

11 NCAC 12 .1027 REQUIRED DISCLOSURE OF RATING PRACTICES TO CONSUMERS

(a) This Rule shall apply as follows:

- (1) To any long-term care policy or certificate issued in this state on or after February 1, 2003, except as provided in Paragraph (a)(2) of this Rule.
- (2) For certificates issued on or after August 1, 2002 under a group long-term care insurance policy as defined in G.S. 58-55-20(3), which policy was in force at the time this Rule became effective, the provisions of this Rule shall apply on the policy anniversary following July 1, 2003.

(b) Other than policies for which no applicable premium rate or rate schedule increases can be made, insurers shall provide all of the information listed in this Paragraph to the applicant at the time of application or enrollment, unless the method of application does not allow for delivery at that time. In such a case, an insurer shall provide all required disclosure to the applicant no later than at the time of delivery of the policy or certificate. Required disclosure is as follows:

- (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:
 - (A) A description of when premium rate or rate schedule adjustments will be effective on either the next anniversary date or the next billing date; and
 - (B) The right to a revised premium rate or rate schedule as provided if the premium rate or rate schedule is changed;
- (5) Information regarding history of rate increases:
 - (A) 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:
 - (i) The policy forms for which premium rates have been increased;
 - (ii) The calendar years when the form was available for purchase; and
 - (iii) The amount or percent of each increase. The percentage may be expressed as a percentage of the premium rate prior to the increase, and may also be expressed as minimum and maximum percentages if the rate increase is variable by rating characteristics;
 - (B) An insurer shall have the right to exclude from the disclosure premium rate increases that apply only to blocks of business acquired from other non-affiliated insurers or the long-term care policies acquired from other non-affiliated insurers when those increases occurred prior to the acquisition;
 - (C) 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 non-affiliated insurers on or before August 1, 2002 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 this Rule; and
 - (D) If the acquiring insurer referenced in Paragraph (b)(5)(C) of this Rule 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 (b)(5)(C) of this Rule, the acquiring insurer must make all disclosures required by this Rule, including disclosure of the earlier rate increase.

(c) An applicant shall sign an acknowledgement at the time of application, unless the method of application does not allow for signature at that time, that the insurer made the disclosure required under this Rule. 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.

(d) An insurer shall use the NAIC Long-Term Care Insurance Model Regulation forms identified as Appendices B and F to comply with the requirements of Paragraphs (b) and (c) of this Rule.

(e) An insurer shall provide notice of an upcoming premium rate schedule increase to all policyholders or certificate-holders, if applicable, at least 45 days prior to the implementation of the premium rate schedule increase by the insurer. The notice shall include the information required under this Rule when the rate increase is implemented.

History Note: Authority G.S. 58-2-40(1); 58-55-30(a); 58-63-15(9);
Eff. August 1, 2002;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1,
2018.