

11 NCAC 12 .1212 LONG-TERM CARE BENEFITS ACCELERATION

(a) An insurer that issues life insurance policies that accelerate benefits for long-term care shall comply with 11 NCAC 12 .1010 if the policy being replaced is a long-term care insurance policy. If the policy being replaced is a life insurance policy, the insurer shall comply with 11 NCAC 12 .0611. If a life insurance policy that accelerates benefits for long-term care is replaced by another life insurance policy that accelerates benefits for long-term care, the replacing insurer shall comply with 11 NCAC 12 .1010 AND 11 NCAC 12 .0611

(b) 11 NCAC 12 .1013 does not apply to life insurance policies that accelerate benefits for long-term care. A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to premiums paid, if the policy complies with all of the following provisions:

- (1) The interest credited internally to determine cash value accumulations, including long-term care, in any, are guaranteed interest rate for cash value accumulations without long-term care set forth in the policy.
- (2) The portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of G.S. 58-58-30.
- (3) The policy meets the disclosure requirements of G.S. 58-55-30.
- (4) Any policy illustration that meets the applicable requirements of 11 NCAC 04. 0501
- (5) An actuarial memorandum is filed with the Division that includes:
 - (A) A description of the basis on which the long-term care rates were determined.
 - (B) A description of the basis for the reserves.
 - (C) A summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance.
 - (D) A description and a table of each actuarial assumption used. For expenses, an insurer must include percent of premium dollars per policy and dollars per unit of benefits, if any.
 - (E) A description and a table of the anticipated policy reserves and additional reserves held in each future year for active lives.
 - (F) The estimated average annual premium per policy and the average issue age.
 - (G) A statement as to whether underwriting is performed at the time of application. The statement shall indicate whether underwriting is used and, if used, the statement shall include a description of the type or assessment underwriting. For a group policy, the statement shall indicate whether the enrollee or any dependent will be underwritten and when that underwriting occurs.
 - (H) A description of the effect of the long-term care policy provision on the required premiums, nonforfeiture values, and reserves on the underlying life insurance policy, both for the active lives and those in long-term care claim status.

History Note: Authority G.S. 58-2-40(1); 58-55-30(a); 58-58-1; 58-58-40;
Eff. April 1, 1999;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, 2018.