

COMMERCE: Sturgeon, Chair; Deluhery and Jensen

*St. Paul 4/11/87 (p. 132)  
Hear Small Business 3/27/87  
Amend (3718) + St. Paul 4/10/87 (p. 1266)*

**FILED FEB 26 1987**

SENATE FILE 276  
BY BRUNER

Passed Senate, Date 3-23-87 (p. 854) Passed House, Date 4-15-87 (p. 1370)  
Vote: Ayes 46 Nays 0 Vote: Ayes 97 Nays 0

Approved May 15 1987  
*Reapproved Senate 4/29/87 (p. 1596) 39-0*  
*Motion to reconsider (p. 1454) w/d 4/22 (p. 1578)*

**A BILL FOR**

- 1 An Act relating to the regulation of long-term care insurance.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE AMENDMENT TO  
SENATE FILE 276

S-3752

- 1 Amend Senate File 276, as passed by the Senate as
- 2 follows:
- 3 1. By striking page 3, line 35 through page 4,
- 4 line 1 and inserting the following: "within this
- 5 state, an association or a trust or the trustee of a
- 6 fund established, created, or maintained for the
- 7 benefit of members of one or more associations, or the
- 8 insurer".
- 9 2. Page 6, line 12, by inserting after the word
- 10 "shall" the following: "not".
- 11 3. By renumbering, relettering, or redesignating
- 12 and correcting internal references as necessary.

S-3752

Filed April 23, 1987

*Senate concurred 4/29/87 (p. 1596)*

RECEIVED FORM THE HOUSE

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1 Section 1. NEW SECTION. 514G.1 PURPOSE.

2 The purpose of this chapter is to promote the public  
3 interest, to promote the availability of long-term care  
4 insurance, to protect applicants for long-term care insurance  
5 from unfair or deceptive sales or enrollment practices, to  
6 establish standards for long-term care insurance, to  
7 facilitate public understanding and comparison of long-term  
8 care insurance policies, and to facilitate flexibility and  
9 innovation in the development of long-term care insurance  
10 coverage.

11 Sec. 2. NEW SECTION. 514G.2 SCOPE.

12 This chapter applies to policies delivered or issued for  
13 delivery in this state on or after the effective date of this  
14 Act. This chapter does not supersede the obligations of en-  
15 tities subject to this chapter to comply with the substance of  
16 other applicable insurance laws not in conflict with this  
17 chapter, except that laws and rules designated and intended to  
18 apply to medicare supplement insurance policies shall not be  
19 applied to long-term care insurance. A policy which is not  
20 advertised, marketed, or offered as long-term care insurance  
21 or nursing home insurance need not meet the requirements of  
22 this chapter.

23 Sec. 3. NEW SECTION. 514G.3 SHORT TITLE.

24 This chapter may be known and cited as the "Long-Term Care  
25 Insurance Act".

26 Sec. 4. NEW SECTION. 514G.4 DEFINITIONS.

27 As used in this chapter, unless the context requires other-  
28 wise:

29 1. "Long-term care insurance" means an insurance policy,  
30 insurance contract, insurance certificate, or rider, which is  
31 advertised, marketed, offered, or designed to provide coverage  
32 for not less than twelve consecutive months for each covered  
33 person on an expense incurred, indemnity, prepaid, or other  
34 basis; for one or more necessary or medically necessary diag-  
35 nostic, preventive, therapeutic, rehabilitative, maintenance,

1 or personal care service, provided in a setting other than an  
2 acute care unit of a hospital; and includes group and indi-  
3 vidual policies or riders whether issued by insurers,  
4 fraternal benefit societies, nonprofit health, hospital, and  
5 medical service corporations, prepaid health plans, health  
6 maintenance organizations, or any similar organization.  
7 "Long-term care insurance" does not include an insurance  
8 policy which is offered primarily to provide basic medicare  
9 supplement coverage, basic hospital expense coverage, basic  
10 medical-surgical expense coverage, hospital confinement  
11 indemnity coverage, major medical expense coverage, disability  
12 income protection coverage, accident only coverage, specified  
13 disease or specified accident coverage, or limited benefit  
14 health coverage.

