

HOUSE BILL NO. 854

INTRODUCED BY FOSTER, T. NELSON, THOMAS

IN THE HOUSE

FEBRUARY 14, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & ECONOMIC DEVELOPMENT.

FEBRUARY 15, 1991 FIRST READING.

FEBRUARY 22, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 23, 1991 PRINTING REPORT.

FEBRUARY 25, 1991 SECOND READING, DO PASS.

ENGROSSING REPORT.

FEBRUARY 26, 1991 THIRD READING, PASSED.
AYES, 99; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 26, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

FIRST READING.

MARCH 11, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 13, 1991 SECOND READING, CONCURRED IN.

MARCH 14, 1991 THIRD READING, CONCURRED IN.
AYES, 48; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 15, 1991 RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *HOUSE* BILL NO. *854*
 2 INTRODUCED BY *Foster* *John McLean Thomas*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW LIFE INSURANCE
 5 LONG-TERM CARE PRODUCTS IN MONTANA; AND AMENDING SECTIONS
 6 33-1-208 AND 33-22-1107, MCA."
 7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 33-1-208, MCA, is amended to read:

10 "33-1-208. Life insurance. Life insurance is insurance
 11 on human lives. The transaction of life insurance includes
 12 also the granting of endowment benefits, additional benefits
 13 in event of death or dismemberment by accident or accidental
 14 means, additional benefits in event of the insured's
 15 disability, benefits that provide reimbursement or payment
 16 for long-term home health care or long-term care in a
 17 nursing home or other related institution, and optional
 18 modes of settlement of proceeds of life insurance.
 19 Transaction of life insurance does not include workers'
 20 compensation insurance."

21 **Section 2.** Section 33-22-1107, MCA, is amended to read:

22 "33-22-1107. Definitions. As used in this part, the
 23 following definitions apply:

- 24 (1) "Applicant" means:
 25 (a) in the case of an individual long-term care

1 insurance policy, the person who seeks to contract for the
 2 insurance; and

3 (b) in the case of a group long-term care insurance
 4 policy, the proposed certificate holder.

5 (2) "Certificate" means a document issued to a member
 6 of the group covered under a group insurance policy that has
 7 been delivered or issued for delivery in this state as
 8 evidence that the individual named in the certificate is
 9 covered under the policy.

10 (3) "Group long-term care insurance" means a long-term
 11 care insurance policy that is delivered or issued for
 12 delivery in this state and issued to:

- 13 (a) (i) an employer;
 14 (ii) a labor organization;
 15 (iii) a trust established by an employer or labor
 16 organization; or
 17 (iv) a trustee of a fund established by an employer or
 18 labor organization or a combination thereof for:

19 (A) employees or former employees or a combination
 20 thereof; or

21 (B) members or former members of the labor organization
 22 or a combination thereof;

23 (b) a professional, trade, or occupational association
 24 for its current, former, or retired members or combination
 25 thereof, if the association:



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1 (i) is composed of individuals all of whom are or were
2 actively engaged in the same profession, trade, or
3 occupation; and

4 (ii) has been maintained in good faith for purposes
5 other than obtaining insurance; or

6 (c) an association, a trust, or the trustee of a fund
7 established, created, or maintained for the benefit of
8 members of one or more associations.

9 (i) Prior to advertising, marketing, or offering the
10 policy within this state, the association or the insurer of
11 the association shall file evidence with the commissioner
12 that the association has:

13 (A) a minimum of 100 persons at the outset;

14 (B) been organized and maintained in good faith for
15 purposes other than obtaining insurance;

16 (C) been in active existence for at least 1 year; and

17 (D) a constitution and bylaws requiring that the
18 association hold regular meetings at least annually to
19 further purposes of the membership; except for credit
20 unions, the association collect dues or solicit
21 contributions from members; and the members have voting
22 privileges and representation on the governing board and
23 committees.

