

Kansas Administrative Regulations
Agency 40. Insurance Department
Article 4. Accident and Health Insurance

40-4-37o Long-term care insurance; inflation protection; increased benefits; offer required.

(a) 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 shall 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) Benefit levels increase annually in a manner so that the increases are compounded annually at a rate not less than five percent;

(2) the insured individual is guaranteed 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 five percent for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made; or

(3) a specified percentage of actual or reasonable charges are covered and a maximum specified indemnity amount or limit is not included.

(b) Where the policy is issued to a group, the required offer in subsection (a) above shall be made to the group policyholder and each proposed certificateholder.

(c) The offer in subsection (a) above shall not be required for life insurance policies or riders containing accelerated long-term care benefits.

(d) 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.

(e) 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 a conspicuous manner that the premium may change in the future unless the premium is guaranteed to remain constant.

(f)(1) Inflation protection as provided in subsection (a)(1) of this section 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 this subsection.

(2) The rejection of inflation protection shall be considered a part of the application and shall state:

I have reviewed the outline of coverage and the graph or graphs contained therein that compare

the benefits and premiums of this policy with and without periodic increases in benefits to provide inflation protection. Specifically, I have reviewed the plans offered by the insurer, and I reject inflation protection.

(Authorized by K.S.A. 40-103, K.S.A. 1991 Supp. 40-2228; implementing K.S.A. 1991 Supp. 40-2228; effective Jan. 4, 1993.)