15 2. "Applicant" means either of the following:

- 16 a. A person seeking to contract for an individual long-  
17 term care insurance policy for the benefit of that person.
- 18 b. The proposed certificate holder of a group long-term  
19 care insurance policy.

20 3. "Certificate" means a certificate issued under a group  
21 long-term care insurance policy, which policy has been de-  
22 livered or issued for delivery in this state.

23 4. "Commissioner" means the insurance commissioner.

24 5. "Group long-term care insurance" means a long-term care  
25 insurance policy which is delivered or issued for delivery in  
26 this state and issued to any of the following:

- 27 a. One or more employers or labor organizations, or to a  
28 trust, or to the trustees of a fund established by one or more  
29 employers or labor organizations, or a combination thereof,  
30 for employees or former employees or a combination thereof or  
31 for members or former members or a combination thereof, of the  
32 labor organizations.
- 33 b. A professional, trade, or occupational association for  
34 its members or former or retired members, or a combination  
35 thereof, if the association is both:

1 (1) Composed of individuals all of whom are or were ac-  
2 tively engaged in the same profession, trade, or occupation.

3 (2) Maintained in good faith for purposes other than  
4 obtaining insurance.

5 c. An association, a trust, or the trustee of a fund  
6 established, created, or maintained for the benefit of members  
7 of one or more associations.

8 d. A group other than as described in paragraphs "a"  
9 through "c", subject to a finding by the commissioner that all  
10 of the following are true:

11 (1) The issuance of a group policy is not contrary to the  
12 best interest of the public.

13 (2) The issuance of the group policy would result in  
14 economies of acquisition or administration.

15 (3) The benefits are reasonable in relation to the pre-  
16 miums charged.

17 6. "Policy" means a policy, contract, subscriber  
18 agreement, rider, endorsement delivered or issued for delivery  
19 in this state by an insurer, fraternal benefit society,  
20 nonprofit health, hospital, or medical service corporation,  
21 prepared health plan, health maintenance organization, or any  
22 similar organization.

23 Sec. 5. NEW SECTION. 514G.5 LIMITS OF GROUP LONG-TERM  
24 CARE INSURANCE.

25 Group long-term care insurance coverage shall not be  
26 offered to a resident of this state under a group policy  
27 issued in another state to a group described in section  
28 514G.4, subsection 5, paragraph "d", unless this state or  
29 another state having statutory and regulatory long-term care  
30 insurance requirements substantially similar to those adopted  
31 in this state has made a determination that long-term care  
32 insurance requirements have been met.

33 Sec. 6. NEW SECTION. 514G.6 LIMITATIONS ON ASSOCIATIONS.

34 1. Prior to advertising, marketing, or offering a policy  
35 within this state, an association, as defined in section

1 514G.4, subsection 5, paragraphs "b" and "c", or the insurer  
2 of the association or associations, shall file evidence with  
3 the commissioner that the association has at the outset a  
4 minimum of one hundred persons and has been organized and  
5 maintained in good faith for purposes other than that of  
6 obtaining insurance; has been in active existence for at least  
7 one year; and has a constitution and bylaws which provide all  
8 of the following:

9 a. The association must hold regular meetings not less  
10 than annually to further the purposes of the members.

11 b. Except for credit unions, the association must collect  
12 dues or solicit contributions from members.

13 c. The members must have voting privileges and representa-  
14 tion on the governing board and committees.

15 2. Thirty days after such filing the association or asso-  
16 ciations will be deemed to satisfy such organizational  
17 requirements, unless the commissioner makes a finding that the  
18 association or associations do not satisfy those  
19 organizational requirements.

20 Sec. 7. NEW SECTION. 514G.7 DISCLOSURE AND PERFORMANCE  
21 STANDARDS FOR LONG-TERM CARE INSURANCE.

22 1. RULES. The commissioner may adopt rules for full and  
23 fair disclosure of the terms and benefits of a long-term care  
24 insurance policy, including but not limited to rules setting  
25 forth the manner, content, and required disclosures for the  
26 sale of long-term care insurance policies, terms of renew-  
27 ability, initial and subsequent conditions of eligibility,  
28 nonduplication of coverage provisions, coverage of dependents,  
29 preexisting conditions, termination of insurance, probationary  
30 periods, limitations, exceptions, reductions, elimination  
31 periods, requirements for replacement, recurrent conditions,  
32 and definitions of terms.