24 (ii) Thirty days after filing, the association is
25 considered as having satisfied the organizational

1 requirements unless the commissioner finds after hearing
2 that the association does not satisfy the organizational
3 requirements.

4 (d) a group other than as described in subsections
5 (3)(a) through (3)(c) if the commissioner determines that
6 the:

7 (i) issuance of the group policy is not contrary to the
8 best interests of the public;

9 (ii) issuance of the group policy would result in
10 economies of acquisition or administration; and

11 (iii) benefits are reasonable in relation to the
12 premiums charged.

13 (4) (a) "Long-term care insurance":

14 (i) means a policy as defined in subsection (5) that is
15 advertised, marketed, offered, or designed to provide
16 coverage for not less than 12 consecutive months for a
17 covered person, on an expense-incurred, indemnity, prepaid,
18 or other basis, for a necessary or medically necessary
19 diagnostic, preventive, therapeutic, rehabilitative,
20 maintenance, or personal care service provided in a setting
21 other than an acute care unit of a hospital; and

22 (ii) includes group and individual insurance policies or
23 riders, whether issued by an insurer, fraternal benefit
24 society, health service corporation, prepaid health plan,
25 health maintenance organization, or similar organization;

1 (iii) includes group and individual annuities and life
 2 insurance policies or riders that provide directly or that
 3 supplement long-term care insurance; and

4 (iv) includes any product advertised, marketed, or
 5 offered as long-term care insurance regardless of any
 6 exceptions to the definition included in this section.

7 (b) Long-term care insurance does not include an
 8 insurance policy that is offered primarily to provide basic
 9 medicare supplement coverage, basic hospital expense
 10 coverage, basic medical-surgical expense coverage, hospital
 11 confinement indemnity coverage, major medical expense
 12 coverage, disability income protection coverage, accident
 13 only coverage, specified disease or specified accident
 14 coverage, or limited benefit health coverage.

15 (c) Long-term care insurance does not include life
 16 insurance policies that accelerate the death benefit
 17 specifically for one or more of the qualifying events of
 18 terminal illness, medical conditions requiring extraordinary
 19 medical intervention, or permanent institutional confinement
 20 and that provide the option of a lump-sum payment for those
 21 benefits and in which neither the benefits nor the
 22 eligibility for the benefits is conditioned upon the receipt
 23 of long-term care.

24 (e)(d) An insurance policy that is offered primarily to
 25 provide basic medicare supplement coverage, basic hospital

1 expense coverage, basic medical-surgical expense coverage,
 2 hospital confinement indemnity coverage, major medical
 3 expense coverage, disability income protection coverage,
 4 accident only coverage, specified disease or specified
 5 accident coverage, or limited benefit health coverage and
 6 that also contains long-term care insurance benefits of a
 7 duration of at least 6 months is not required to meet the
 8 requirements of this part unless the premium allocable to
 9 the long-term care insurance benefits contained in the
 10 policy is greater than 25% of the total policy premium.

11 (5) "Policy" means a policy as defined in 33-15-102, a
 12 membership contract as defined in 33-30-101, a health care
 13 services agreement as defined in 33-31-102 delivered or
 14 issued for delivery in this state by an insurer, fraternal
 15 benefit society, health service corporation, prepaid health
 16 plan, health maintenance organization, or similar
 17 organization.

18 (6) "Preexisting condition" means a condition for which
 19 medical advice or treatment was recommended by or received
 20 from a provider of health care services within 6 months
 21 preceding the effective date of coverage of an insured
 22 person."

