**Section 2012.125 Availability of New Services or Providers**

a) An insurer shall notify policyholders of the availability of a new long-term care policy series that provides coverage for new long-term care services or providers that are material in nature and not previously available through the insurer to the general public. The notice shall be provided within 12 months after the date the new policy series is made available for sale in this State. New long-term care services or providers that are material in nature shall not include changes to policy structure or benefits or provisions that are minor in nature. Examples of when notification need not be provided include changes in elimination periods, benefit periods and benefit amounts.

b) Notwithstanding subsection (a), notification is not required for any policy issued prior to July 2008, or to any policyholder or certificateholder who is currently eligible for benefits, within an elimination period or on claim, or who previously has been in claim status, or who would not be eligible to apply for coverage due to issue age limitations under the new policy. The insurer may require that policyholders meet all eligibility requirements, including underwriting and payment of the required premium to add new services or providers.

c) The insurer shall make the new coverage available in one of the following ways:

1) By adding a rider to the existing policy and charging a separate premium for the new rider based on the insured's attained age;

2) By exchanging the existing policy or certificate for one with an issue age based on the present age of the insured and recognizing past insured status by granting premium credits toward the premiums for the new policy or certificate. The premium credits shall be based on premiums paid or reserves held for the prior policy or certificate;

3) By exchanging the existing policy or certificate for a new policy or certificate in which consideration for past insured status shall be recognized by setting the premium for the new policy or certificate at the issue age of the policy or certificate being exchanged. The cost for the new policy or certificate may recognize the difference in reserves between the new policy or certificate and the original policy or certificate; or

4) By an alternative program (such as underwriting concessions) developed by the insurer that meets the intent of this Section if the program is filed with and approved by the Director.

d) An insurer is not required to notify policyholders of a new proprietary policy series created and filed for use in a limited distribution channel. For purposes of this subsection, "limited distribution channel" means through a discrete entity, such as a financial institution or brokerage, for which specialized products are available that are not available for sale to the general public. Policyholders that purchased such a proprietary policy shall be notified when a new long-term care policy series that provides coverage for new long-term care services or providers that are material in nature is made available to that limited distribution channel.

e) Policies issued pursuant to this Section shall be considered exchanges and not replacements. These exchanges shall not be subject to Sections 2012.90 and 2012.123 of this Part, and the reporting requirements of Section 2012.95(a) through (e) of this Part.

f) When the policy is offered through an employer, labor organization or professional, trade or occupational association, the required notification in subsection (a) shall be made to the offering entity. However, if the policy is issued to a group defined in Section 351A-1(e)(4) of the Code, the notification shall be made to each certificateholder.

g) Nothing in this Section shall prohibit an insurer from offering any policy, rider, certificate or coverage change to any policyholder or certificateholder. However, upon request, any policyholder may apply for currently available coverage that includes the new services or providers. The insurer may require that policyholders meet all eligibility requirements, including underwriting and payment of the required premium to add new services or providers.

h) This Section does not apply to life insurance policies or riders containing accelerated long-term care benefits.

i) The provisions of this Section apply on and after January 1, 2009.

(Source: Added at 32 Ill. Reg. 7600, effective May 5, 2008)