

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

Section 2012.123 Suitability

- a) This Section shall not apply to life insurance policies that accelerate benefits for traditional long-term care.
- b) Every insurer, health care service plan or other entity marketing traditional long-term care insurance (the "issuer") shall:
 - 1) Develop and use suitability standards to determine whether the purchase or replacement of traditional long-term care insurance is appropriate for the needs of the applicant;
 - 2) Train its insurance producers in the use of its suitability standards; and
 - 3) Maintain a copy of its suitability standards and make them available for inspection upon request by the Director.
- c) To determine whether the applicant meets the standards developed by the issuer:
 - 1) The insurance 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 applicant's goals or needs with respect to traditional 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.
 - 2) The issuer, and where an insurance producer is involved, the insurance producer shall make reasonable efforts to obtain the information referenced in subsection (c)(1) of this Section. The efforts shall include presentation to the applicant, at or prior to application, of the "Traditional 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 Exhibit F of this Part, 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 Director.
 - 3) 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 traditional group traditional long-term care insurance to employees and their spouses.
 - 4) The sale or dissemination outside the company or agency by the issuer or insurance producer of information obtained through the personal worksheet in Exhibit F of this Part is prohibited.

- d) The issuer shall use the suitability standards it has developed pursuant to this Section in determining whether issuing traditional long-term care insurance coverage to an applicant is appropriate.
- e) Insurance producers shall use the suitability standards developed by the issuer in marketing traditional long-term care insurance.
- f) At the same time as the personal worksheet is provided to the applicant, the disclosure form entitled "Things You Should Know Before You Buy Traditional Long-Term Care Insurance" shall be provided. The form shall be in the format found in Exhibit G of this Part, in not less than 12 point type.
- g) 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 suitability letter similar to the one found in Exhibit H of this Part. 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.
- h) The issuer shall report annually to the Director 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.

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