23 NEW SECTION. Section 3. Life insurance policy with
 24 long-term care provision -- policy summary required. At the
 25 time of policy delivery, a policy summary must be delivered

1 to the insured for an individual life insurance policy that
 2 provides long-term care benefits within the policy or by
 3 rider. In the case of direct response solicitations, the
 4 insurer shall deliver the policy summary upon the
 5 applicant's request but no later than the time of policy
 6 delivery. In addition to complying with all applicable
 7 requirements, the summary must also include:

8 (1) an explanation of how the long-term care benefits
 9 interact with other components of the policy, including
 10 deductions from death benefits;

11 (2) an illustration of the amount of benefits, the
 12 length of benefits, and the guaranteed lifetime benefits, if
 13 any, for each covered person;

14 (3) any exclusions, reductions, and limitations on
 15 benefits of long-term care; and

16 (4) if applicable to the policy type:

17 (a) a disclosure of the effects of exercising other
 18 rights under the policy;

19 (b) a disclosure of guaranties related to long-term
 20 care costs of insurance charges; and

21 (c) current and projected maximum lifetime benefits.

22 **NEW SECTION. Section 4.** Life insurance policy paying
 23 long-term benefits -- monthly report. When a long-term care
 24 benefit, funded through a life insurance vehicle by the
 25 acceleration of the death benefit, is in benefit payment

1 status, a monthly report must be provided to the
 2 policyholder. The report must include:

3 (1) the amount of long-term care benefits paid out
 4 during the month;

5 (2) an explanation of any changes in the policy,
 6 including without limitation death benefits or cash values,
 7 resulting from long-term care benefits having been paid out;
 8 and

9 (3) the amount of long-term care benefits existing or
 10 remaining.

11 **NEW SECTION. Section 5.** Codification instruction.
 12 [Sections 3 and 4] are intended to be codified as an
 13 integral part of Title 33, chapter 20, part 1, and the
 14 provisions of Title 33 apply to [sections 3 and 4].

-End-

HOUSE BILL NO. 854

INTRODUCED BY FOSTER, T. NELSON, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW LIFE INSURANCE
LONG-TERM CARE PRODUCTS IN MONTANA; AND AMENDING SECTIONS
33-1-208 AND 33-22-1107, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-1-208, MCA, is amended to read:

"33-1-208. Life insurance. Life insurance is insurance on human lives. The transaction of life insurance includes also the granting of endowment benefits, additional benefits in event of death or dismemberment by accident or accidental means, additional benefits in event of the insured's disability, benefits that provide reimbursement or payment for long-term home health care or long-term care in a nursing home or other related institution, and optional modes of settlement of proceeds of life insurance. Transaction of life insurance does not include workers' compensation insurance."

Section 2. Section 33-22-1107, MCA, is amended to read:

"33-22-1107. Definitions. As used in this part, the following definitions apply:

(1) "Applicant" means:

(a) in the case of an individual long-term care

insurance policy, the person who seeks to contract for the insurance; and

(b) in the case of a group long-term care insurance policy, the proposed certificate holder.

(2) "Certificate" means a document issued to a member of the group covered under a group insurance policy that has been delivered or issued for delivery in this state as evidence that the individual named in the certificate is covered under the policy.

(3) "Group long-term care insurance" means a long-term care insurance policy that is delivered or issued for delivery in this state and issued to:

(a) (i) an employer;

(ii) a labor organization;

(iii) a trust established by an employer or labor organization; or

(iv) a trustee of a fund established by an employer or labor organization or a combination thereof for:

(A) employees or former employees or a combination thereof; or

(B) members or former members of the labor organization or a combination thereof;

(b) a professional, trade, or occupational association for its current, former, or retired members or combination thereof, if the association:



1 (i) is composed of individuals all of whom are or were
 2 actively engaged in the same profession, trade, or
 3 occupation; and

4 (ii) has been maintained in good faith for purposes
 5 other than obtaining insurance; or

6 (c) an association, a trust, or the trustee of a fund
 7 established, created, or maintained for the benefit of
 8 members of one or more associations.

9 (i) Prior to advertising, marketing, or offering the
 10 policy within this state, the association or the insurer of
 11 the association shall file evidence with the commissioner
 12 that the association has:

13 (A) a minimum of 100 persons at the outset;

14 (B) been organized and maintained in good faith for
 15 purposes other than obtaining insurance;

16 (C) been in active existence for at least 1 year; and

17 (D) a constitution and bylaws requiring that the
 18 association hold regular meetings at least annually to
 19 further purposes of the membership; except for credit
 20 unions, the association collect dues or solicit
 21 contributions from members; and the members have voting
 22 privileges and representation on the governing board and
 23 committees.

