

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

**Section 2012.60 Required Disclosure Provisions**

- f) Disclosure Requirements for Accelerated Life Products
- 1) Policy Summary

At the time of policy delivery, a policy summary shall be delivered for an individual life insurance policy which provides traditional long-term care benefits within the policy or by rider. This requirement does not apply to qualified long-term care insurance contracts. In the case of direct response solicitations, the insurer shall deliver the policy summary upon the applicant's request, but regardless of request shall make such delivery no later than at the time of policy delivery. In addition to complying with all applicable requirements, the summary shall also include:

    - A) an explanation of how the traditional long-term care benefit interacts with other components of the policy, including deductions from death benefits;
    - B) an illustration of the amount of benefits, the length of benefit, and the guaranteed lifetime benefits if any, for each covered person;
    - C) any exclusion, reductions and limitations on benefits of traditional long-term care; and
    - D) if applicable to the policy type, the summary shall also include:
      - i) disclosure of the effects of exercising other rights under the policy;
      - ii) disclosure of guarantees related to traditional long-term care costs of insurance charges; and
      - iii) current and projected maximum lifetime benefits.
  - 2) Benefit Reports

Any time a traditional long-term care benefit, funded through a life insurance vehicle by the acceleration of the death benefit, is in benefit payment status, a monthly report shall be provided to the policyholder. Such report shall include:

    - A) any traditional long-term care benefits paid during the month;
    - B) an explanation of any changes in the policy, including changes in death benefits or cash values, due to traditional long-term care benefits being paid out; and
    - C) the amount of traditional long-term care benefits existing or remaining.
  - 3) Outline of Coverage

The Outline of Coverage should include an example filled out in John Doe form which illustrates how the traditional long-term care benefit is calculated. Refer to Section 2012.110 and Exhibit C for format and content requirements.

- 4) Disclosure of Tax Consequences. With regard to life insurance policies that provide an accelerated benefit for traditional long-term care, a disclosure statement is required at the time of application for the policy or rider and at the time the accelerated benefit payment request is submitted, that receipt of these accelerated benefits may be taxable, and that assistance should be sought from a personal tax advisor. This disclosure statement shall be prominently displayed on the first page of the policy or rider and any other related documents. This subsection (f)(4) shall not apply to qualified long-term care insurance contracts.