33 2. PROHIBITIONS. A long-term care insurance policy shall  
34 not:

35 a. Be cancelled, nonrenewed, or otherwise terminated on

1 the grounds of the age or the deterioration of the mental or  
2 physical health of the insured individual or certificate  
3 holder.

4 b. Contain a provision establishing a new waiting period  
5 in the event existing coverage is converted to or replaced by  
6 a new or other form within the same company, except with re-  
7 spect to an increase in benefits voluntarily selected by the  
8 insured individual or group policyholder.

9 3. PREEXISTING CONDITIONS.

10 a. A long-term care insurance policy or certificate shall  
11 not use a definition of "preexisting condition" which is more  
12 restrictive than the following: "Preexisting condition" means  
13 the existence of symptoms which would cause an ordinarily  
14 prudent person to seek diagnosis, care, or treatment, or a  
15 condition for which medical advice or treatment was  
16 recommended by or received from a provider of health care  
17 services, within the limitation periods specified below:

18 (1) Six months preceding the effective date of coverage of  
19 an insured person who is sixty-five years of age or older on  
20 the effective date of coverage.

21 (2) Twenty-four months preceding the effective date of  
22 coverage of an insured person who is under age sixty-five on  
23 the effective date of coverage.

24 b. A long-term care insurance policy shall not exclude  
25 coverage for a loss or confinement which is the result of a  
26 preexisting condition unless the loss or confinement begins  
27 within the shortest applicable period specified below:

28 (1) Six months following the effective date of coverage of  
29 an insured person who is sixty-five years of age or older on  
30 the effective date of coverage.

31 (2) Twenty-four months following the effective date of  
32 coverage of an insured person who is under age sixty-five on  
33 the effective date of coverage.

34 c. The commissioner may extend the limitation periods in  
35 paragraphs "a" and "b" of this subsection to specific age

1 group categories in specific policy forms, upon findings that  
2 the extension is in the best interest of the public.

3 d. The definition of "preexisting condition" does not  
4 prohibit either of the following:

5 (1) An insurer from using an application form designed to  
6 elicit the complete health history of an applicant.

7 (2) An insurer from underwriting in accordance with that  
8 insurer's established underwriting standards based on the  
9 answers on an application conforming with subparagraph (1).

10 4. PRIOR INSTITUTIONALIZATION. A long-term care insurance  
11 policy which provides benefits only following institutional-  
12 zation shall condition the benefits upon admission to a fa-  
13 cility for the same or related conditions within a period of  
14 less than thirty days after discharge from the institution.

15 5. RULES. The commissioner may adopt rules establishing  
16 loss ratio standards for long-term care insurance policies  
17 provided that a specific reference to long-term care insurance  
18 policies is contained in the rules.

19 6. RIGHT TO RETURN AFTER EXAMINATION.

20 a. Except as provided in paragraph "b", an individual  
21 long-term care insurance policyholder has the right to return  
22 the policy within ten days of its delivery and to have the  
23 premium refunded, if, after examination of the policy, the  
24 policyholder is not satisfied for any reason. Individual  
25 long-term care insurance policies must have a notice  
26 prominently printed on the first page of the policy or  
27 attached to the first page stating in substance that the  
28 policyholder has the right to return the policy within ten  
29 days of its delivery and to have the premium refunded if,  
30 after examination of the policy, the policyholder is not  
31 satisfied for any reason.

32 b. A person insured under a long-term care insurance  
33 policy issued pursuant to a direct response solicitation has  
34 the right to return the policy within thirty days of its  
35 delivery and to have the premium refunded if, after

1 examination, the insured person is not satisfied for any  
2 reason. Long-term care insurance policies issued pursuant to  
3 a direct response solicitation must have a notice prominently  
4 printed on the first page or attached to the first page  
5 stating in substance that the insured person has the right to  
6 return the policy within thirty days of its delivery and to  
7 have the premium refunded if, after examination of the policy,  
8 the insured person is not satisfied for any reason.