24 (ii) Thirty days after filing, the association is
 25 considered as having satisfied the organizational

1 requirements unless the commissioner finds after hearing
 2 that the association does not satisfy the organizational
 3 requirements.

4 (d) a group other than as described in subsections
 5 (3)(a) through (3)(c) if the commissioner determines that
 6 the:

7 (i) issuance of the group policy is not contrary to the
 8 best interests of the public;

9 (ii) issuance of the group policy would result in
 10 economies of acquisition or administration; and

11 (iii) benefits are reasonable in relation to the
 12 premiums charged.

13 (4) (a) "Long-term care insurance":

14 (i) means a policy as defined in subsection (5) that is
 15 advertised, marketed, offered, or designed to provide
 16 coverage for not less than 12 consecutive months for a
 17 covered person, on an expense-incurred, indemnity, prepaid,
 18 or other basis, for a necessary or medically necessary
 19 diagnostic, preventive, therapeutic, rehabilitative,
 20 maintenance, or personal care service provided in a setting
 21 other than an acute care unit of a hospital; and

22 (ii) includes group and individual insurance policies or
 23 riders, whether issued by an insurer, fraternal benefit
 24 society, health service corporation, prepaid health plan,
 25 health maintenance organization, or similar organization;

1 (iii) includes group and individual annuities and life
2 insurance policies or riders that provide directly or that
3 supplement long-term care insurance; and

4 (iv) includes any product advertised, marketed, or
5 offered as long-term care insurance regardless of any
6 exceptions to the definition included in this section.

7 (b) Long-term care insurance does not include an
8 insurance policy that is offered primarily to provide basic
9 medicare supplement coverage, basic hospital expense
10 coverage, basic medical-surgical expense coverage, hospital
11 confinement indemnity coverage, major medical expense
12 coverage, disability income protection coverage, accident
13 only coverage, specified disease or specified accident
14 coverage, or limited benefit health coverage.

15 (c) Long-term care insurance does not include life
16 insurance policies that accelerate the death benefit
17 specifically for one or more of the qualifying events of
18 terminal illness, medical conditions requiring extraordinary
19 medical intervention, or permanent institutional confinement
20 and that provide the option of a lump-sum payment for those
21 benefits and in which neither the benefits nor the
22 eligibility for the benefits is conditioned upon the receipt
23 of long-term care.

24 (c)(d) An insurance policy that is offered primarily to
25 provide basic medicare supplement coverage, basic hospital

1 expense coverage, basic medical-surgical expense coverage,
2 hospital confinement indemnity coverage, major medical
3 expense coverage, disability income protection coverage,
4 accident only coverage, specified disease or specified
5 accident coverage, or limited benefit health coverage and
6 that also contains long-term care insurance benefits of a
7 duration of at least 6 months is not required to meet the
8 requirements of this part unless the premium allocable to
9 the long-term care insurance benefits contained in the
10 policy is greater than 25% of the total policy premium.

11 (5) "Policy" means a policy as defined in 33-15-102, a
12 membership contract as defined in 33-30-101, a health care
13 services agreement as defined in 33-31-102 delivered or
14 issued for delivery in this state by an insurer, fraternal
15 benefit society, health service corporation, prepaid health
16 plan, health maintenance organization, or similar
17 organization.

18 (6) "Preexisting condition" means a condition for which
19 medical advice or treatment was recommended by or received
20 from a provider of health care services within 6 months
21 preceding the effective date of coverage of an insured
22 person."

