62S.23 REQUIREMENT TO OFFER INFLATION PROTECTION.

Subdivision 1. **Inflation protection feature.** (a) No insurer may offer a long-term care insurance policy unless the insurer also offers to the policyholder, in addition to any other inflation protection, the option to purchase a policy that provides for benefit levels to increase with benefit maximums or reasonable durations which are meaningful to account for reasonably anticipated increases in the costs of long-term care services covered by the policy. In addition to other options that may be offered, insurers must offer to each policyholder, at the time of purchase, the option to purchase a policy with an inflation protection feature no less favorable than one of the following:

(1) increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five percent;

(2) guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status so long as the option for the previous period has not been declined. The amount of the additional benefit shall be no less than the difference between the existing policy benefit and that benefit compounded annually at a rate of at least five percent for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made; or

(3) covers a specified percentage of actual or reasonable charges and does not include a maximum specified indemnity amount or limit.

(b) A long-term care partnership policy must provide the inflation protection described in this subdivision. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy must provide compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy must provide some level of inflation protection; and

(3) has attained the age of 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Inflation protection for a long-term care partnership policy may not be less than one percent per year or a rate based on changes in the Consumer Price Index. The commissioner, however, may approve other types of inflation protection that comply with this section and further the goals of the partnership program.

Subd. 2. **Group offer.** Except as otherwise provided in this subdivision, if the policy is issued to a group, the required offer in subdivision 1 must be made to the group policyholder. If the policy is issued to a group as defined in section 62S.01, subdivision 15, clause (4), other than to a continuing care retirement community, the offering must be made to each proposed certificate holder.

Subd. 3. **Required information.** Insurers shall include the following information in or with the outline of coverage:

(1) a graphic comparison of the benefit levels of a policy that increases benefits over the policy period with a policy that does not increase benefits. The graphic comparison must show benefit levels over at least a 20-year period; and

(2) any expected premium increases or additional premiums to pay for automatic or optional benefit increases.

An insurer may use a reasonable, hypothetical, or a graphic demonstration for the purposes of this disclosure.

Subd. 4. **Benefit continued.** Inflation protection benefit increases under a policy which contains this benefit shall continue without regard to an insured's age, claim status or claim history, or the length of time the person has been insured under the policy.

Subd. 5. **Automatic benefit increases.** An offer of inflation protection which provides for automatic benefit increases must include an offer of a premium which the insurer expects to remain constant. The offer must disclose in a conspicuous manner that the premium may change in the future unless the premium is guaranteed to remain constant.

Subd. 6. **Rejection.** Inflation protection as provided in subdivision 1, clause (1), must be included in a long-term care insurance policy unless an insurer obtains a rejection of inflation protection signed by the policyholder as required in this section. The rejection may be either in the application or on a separate form.

The rejection shall be considered a part of the application and shall state:

I have reviewed the outline of coverage and the graphs that compare the benefits and premiums of this policy with and without inflation protections. Specifically, I have reviewed plans ....., and I reject inflation protection.

Subd. 7. **Exception.** This section does not apply to life insurance policies or riders containing accelerated long-term care benefits.

History: *1997 c 71 art 1 s 23; 2007 c 104 s 17; 2008 c 344 s 29; 2015 c 59 s 2*