

**TITLE 50: INSURANCE**  
**PART 2012 TRADITIONAL LONG-TERM CARE INSURANCE**  
**CHAPTER I: DEPARTMENT OF INSURANCE**

**Section 2012.55 Unintentional Lapse**

Each insurer offering traditional long-term care insurance shall, as a protection against unintentional lapse, comply with the following:

- a) Notice before lapse or termination.
  - 1) No individual traditional long-term care policy or certificate shall be issued until the insurer has received from the applicant a written designation of at least one person, in addition to the applicant, who is to receive notice of lapse or termination of the policy or certificate for nonpayment of premium; or a written waiver dated and signed by the applicant electing not to designate additional persons to receive notice. The applicant has the right to designate at least one person who is to receive the notice of termination, in addition to the insured. Designation shall not constitute acceptance of any liability on the third party for services provided to the insured. The form used for the written designation shall provide space designated for listing at least one person. The designation shall include each person's full name and home address. In the case of an applicant who elects not to designate an additional person, the waiver shall state: "Protection against unintended lapse. I understand that I have the right to designate at least one person other than myself to receive notice of lapse or termination of this traditional long-term care insurance policy for nonpayment of premium. I understand that notice will not be given until 30 days after a premium is due and unpaid. I elect NOT to designate any person to receive such notice." The insurer shall also notify the insured of the right to change this written designation, no less often than once every 2 years.
  - 2) When the policyholder or certificateholder pays premium for a traditional long-term care insurance policy or certificate through a payroll or pension deduction plan, the requirements contained in subsection (a)(1) above need not be met until 60 days after the policyholder or certificateholder is no longer on such a payment plan. The application or enrollment form for such policies or certificates shall indicate the payment plan selected by the applicant.
  - 3) Lapse or termination for nonpayment of premium. No individual traditional long-term care policy or certificate shall lapse or be terminated for nonpayment of premium unless the insurer, at least 30 days before the effective date of the lapse or termination, has given notice to the insured and to those persons designated pursuant to subsection (a)(1) above, at the address provided by the insured for purposes of receiving notice of lapse or termination. Notice shall be given by first class United States mail, postage prepaid; and notice shall not be given until 30 days after a premium is due and unpaid. Notice shall be deemed to have been given as of 5 days after the date of mailing.
- b) In addition to the requirements of subsection (a) above, a traditional long-term care insurance policy or certificate shall include a provision which provides for reinstatement of coverage, in the event of lapse if the insurer is provided proof of cognitive impairment, the loss of functional capacity or if the insured would otherwise qualify for benefits under the contract. This option shall be available to the insured if requested within 5 months after termination and shall allow for the collection of past due premium. The standard of proof of cognitive impairment or loss of functional capacity shall not be more stringent than the benefit eligibility criteria contained in the policy and certificate.

(Source: Amended at 26 Ill. Reg. 8835, effective July 1, 2002)