9 7. OUTLINE OF COVERAGE. An outline of coverage shall be  
10 delivered to an applicant for an individual long-term care in-  
11 surance policy at the time of application. In the case of di-  
12 rect response solicitations, the insurer shall deliver the  
13 outline of coverage upon the applicant's request, but regard-  
14 less of request shall deliver the outline no later than at the  
15 time of policy delivery. An outline of coverage must include  
16 all of the following:

17 a. A description of the principal benefits and coverage  
18 provided in the policy.

19 b. A statement of the principal exclusions, reductions,  
20 and limitations contained in the policy.

21 c. A statement of the renewal provisions, including any  
22 reservation in the policy of a right to change premiums.

23 d. A statement that the outline of coverage is a summary  
24 of the policy issued or applied for, and that the policy  
25 should be consulted to determine governing contractual pro-  
26 visions.

27 8. CERTIFICATES. A certificate issued pursuant to a group  
28 long-term care insurance policy which is delivered or issued  
29 for delivery in this state shall include all of the following:

30 a. A description of the principal benefits and coverage  
31 provided in the policy.

32 b. A statement of the principal exclusions, reductions,  
33 and limitations contained in the policy.

34 c. A statement that the group master policy determines  
35 governing contractual provisions.

1 9. COMPLIANCE REQUIRED. A policy shall not be advertised,  
2 marketed, or offered as long-term care or nursing home insur-  
3 ance unless it complies with this chapter.

4 Sec. 8. NEW SECTION. 514G.8 ADMINISTRATIVE PROCEDURES.  
5 Rules adopted pursuant to this chapter must be in accor-  
6 dance with the provisions of section 505.8.

7 EXPLANATION

8 This bill adds a new chapter 514G to the insurance code to  
9 provide standards and procedures for the regulation of long-  
10 term care insurance.

11 Sections 1 and 2 of the bill describe the purpose and scope  
12 of the chapter.

13 Section 3 provides that the short title of the new chapter  
14 is "Long-Term Care Insurance Act".

15 Section 4 provides key definitions.

16 Section 5 restricts the sale of, or offers to sell, group  
17 long-term care insurance to a resident, unless the group  
18 policy has been previously approved by this or another state's  
19 regulatory authority with substantially similar standards for  
20 long-term care insurance.

21 Section 6 requires an association, or its long-term care  
22 insurer, to file certain evidence with the commissioner re-  
23 lating to the validity of the association, and prohibits asso-  
24 ciations organized or maintained solely for the purpose of  
25 obtaining insurance.

26 Section 7 includes various disclosure requirements and per-  
27 formance standards for long-term care insurance.

28 Section 8 subjects the chapter to the general administra-  
29 tive standards required of the commissioner of insurance by  
30 section 505.8.

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STATE OF IOWA

FISCAL NOTE TO  
SENATE FILE 276

LSB No. 1512S  
Staff ID. JEM

REQ. BY SENATOR BRUNER

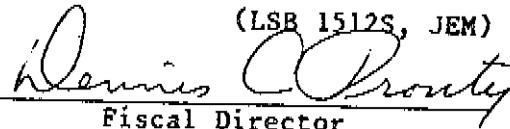
In compliance with a written request received February 17, 1987, a fiscal note for **SENATE FILE 276** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 276 provides standards and procedures for the regulation of long-term care insurance. The bill restricts the sale of, or offer to sell, group long-term care insurance to a resident unless the group policy has been previously approved by this state or another states regulatory authority with substantially similar standards for long-term care insurance. Provisions are included requiring the association, or it's insurer, to file certain evidence with the insurance commissioner relating to the validity of the association, and prohibits associations organized or maintained solely for the purpose of obtaining insurance.

FISCAL IMPACT: The Department of Insurance estimates that the cost of implementing Senate File 276 would be minimal.

Source: The Department of Insurance.

