

**PROPOSED AMENDMENTS TO
HOUSE BILL 2850**

1 On page 1 of the printed bill, delete lines 6 through 24 and insert:

2 **“SECTION 2. (1)(a) An insurer may not issue an individual long**
3 **term care insurance policy until the insurer receives from an applicant**
4 **for the policy:**

5 **“(A) A written designation of the full name and residential address**
6 **of at least one person, in addition to the applicant, to whom the**
7 **insurer can send notice of a lapse or termination of the policy because**
8 **of a failure to pay a premium; or**

9 **“(B) A written waiver that the applicant has signed and dated and**
10 **in which the applicant elects not to designate another person to whom**
11 **an insurer can send the notice described in subparagraph (A) of this**
12 **paragraph. The waiver must read substantially as follows:**

13 “ _____
14 I understand that I have a right to designate at least one other
15 person other than myself to receive notice of lapse or termination of
16 this insurance policy for failing to pay a premium. I understand that
17 the insurer will not send a notice until 30 days after a premium is due
18 and remains unpaid. I elect NOT to designate a person other than
19 myself to receive this notice.

20 “ _____
21 **“(b) At least once every two years an insurer shall notify a policy**
22 **owner of the policy owner’s right to change the person the policy**

1 owner designates to receive the notice described in paragraph (a)(A)
2 of this subsection.

3 “(c) An applicant’s designation of another person to receive the
4 notice described in paragraph (a)(A) of this subsection does not con-
5 stitute the other person’s acceptance of a liability for services an
6 insurer provides to an insured under an individual long term care in-
7 surance policy.

8 “(d) If a policy owner pays premiums for an individual long term
9 care insurance policy by means of a payroll deduction or a deduction
10 from a pension payment, the requirement to obtain a designation from
11 the policy owner as provided in paragraph (a)(A) of this subsection
12 does not apply until 60 days after the policy owner stops paying pre-
13 miums through a payroll deduction or a deduction from a pension
14 payment.

15 “(2) In addition to the requirement specified in subsection (1) of this
16 section, an individual long term care insurance policy must provide for
17 reinstating coverage after a lapse if the insurer receives proof that the
18 policy owner was cognitively impaired or had a loss of functional ca-
19 pacity before the expiration of any grace period for premium payments
20 that is set forth in the policy. An insured may request reinstatement
21 under this subsection within five months after the insurance policy
22 lapsed and the insurer may require the insured to pay all past due
23 premiums. For purposes of this subsection, the standard for deter-
24 mining cognitive impairment or a loss of functional capacity may not
25 be more stringent than any criteria set forth in the insurance policy
26 for determining cognitive impairment or a loss of functional capacity
27 for the purposes of showing eligibility for benefits.

28 “(3) A notice that an individual life insurance policy, individual long
29 term care insurance policy or individual disability income policy has
30 lapsed because of a failure to pay a premium is effective only if the

1 **insurer:**

2 **“(a) Sends a written notice at least 30 days before the date of the**
3 **lapse;**

4 **“(b) Accompanies the notice with an explanation of the reason for**
5 **the lapse; and**

6 **“(c) Sends the notice:**

7 **“(A) By first class mail, postage prepaid, to the last-known address**
8 **of the policy owner and designee, if any; or**

9 **“(B) To the last-known electronic mail address for the policy owner**
10 **and designee, if any, that is in the insurer’s records, provided that the**
11 **policy owner and designee consent to receive notices related to the**
12 **policy owner’s insurance policy electronically.**

13 **“(4) This section does not apply to an individual life insurance pol-**
14 **icy, an individual long term care insurance policy or an individual**
15 **disability income policy that requires a premium payment each month**
16 **or at more frequent intervals.**

17 **“(5) The Director of the Department of Consumer and Business**
18 **Services may adopt rules to implement the requirements of this sec-**
19 **tion.”.**

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