

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

Section 2012.80 Requirement to Offer Inflation Protection

- a) No insurer may offer a traditional 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 traditional 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 of the following:
 - 1) Increases benefit levels annually (in a manner so that the increases are compounded annually at a rate not less than 5%);
 - 2) 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
 - 3) Covers a specified percentage of actual or reasonable charges and does not include a maximum specified indemnity amount or limit.
- b) Where the policy is issued to a group, the required offer in subsection (a) above shall be made to the group policyholder; except, if the policy is issued to a discretionary group other than to a continuing care retirement community, the offering shall be made to each proposed certificateholder.
- c) The offer in subsection (a) above shall not be required of life insurance policies or riders containing accelerated traditional long-term care benefits.
- d) Insurers shall include the following information in the outline of coverage:
 - 1) 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 20 year period.
 - 2) 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 insurer shall also disclose the magnitude of the potential premiums the applicant would need to pay at ages 75 and 85 for benefit increases.
 - 3) An insurer may use a reasonable hypothetical or a graphic demonstration for the purposes of this disclosure.
- e) Inflation protection benefit increases under a policy which contains such 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.

- f) An offer of inflation protection which provides for automatic benefit increases shall include an offer of a premium which the insurer expects to remain constant. Such offer shall disclose in bold face type that the premium may change in the future unless the premium is guaranteed to remain constant.

- g) Inflation protection as provided in subsection (a)(1) of this Section shall be included in a traditional long-term care insurance policy unless an insurer obtains a rejection of inflation protection signed by the policyholder as required hereunder. 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 plan(s) _____, and I reject inflation protection."

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