(LSB 1512S, JEM)



Fiscal Director

Legislative Fiscal Bureau

Date: 3/19/87

Filed by the Sec. of the Senate March 20, 1987

SENATE FILE 276

H-3662

- 1 Amend Senate File 276, as passed by the Senate, as  
2 follows:  
3 1. Page 6, by striking lines 10 through 14 and  
4 inserting the following:  
5 "4. PRIOR INSTITUTIONALIZATION.  
6 a. A policy of individual or group accident and  
7 sickness insurance providing coverage on an expense  
8 incurred basis, or an individual or group hospital or  
9 medical service contract issued pursuant to chapter  
10 509, 514, or 514A, or any other policy of individual  
11 or group insurance, any of which provide insurance  
12 benefits for nursing home care, whether the care is  
13 skilled, intermediate, or custodial, shall not  
14 condition payment upon prior entry to or transfer from  
15 a hospital. A policy may condition coverage upon the  
16 recommendation of nursing home care by a person  
17 licensed under any of the following chapters: 148,  
18 150, or 150A.  
19 b. This subsection applies to contracts issued on  
20 or after July 1, 1987."

H-3662 FILED APRIL 6, 1987 BY HARPER of Black Hawk  
*H/D 4/15 (p. 1390)*

SENATE FILE 276

H-3718

- 1 Amend Senate File 276, as passed by the Senate, as  
2 follows:  
3 1. Page 6, line 12, by inserting after the word  
4 "shall" the following: "not".

H-3718 FILED APRIL 10, 1987 BY COMMITTEE ON SMALL  
BUSINESS AND COMMERCE  
*Adopted 4/15/87 (p. 1389)*

SENATE FILE 276

H-3737

- 1 Amend Senate File 276, as passed by the Senate as  
2 follows:  
3 1. By striking page 3, line 35 through page 4,  
4 line 1 and inserting the following: "within this  
5 state, an association or a trust or the trustee of a  
6 fund established, created, or maintained for the  
7 benefit of members of one or more associations, or the  
8 insurer".

H-3737 FILED APRIL 14, 1987 BY GRONINGA of Cerro Gordo  
*Adopted 4/15/87 (p. 1390)*

SENATE FILE 276

AN ACT

RELATING TO THE REGULATION OF LONG-TERM CARE INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 514G.1 PURPOSE.

The purpose of this chapter is to promote the public interest, to promote the availability of long-term care insurance, to protect applicants for long-term care insurance from unfair or deceptive sales or enrollment practices, to establish standards for long-term care insurance, to facilitate public understanding and comparison of long-term care insurance policies, and to facilitate flexibility and innovation in the development of long-term care insurance coverage.

Sec. 2. NEW SECTION. 514G.2 SCOPE.

This chapter applies to policies delivered or issued for delivery in this state on or after the effective date of this Act. This chapter does not supersede the obligations of entities subject to this chapter to comply with the substance of other applicable insurance laws not in conflict with this chapter, except that laws and rules designated and intended to apply to medicare supplement insurance policies shall not be applied to long-term care insurance. A policy which is not advertised, marketed, or offered as long-term care insurance or nursing home insurance need not meet the requirements of this chapter.

Sec. 3. NEW SECTION. 514G.3 SHORT TITLE.

This chapter may be known and cited as the "Long-Term Care Insurance Act".

Sec. 4. NEW SECTION. 514G.4 DEFINITIONS.

As used in this chapter, unless the context requires otherwise:

1. "Long-term care insurance" means an insurance policy, insurance contract, insurance certificate, or rider, which is advertised, marketed, offered, or designed to provide coverage for not less than twelve consecutive months for each covered person on an expense incurred, indemnity, prepaid, or other basis; for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care service, provided in a setting other than an acute care unit of a hospital; and includes group and individual policies or riders whether issued by insurers, fraternal benefit societies, nonprofit health, hospital, and medical service corporations, prepaid health plans, health maintenance organizations, or any similar organization.

"Long-term care insurance" does not include an insurance policy which is offered primarily to provide basic medicare supplement coverage, basic hospital expense coverage, basic medical-surgical expense coverage, hospital confinement indemnity coverage, major medical expense coverage, disability income protection coverage, accident only coverage, specified disease or specified accident coverage, or limited benefit health coverage.

2. "Applicant" means either of the following:

- a. A person seeking to contract for an individual long-term care insurance policy for the benefit of that person.
- b. The proposed certificate holder of a group long-term care insurance policy.

