

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 583

95TH GENERAL ASSEMBLY

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Reported from the Committee on Small Business, Insurance and Industry, February 18, 2010, with recommendation that the Senate Committee Substitute do pass and be placed on the Consent Calendar.

3574S.04C

TERRY L. SPIELER, Secretary.

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## AN ACT

To repeal section 376.1109, RSMo, and to enact in lieu thereof two new sections relating to the refund of unearned premiums on certain cancelled insurance policies.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 376.1109, RSMo, is repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 376.882 and 376.1109, to read as  
3 follows:

**376.882. 1. If a Medicare supplement policy issued, delivered, or  
2 renewed in this state on or after January 1, 2011, is cancelled for any  
3 reason, the insurer shall refund the unearned portion of any premium  
4 paid beyond the month in which the cancellation is effective. Any  
5 refund shall be returned to the policyholder within twenty days from  
6 the date the insurer receives notice of the cancellation.**

**7 2. The policyholder may notify the insurer of cancellation of such  
8 Medicare supplement policy by sending verbal, written, or electronic  
9 notification.**

376.1109. 1. The director may adopt regulations that include standards  
2 for full and fair disclosure setting forth the manner, content and required  
3 disclosures for the sale of long-term care insurance policies, terms of renewability,  
4 initial and subsequent conditions of eligibility, nonduplication of coverage  
5 provisions, coverage of dependents, preexisting conditions, termination of  
6 insurance, continuation or conversion, probationary periods, limitations,  
7 exceptions, reductions, elimination periods, requirements for replacement,  
8 recurrent conditions and definitions of terms. Regulations adopted pursuant to  
9 sections 376.1100 to 376.1130 shall be in accordance with the provisions of

10 chapter 536, RSMo.

11 2. No long-term care insurance policy may:

12 (1) Be canceled, nonrenewed or otherwise terminated on the grounds of  
13 the age or the deterioration of the mental or physical health of the insured  
14 individual or certificate holder; or

15 (2) Contain a provision establishing a new waiting period in the event  
16 existing coverage is converted to or replaced by a new or other form within the  
17 same company, except with respect to an increase in benefits voluntarily selected  
18 by the insured individual or group policyholder; or

19 (3) Provide coverage for skilled nursing care only or provide significantly  
20 more coverage for skilled care in a facility than for lower levels of care.

21 3. No long-term care insurance policy or certificate other than a policy or  
22 certificate thereunder issued to a group as defined in paragraph (a) of subdivision  
23 (4) of subsection 2 of section 376.1100:

24 (1) Shall use a definition of preexisting condition which is more restrictive  
25 than the following: "Preexisting condition" means a condition for which medical  
26 advice or treatment was recommended by, or received from, a provider of health  
27 care services, within six months preceding the effective date of coverage of an  
28 insured person;

29 (2) May exclude coverage for a loss or confinement which is the result of  
30 a preexisting condition unless such loss or confinement begins within six months  
31 following the effective date of coverage of an insured person.

32 4. The director may extend the limitation periods set forth in subdivisions  
33 (1) and (2) of subsection 3 of this section as to specific age group categories in  
34 specific policy forms upon findings that the extension is in the best interest of the  
35 public.

36 5. The definition of preexisting condition provided in subsection 3 of this  
37 section does not prohibit an insurer from using an application form designed to  
38 elicit the complete health history of an applicant, and, on the basis of the answers  
39 on that application, from underwriting in accordance with that insurer's  
40 established underwriting standards. Unless otherwise provided in the policy or  
41 certificate, a preexisting condition, regardless of whether it is disclosed on the  
42 application, need not be covered until the waiting period described in subdivision  
43 (2) of subsection 3 of this section expires. No long-term care insurance policy or  
44 certificate may exclude or use waivers or riders of any kind to exclude, limit or  
45 reduce coverage or benefits for specifically named or described preexisting

46 diseases or physical conditions beyond the waiting period described in subdivision  
47 (2) of subsection 3 of this section.

48         6. No long-term care insurance policy may be delivered or issued for  
49 delivery in this state if such policy:

50             (1) Conditions eligibility for any benefits on a prior hospitalization  
51 requirement; or

52             (2) Conditions eligibility for benefits provided in an institutional care  
53 setting on the receipt of a higher level of institutional care; or

54             (3) Conditions eligibility for any benefits other than waiver of premium,  
55 post-confinement, post-acute care or recuperative benefits on a prior  
56 institutionalization requirement.

57         7. A long-term care insurance policy containing post-confinement,  
58 post-acute care or recuperative benefits shall clearly label in a separate  
59 paragraph of the policy or certificate entitled "Limitations or Conditions on  
60 Eligibility for Benefits" such limitations or conditions, including any required  
61 number of days of confinement.

62         8. A long-term care insurance policy or rider which conditions eligibility  
63 of noninstitutional benefits on the prior receipt of institutional care shall not  
64 require a prior institutional stay of more than thirty days.

65         9. No long-term care insurance policy or rider which provides benefits only  
66 following institutionalization shall condition such benefits upon admission to a  
67 facility for the same or related conditions within a period of less than thirty days  
68 after discharge from the institution.

69         10. The director may adopt regulations establishing loss ratio standards  
70 for long-term care insurance policies provided that a specific reference to  
71 long-term care insurance policies is contained in the regulation.

72         11. Long-term care insurance applicants shall have the right to return the  
73 policy or certificate within thirty days of its delivery and to have the premium  
74 refunded if, after examination of the policy or certificate, the applicant is not  
75 satisfied for any reason. Long-term care insurance policies and certificates shall  
76 have a notice prominently printed on the first page or attached thereto stating  
77 in substance that the applicant shall have the right to return the policy or  
78 certificate within thirty days of its delivery and to have the premium refunded  
79 if, after examination of the policy or certificate, other than a certificate issued  
80 pursuant to a policy issued to a group defined in paragraph (a) of subdivision (4)  
81 of subsection 2 of section 376.1100, the applicant is not satisfied for any

82 reason. This subsection shall also apply to denials of applications and any refund  
83 must be made within thirty days of the return or denial.

84 **12. (1) If a long-term care insurance policy issued, delivered, or**  
85 **renewed in this state on or after January 1, 2011, is cancelled for any**  
86 **reason, the insurer shall refund the unearned portion of any premium**  
87 **paid beyond the month in which the cancellation is effective. Any**  
88 **refund shall be returned to the policyholder within twenty days from**  
89 **the date the insurer receives notice of the cancellation. Long-term care**  
90 **insurance policies and certificates shall have a notice prominently**  
91 **printed on the first page or attached thereto stating in substance that**  
92 **the applicant shall be entitled to a refund of the unearned premium if**  
93 **the policy is cancelled for any reason.**

94 **(2) The policyholder may notify the insurer of cancellation of**  
95 **such long-term care insurance policy at anytime by sending verbal,**  
96 **written, or electronic notification.**

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Bill

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