

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

40-4-37s Long-term care insurance; required disclosure of rating practices to consumers.

(a) Except as provided in subsection (b) of this regulation, this regulation shall apply to any long-term care policy or certificate issued in this state six or more months after the adoption of this regulation.

(b) For certificates issued on and after the effective date of this regulation under a group long-term care insurance policy as defined in K.S.A. 40-2227(e) and amendments thereto, which policy was in force at the time this regulation became effective, the provisions of this regulation shall apply on the policy anniversary following the date that is 12 months after the adoption of this regulation.

(c) Other than for policies for which no applicable premium rate or rate schedule increases can be made or for which the method of application does not allow for delivery at the time of application or enrollment, each insurer shall provide all the following information to the applicant at the time of application or enrollment.

(1) A statement that the policy may be subject to rate increases in the future;

(2) An explanation of potential future premium rate revisions, and the policyholder's or certificate holder's option in the event of a premium rate revision;

(3) The premium rate or rate schedules applicable to the applicant that will be in effect until a request is made for an increase;

(4) A general explanation for applying premium rate or rate schedule adjustments that shall include the following:

(A) A description of when premium rate or rate schedule adjustments will be effective including the next anniversary date, next billing date; and

(B) The rights to a revised premium rate or rate schedule as specified in paragraph (C)(2) of this regulation if the premium rate or rate schedule is changed;

(5) Information regarding each premium rate increase on this policy form or similar policy forms over the past 10 years for this state or any other state that, at a minimum, identifies the following:

(A) The policy forms for which premium rates have been increased;

(B) The calendar years when the form was available for purchase; and

(C) The amount or percent of each increase. The percentage may be expressed as a percentage of the premium rate before the increase, and may also be expressed as minimum and maximum percentages if the rate increase is variable by rating characteristics.

(d)(1) The insurer may, in a fair manner, provide additional explanatory information related to rate increases.

(2) Each insurer shall have the right to exclude from the disclosure premium rate increases that apply only to blocks of business acquired from other nonaffiliated insurers or the long-term care policies acquired from other nonaffiliated insurers if those increases occurred before the acquisition.

(3) If an acquiring insurer files for a rate increase on a long-term care policy form acquired from nonaffiliated insurers or a block of policy forms acquired from nonaffiliated insurers on or before the later of the effective date of this regulation, or the end of a 24-month period following the acquisition of the block or policies, the acquiring insurer may exclude that rate increase from the disclosure. However, the nonaffiliated selling company shall include the disclosure of that rate increase in accordance with paragraph (c)(5) of this regulation.

(4) If the acquiring insurer described in paragraph (d)(3) of this regulation files for a subsequent rate increase, even within the 24-month period, on the same policy form acquired from nonaffiliated insurers or block of policy forms acquired from nonaffiliated insurers referenced in paragraph (d)(3) of this regulation, the acquiring insurer shall make all disclosures required by paragraph (c)(5) of this regulation, including disclosure of the earlier rate increase referenced in paragraph (d)(3) of this regulation.

(e) Each applicant shall sign an acknowledgment at the time of application, unless the method of application does not allow for signature at that time, that the insurer made the disclosures required under paragraphs (c)(1) and (5) of this regulation. If due to the method of application the applicant cannot sign an acknowledgement at the time of application, the applicant shall sign no later than at the time of delivery of the policy or certificate.

(f) Each insurer shall provide notice of an upcoming premium rate schedule increase to all policyholders of certificate holders, if applicable, at least 45 days before the implementation of the premium rate increase by the insurer. The notice shall include the information required by subsection (c) of this regulation when the rate increase is implemented.

(g) Each insurer shall use the forms found in appendices B and F of the national association of insurance commissioners' "long-term care insurance model regulation," June 13, 2000 edition, which are hereby adopted by reference, to comply with the requirements of subsections (a), (b), and (c) of this regulation.

Authority. – K.S.A. 40-1-3, K.S.A. 40-2228.

Implementation. – K.S.A. 40-2228.

History. – Eff. May 31, 2002