3. "Certificate" means a certificate issued under a group long-term care insurance policy, which policy has been delivered or issued for delivery in this state.

4. "Commissioner" means the insurance commissioner.

5. "Group long-term care insurance" means a long-term care insurance policy which is delivered or issued for delivery in this state and issued to any of the following:

- a. One or more employers or labor organizations, or to a trust, or to the trustees of a fund established by one or more employers or labor organizations, or a combination thereof,

for employees or former employees or a combination thereof or for members or former members or a combination thereof, of the labor organizations.

b. A professional, trade, or occupational association for its members or former or retired members, or a combination thereof, if the association is both:

- (1) Composed of individuals all of whom are or were actively engaged in the same profession, trade, or occupation.
- (2) Maintained in good faith for purposes other than obtaining insurance.

c. An association, a trust, or the trustee of a fund established, created, or maintained for the benefit of members of one or more associations.

d. A group other than as described in paragraphs "a" through "c", subject to a finding by the commissioner that all of the following are true:

- (1) The issuance of a group policy is not contrary to the best interest of the public.
- (2) The issuance of the group policy would result in economies of acquisition or administration.
- (3) The benefits are reasonable in relation to the premiums charged.

6. "Policy" means a policy, contract, subscriber agreement, rider, endorsement delivered or issued for delivery in this state by an insurer, fraternal benefit society, nonprofit health, hospital, or medical service corporation, prepared health plan, health maintenance organization, or any similar organization.

Sec. 5. NEW SECTION. 514G.5 LIMITS OF GROUP LONG-TERM CARE INSURANCE.

Group long-term care insurance coverage shall not be offered to a resident of this state under a group policy issued in another state to a group described in section 514G.4, subsection 5, paragraph "d", unless this state or another state having statutory and regulatory long-term care insurance requirements substantially similar to those adopted

in this state has made a determination that long-term care insurance requirements have been met.

Sec. 6. NEW SECTION. 514G.6 LIMITATIONS ON ASSOCIATIONS.

1. Prior to advertising, marketing, or offering a policy within this state, an association or a trust or the trustee of a fund established, created, or maintained for the benefit of members of one or more associations, or the insurer of the association or associations, shall file evidence with the commissioner that the association has at the outset a minimum of one hundred persons and has been organized and maintained in good faith for purposes other than that of obtaining insurance; has been in active existence for at least one year; and has a constitution and bylaws which provide all of the following:

- a. The association must hold regular meetings not less than annually to further the purposes of the members.
- b. Except for credit unions, the association must collect dues or solicit contributions from members.
- c. The members must have voting privileges and representation on the governing board and committees.

2. Thirty days after such filing the association or associations will be deemed to satisfy such organizational requirements, unless the commissioner makes a finding that the association or associations do not satisfy those organizational requirements.

Sec. 7. NEW SECTION. 514G.7 DISCLOSURE AND PERFORMANCE STANDARDS FOR LONG-TERM CARE INSURANCE.

1. RULES. The commissioner may adopt rules for full and fair disclosure of the terms and benefits of a long-term care insurance policy, including but not limited to rules setting forth the manner, content, and required disclosures for the sale of long-term care insurance policies, terms of renewability, initial and subsequent conditions of eligibility, nonduplication of coverage provisions, coverage of dependents, preexisting conditions, termination of insurance, probationary periods, limitations, exceptions, reductions, elimination

periods, requirements for replacement, recurrent conditions, and definitions of terms.

2. PROHIBITIONS. A long-term care insurance policy shall not:

a. Be cancelled, nonrenewed, or otherwise terminated on the grounds of the age or the deterioration of the mental or physical health of the insured individual or certificate holder.

b. Contain a provision establishing a new waiting period in the event existing coverage is converted to or replaced by a new or other form within the same company, except with respect to an increase in benefits voluntarily selected by the insured individual or group policyholder.

3. PREEXISTING CONDITIONS.

a. A long-term care insurance policy or certificate shall not use a definition of "preexisting condition" which is more restrictive than the following: "Preexisting condition" means the existence of symptoms which would cause an ordinarily prudent person to seek diagnosis, care, or treatment, or a condition for which medical advice or treatment was recommended by or received from a provider of health care services, within the limitation periods specified below:

(1) Six months preceding the effective date of coverage of an insured person who is sixty-five years of age or older on the effective date of coverage.