23 **NEW SECTION. Section 3. Life insurance policy with**
24 **long-term care provision -- policy summary required. At the**
25 **time of policy delivery, a policy summary must be delivered**

1 to the insured for an individual life insurance policy that
 2 provides long-term care benefits within the policy or by
 3 rider. In the case of direct response solicitations, the
 4 insurer shall deliver the policy summary upon the
 5 applicant's request but no later than the time of policy
 6 delivery. In addition to complying with all applicable
 7 requirements, the summary must also include:

8 (1) an explanation of how the long-term care benefits
 9 interact with other components of the policy, including
 10 deductions from death benefits;

11 (2) an illustration of the amount of benefits, the
 12 length of benefits, and the guaranteed lifetime benefits, if
 13 any, for each covered person;

14 (3) any exclusions, reductions, and limitations on
 15 benefits of long-term care; and

16 (4) if applicable to the policy type:

17 (a) a disclosure of the effects of exercising other
 18 rights under the policy;

19 (b) a disclosure of guaranties related to long-term
 20 care costs of insurance charges; and

21 (c) current and projected maximum lifetime benefits.

22 **NEW SECTION. Section 4. Life insurance policy paying**
 23 **long-term benefits -- monthly QUARTERLY report.** When a
 24 long-term care benefit, funded through a life insurance
 25 vehicle by the acceleration of the death benefit, is in

1 benefit payment status, a ~~monthly~~ QUARTERLY report must be
 2 provided to the policyholder. The report must include:

3 (1) the amount of long-term care benefits paid out
 4 during the EACH month OF THE QUARTER;

5 (2) an explanation of any changes in the policy,
 6 including without limitation death benefits or cash values,
 7 resulting from long-term care benefits having been paid out;
 8 and

9 (3) the amount of long-term care benefits existing or
 10 remaining.

11 **NEW SECTION. Section 5. Codification instruction.**
 12 [Sections 3 and 4] are intended to be codified as an
 13 integral part of Title 33, chapter 20, part 1, and the
 14 provisions of Title 33 apply to [sections 3 and 4].

-End-

1 HOUSE BILL NO. 854

2 INTRODUCED BY POSTER, T. NELSON, THOMAS

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW LIFE INSURANCE
5 LONG-TERM CARE PRODUCTS IN MONTANA; AND AMENDING SECTIONS
6 33-1-208 AND 33-22-1107, MCA."
7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 33-1-208, MCA, is amended to read:

10 **"33-1-208. Life insurance.** Life insurance is insurance
11 on human lives. The transaction of life insurance includes
12 also the granting of endowment benefits, additional benefits
13 in event of death or dismemberment by accident or accidental
14 means, additional benefits in event of the insured's
15 disability, benefits that provide reimbursement or payment
16 for long-term home health care or long-term care in a
17 nursing home or other related institution, and optional
18 modes of settlement of proceeds of life insurance.
19 Transaction of life insurance does not include workers'
20 compensation insurance."

21 **Section 2.** Section 33-22-1107, MCA, is amended to read:

22 **"33-22-1107. Definitions.** As used in this part, the
23 following definitions apply:

24 (1) "Applicant" means:

25 (a) in the case of an individual long-term care

1 insurance policy, the person who seeks to contract for the
2 insurance; and

3 (b) in the case of a group long-term care insurance
4 policy, the proposed certificate holder.

5 (2) "Certificate" means a document issued to a member
6 of the group covered under a group insurance policy that has
7 been delivered or issued for delivery in this state as
8 evidence that the individual named in the certificate is
9 covered under the policy.

10 (3) "Group long-term care insurance" means a long-term
11 care insurance policy that is delivered or issued for
12 delivery in this state and issued to:

13 (a) (i) an employer;

14 (ii) a labor organization;

15 (iii) a trust established by an employer or labor
16 organization; or

17 (iv) a trustee of a fund established by an employer or
18 labor organization or a combination thereof for:

19 (A) employees or former employees or a combination
20 thereof; or

21 (B) members or former members of the labor organization
22 or a combination thereof;

23 (b) a professional, trade, or occupational association
24 for its current, former, or retired members or combination
25 thereof, if the association:

1 (i) is composed of individuals all of whom are or were
2 actively engaged in the same profession, trade, or
3 occupation; and

4 (ii) has been maintained in good faith for purposes
5 other than obtaining insurance; or

6 (c) an association, a trust, or the trustee of a fund
7 established, created, or maintained for the benefit of
8 members of one or more associations.

