 18.D. Rule 60,10; IDAPA 18.01.60 s 015

**01. Inflation Protection Offer** . No insurer may offer a long-term care insurance policy unless the insurer also offers to the policyholder in addition to any other inflation protection the option to purchase a policy 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. Insurers must offer to each policyholder, at the time of purchase, the option to purchase a policy with an inflation protection feature no less favorable than one (1) of the following:

- a. Increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five percent (5%);
- b. Guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status as 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 five percent (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.
- d. With respect to inflation protection for a Partnership policy only:
  - i. If the policy is sold to an individual who has not attained age sixty-one (61) as of the date of purchase, the policy must provide compound annual inflation protection;
  - ii. If the policy is sold to an individual who has attained age sixty-one (61) but has not attained age 76 as of the date of purchase, the policy must provide some level of inflation protection; and
  - iii. If the policy is sold to an individual who has attained age seventy-six (76) as of the date of purchase, the policy may (but is not required to) provide some level of inflation protection.

**02. Group Offer** . Where the policy is issued to a group, the required offer in Subsection 017.01 shall be made to the group policyholder; except, if the policy is issued to a group defined in Section 41-4603(4)(d), Idaho Code, other than to a continuing care retirement community, the offering shall be made to each proposed certificate holder.

**03. Requirements for Life Insurance Policies** . The offer in Subsection 017.01 above shall not be required of life insurance policies or riders containing accelerated long-term care benefits.

**04. Outline of Coverage** . Insurers shall include the following information in or with the outline of coverage:

a. A graphic comparison of the benefit levels of a policy that increases benefits over the policy period with a policy that does not increase benefits. The graphic comparison shall show benefit levels over at least a twenty (20) year period.

b. Any expected premium increases or additional premiums to pay for automatic or optional benefit increases.

c. An insurer may use a reasonable hypothetical, or a graphic demonstration, for the purposes of this disclosure.

**05. Continuation of Inflation Protection** . Inflation protection benefit increases under a policy 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.

**06. Premium Disclosures** . An offer of inflation protection that provides for automatic benefit increases shall include an offer of a premium which the insurer 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.

**07. Rejection of Offer** . Inflation protection as provided in Subsection 017.01 shall be included in a long-term care insurance policy unless an insurer obtains a rejection of inflation protection signed by the policyholder as required in Subsection 017.07. The rejection may be either in the application or on a separate form. The rejection shall be considered a part of the application and shall state: I have reviewed the outline of coverage and the graphs that compare the benefits and premiums of this policy with and without inflation protection. Specifically, I have reviewed Plans \_\_\_\_\_ , and I reject inflation protection (signature line: \_\_\_\_\_ ).