(2) Twenty-four months preceding the effective date of coverage of an insured person who is under age sixty-five on the effective date of coverage.

b. A long-term care insurance policy shall not exclude coverage for a loss or confinement which is the result of a preexisting condition unless the loss or confinement begins within the shortest applicable period specified below:

(1) Six months following the effective date of coverage of an insured person who is sixty-five years of age or older on the effective date of coverage.

(2) Twenty-four months following the effective date of coverage of an insured person who is under age sixty-five on the effective date of coverage.

c. The commissioner may extend the limitation periods in paragraphs "a" and "b" of this subsection to specific age group categories in specific policy forms, upon findings that the extension is in the best interest of the public.

d. The definition of "preexisting condition" does not prohibit either of the following:

(1) An insurer from using an application form designed to elicit the complete health history of an applicant.

(2) An insurer from underwriting in accordance with that insurer's established underwriting standards based on the answers on an application conforming with subparagraph (1).

4. PRIOR INSTITUTIONALIZATION. A long-term care insurance policy which provides benefits only following institutionalization shall not condition the benefits upon admission to a facility for the same or related conditions within a period of less than thirty days after discharge from the institution.

5. RULES. The commissioner may adopt rules establishing loss ratio standards for long-term care insurance policies provided that a specific reference to long-term care insurance policies is contained in the rules.

6. RIGHT TO RETURN AFTER EXAMINATION.

a. Except as provided in paragraph "b", an individual long-term care insurance policyholder has the right to return the policy within ten days of its delivery and to have the premium refunded, if, after examination of the policy, the policyholder is not satisfied for any reason. Individual long-term care insurance policies must have a notice prominently printed on the first page of the policy or attached to the first page stating in substance that the policyholder has the right to return the policy within ten days of its delivery and to have the premium refunded if, after examination of the policy, the policyholder is not satisfied for any reason.

5. A person insured under a long-term care insurance policy issued pursuant to a direct response solicitation has the right to return the policy within thirty days of its delivery and to have the premium refunded if, after examination, the insured person is not satisfied for any reason. Long-term care insurance policies issued pursuant to a direct response solicitation must have a notice prominently printed on the first page or attached to the first page stating in substance that the insured person has the right to return the policy within thirty days of its delivery and to have the premium refunded if, after examination of the policy, the insured person is not satisfied for any reason.

7. **OUTLINE OF COVERAGE.** An outline of coverage shall be delivered to an applicant for an individual long-term care insurance policy at the time of application. In the case of direct response solicitations, the insurer shall deliver the outline of coverage upon the applicant's request, but regardless of request shall deliver the outline no later than at the time of policy delivery. An outline of coverage must include all of the following:

a. A description of the principal benefits and coverage provided in the policy.

b. A statement of the principal exclusions, reductions, and limitations contained in the policy.

c. A statement of the renewal provisions, including any reservation in the policy of a right to change premiums.

d. A statement that the outline of coverage is a summary of the policy issued or applied for, and that the policy should be consulted to determine governing contractual provisions.

8. **CERTIFICATES.** A certificate issued pursuant to a group long-term care insurance policy which is delivered or issued for delivery in this state shall include all of the following:

a. A description of the principal benefits and coverage provided in the policy.

b. A statement of the principal exclusions, reductions, and limitations contained in the policy.

c. A statement that the group master policy determines governing contractual provisions.

9. **COMPLIANCE REQUIRED.** A policy shall not be advertised, marketed, or offered as long-term care or nursing home insurance unless it complies with this chapter.

Sec. 8. **NEW SECTION. 514G.8 ADMINISTRATIVE PROCEDURES.**

Rules adopted pursuant to this chapter must be in accordance with the provisions of section 505.8.

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JO ANN ZIMMERMAN  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 276, Seventy-second General Assembly.

Approved May 15, 1987

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JOHN F. DWYER  
Secretary of the Senate

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TERRY E. BRANSTAD  
Governor