9 (i) Prior to advertising, marketing, or offering the
10 policy within this state, the association or the insurer of
11 the association shall file evidence with the commissioner
12 that the association has:

13 (A) a minimum of 100 persons at the outset;

14 (B) been organized and maintained in good faith for
15 purposes other than obtaining insurance;

16 (C) been in active existence for at least 1 year; and

17 (D) a constitution and bylaws requiring that the
18 association hold regular meetings at least annually to
19 further purposes of the membership; except for credit
20 unions, the association collect dues or solicit
21 contributions from members; and the members have voting
22 privileges and representation on the governing board and
23 committees.

24 (ii) Thirty days after filing, the association is
25 considered as having satisfied the organizational

1 requirements unless the commissioner finds after hearing
2 that the association does not satisfy the organizational
3 requirements.

4 (d) a group other than as described in subsections
5 (3)(a) through (3)(c) if the commissioner determines that
6 the:

7 (i) issuance of the group policy is not contrary to the
8 best interests of the public;

9 (ii) issuance of the group policy would result in
10 economies of acquisition or administration; and

11 (iii) benefits are reasonable in relation to the
12 premiums charged.

13 (4) (a) "Long-term care insurance":

14 (i) means a policy as defined in subsection (5) that is
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17 covered person, on an expense-incurred, indemnity, prepaid,
18 or other basis, for a necessary or medically necessary
19 diagnostic, preventive, therapeutic, rehabilitative,
20 maintenance, or personal care service provided in a setting
21 other than an acute care unit of a hospital; and

22 (ii) includes group and individual insurance policies or
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 2 insurance policies or riders that provide directly or that
 3 supplement long-term care insurance; and

4 (iv) includes any product advertised, marketed, or
 5 offered as long-term care insurance regardless of any
 6 exceptions to the definition included in this section.

7 (b) Long-term care insurance does not include an
 8 insurance policy that is offered primarily to provide basic
 9 medicare supplement coverage, basic hospital expense
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 20 and that provide the option of a lump-sum payment for those
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 22 eligibility for the benefits is conditioned upon the receipt
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24 (e)(d) An insurance policy that is offered primarily to
 25 provide basic medicare supplement coverage, basic hospital

1 expense coverage, basic medical-surgical expense coverage,
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 7 duration of at least 6 months is not required to meet the
 8 requirements of this part unless the premium allocable to
 9 the long-term care insurance benefits contained in the
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 12 membership contract as defined in 33-30-101, a health care
 13 services agreement as defined in 33-31-102 delivered or
 14 issued for delivery in this state by an insurer, fraternal
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18 (6) "Preexisting condition" means a condition for which
 19 medical advice or treatment was recommended by or received
 20 from a provider of health care services within 6 months
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23 NEW SECTION. Section 3. Life insurance policy with
 24 long-term care provision -- policy summary required. At the
 25 time of policy delivery, a policy summary must be delivered

1 to the insured for an individual life insurance policy that
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 9 interact with other components of the policy, including
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 13 any, for each covered person;

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 15 benefits of long-term care; and

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 20 care costs of insurance charges; and

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 23 **long-term benefits -- monthly QUARTERLY report.** When a
 24 long-term care benefit, funded through a life insurance
 25 vehicle by the acceleration of the death benefit, is in

1 benefit payment status, a **monthly QUARTERLY** report must be
 2 provided to the policyholder. The report must include:

3 (1) the amount of long-term care benefits paid out
 4 during the **EACH** month **OF THE QUARTER**;

5 (2) an explanation of any changes in the policy,
 6 including without limitation death benefits or cash values,
 7 resulting from long-term care benefits having been paid out;
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9 (3) the amount of long-term care benefits existing or
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11 on human lives. The transaction of life insurance includes
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16 for long-term home health care or long-term care in a
17 nursing home or other related institution, and optional
18 modes of settlement of proceeds of life insurance.
19 Transaction of life insurance does not include workers'
20 compensation insurance."

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22 "33-22-1107. Definitions. As used in this part, the
23 following definitions apply:

24 (1) "Applicant" means:

25 (a) in the case of an individual long-term care

1 insurance policy, the person who seeks to contract for the
2 insurance; and

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4 policy, the proposed certificate holder.

5 (2) "Certificate" means a document issued to a member
6 of the group covered under a group insurance policy that has
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9 covered under the policy.

10 (3) "Group long-term care insurance" means a long-term
11 care insurance policy that is delivered or issued for
12 delivery in this state and issued to:

13 (a) (i) an employer;

14 (ii) a labor organization;

15 (iii) a trust established by an employer or labor
16 organization; or

17 (iv) a trustee of a fund established by an employer or
18 labor organization or a combination thereof for:

19 (A) employees or former employees or a combination
20 thereof; or

21 (B) members or former members of the labor organization
22 or a combination thereof;

23 (b) a professional, trade, or occupational association
24 for its current, former, or retired members or combination
25 thereof, if the association:

1 (i) is composed of individuals all of whom are or were
2 actively engaged in the same profession, trade, or
3 occupation; and

4 (ii) has been maintained in good faith for purposes
5 other than obtaining insurance; or

6 (c) an association, a trust, or the trustee of a fund
7 established, created, or maintained for the benefit of
8 members of one or more associations.

9 (i) Prior to advertising, marketing, or offering the
10 policy within this state, the association or the insurer of
11 the association shall file evidence with the commissioner
12 that the association has:

13 (A) a minimum of 100 persons at the outset;

14 (B) been organized and maintained in good faith for
15 purposes other than obtaining insurance;

16 (C) been in active existence for at least 1 year; and

17 (D) a constitution and bylaws requiring that the
18 association hold regular meetings at least annually to
19 further purposes of the membership; except for credit
20 unions, the association collect dues or solicit
21 contributions from members; and the members have voting
22 privileges and representation on the governing board and
23 committees.

24 (ii) Thirty days after filing, the association is
25 considered as having satisfied the organizational

1 requirements unless the commissioner finds after hearing
2 that the association does not satisfy the organizational
3 requirements.

4 (d) a group other than as described in subsections
5 (3)(a) through (3)(c) if the commissioner determines that
6 the:

7 (i) issuance of the group policy is not contrary to the
8 best interests of the public;

9 (ii) issuance of the group policy would result in
10 economies of acquisition or administration; and

11 (iii) benefits are reasonable in relation to the
12 premiums charged.

13 (4) (a) "Long-term care insurance":

14 (i) means a policy as defined in subsection (5) that is
15 advertised, marketed, offered, or designed to provide
16 coverage for not less than 12 consecutive months for a
17 covered person, on an expense-incurred, indemnity, prepaid,
18 or other basis, for a necessary or medically necessary
19 diagnostic, preventive, therapeutic, rehabilitative,
20 maintenance, or personal care service provided in a setting
21 other than an acute care unit of a hospital; and

22 (ii) includes group and individual insurance policies or
23 riders, whether issued by an insurer, fraternal benefit
24 society, health service corporation, prepaid health plan,
25 health maintenance organization, or similar organization;

1 (iii) includes group and individual annuities and life
2 insurance policies or riders that provide directly or that
3 supplement long-term care insurance; and

4 (iv) includes any product advertised, marketed, or
5 offered as long-term care insurance regardless of any
6 exceptions to the definition included in this section.

7 (b) Long-term care insurance does not include an
8 insurance policy that is offered primarily to provide basic
9 medicare supplement coverage, basic hospital expense
10 coverage, basic medical-surgical expense coverage, hospital
11 confinement indemnity coverage, major medical expense
12 coverage, disability income protection coverage, accident
13 only coverage, specified disease or specified accident
14 coverage, or limited benefit health coverage.

15 (c) Long-term care insurance does not include life
16 insurance policies that accelerate the death benefit
17 specifically for one or more of the qualifying events of
18 terminal illness, medical conditions requiring extraordinary
19 medical intervention, or permanent institutional confinement
20 and that provide the option of a lump-sum payment for those
21 benefits and in which neither the benefits nor the
22 eligibility for the benefits is conditioned upon the receipt
23 of long-term care.

24 (d) An insurance policy that is offered primarily to
25 provide basic medicare supplement coverage, basic hospital

1 expense coverage, basic medical-surgical expense coverage,
2 hospital confinement indemnity coverage, major medical
3 expense coverage, disability income protection coverage,
4 accident only coverage, specified disease or specified
5 accident coverage, or limited benefit health coverage and
6 that also contains long-term care insurance benefits of a
7 duration of at least 6 months is not required to meet the
8 requirements of this part unless the premium allocable to
9 the long-term care insurance benefits contained in the
10 policy is greater than 25% of the total policy premium.

11 (5) "Policy" means a policy as defined in 33-15-102, a
12 membership contract as defined in 33-30-101, a health care
13 services agreement as defined in 33-31-102 delivered or
14 issued for delivery in this state by an insurer, fraternal
15 benefit society, health service corporation, prepaid health
16 plan, health maintenance organization, or similar
17 organization.

18 (6) "Preexisting condition" means a condition for which
19 medical advice or treatment was recommended by or received
20 from a provider of health care services within 6 months
21 preceding the effective date of coverage of an insured
22 person."

23 NEW SECTION. Section 3. Life insurance policy with
24 long-term care provision -- policy summary required. At the
25 time of policy delivery, a policy summary must be delivered

1 to the insured for an individual life insurance policy that
 2 provides long-term care benefits within the policy or by
 3 rider. In the case of direct response solicitations, the
 4 insurer shall deliver the policy summary upon the
 5 applicant's request but no later than the time of policy
 6 delivery. In addition to complying with all applicable
 7 requirements, the summary must also include:

8 (1) an explanation of how the long-term care benefits
 9 interact with other components of the policy, including
 10 deductions from death benefits;

11 (2) an illustration of the amount of benefits, the
 12 length of benefits, and the guaranteed lifetime benefits, if
 13 any, for each covered person;

14 (3) any exclusions, reductions, and limitations on
 15 benefits of long-term care; and

16 (4) if applicable to the policy type:

17 (a) a disclosure of the effects of exercising other
 18 rights under the policy;

19 (b) a disclosure of guaranties related to long-term
 20 care costs of insurance charges; and

21 (c) current and projected maximum lifetime benefits.

22 NEW SECTION. Section 4. Life insurance policy paying
 23 long-term benefits -- monthly QUARTERLY report. When a
 24 long-term care benefit, funded through a life insurance
 25 vehicle by the acceleration of the death benefit, is in

1 benefit payment status, a monthly QUARTERLY report must be
 2 provided to the policyholder. The report must include:

3 (1) the amount of long-term care benefits paid out
 4 during the EACH month OF THE QUARTER;

5 (2) an explanation of any changes in the policy,
 6 including without limitation death benefits or cash values,
 7 resulting from long-term care benefits having been paid out;
 8 and

9 (3) the amount of long-term care benefits existing or
 10 remaining.

11 NEW SECTION. Section 5. Codification instruction.
 12 [Sections 3 and 4] are intended to be codified as an
 13 integral part of Title 33, chapter 20, part 1, and the
 14 provisions of Title 33 apply to [sections 3 and 4].

-End-