

HOUSE BILL No. 4395

March 7, 1989, Introduced by Reps. Stupak, Dutko, Brown, DeLange, Krause, Palamara, Barns, Middaugh, Bartnik, Runco, Varga, Stallworth, Gire, Webb, Pitoniak, Weeks, Clack, Rocca, Gilmer, Van Singel, Bandstra, Fitzgerald, Strand, Dunaskiss, Honigman, Munsell, Emmons, Miller, Alley, Mathieu, Berman, Johnson, Hollister, Porreca, Hoekman, Camp and Saunders and referred to the Committee on Insurance.

A bill to amend section 2069 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

being section 500.2069 of the Michigan Compiled Laws; and to add sections 2005b, 2287, and 2288.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2069 of Act No. 218 of the Public Acts
2 of 1956, being section 500.2069 of the Michigan Compiled Laws, is
3 amended and sections 2005b, 2287, and 2288 are added to read as
4 follows:

5 SEC. 2005B. IT IS AN UNFAIR METHOD OF COMPETITION AND AN
6 UNFAIR OR DECEPTIVE ACT OR PRACTICE IN THE BUSINESS OF INSURANCE
7 FOR AN INSURER, AGENT, SOLICITOR, OR COUNSELOR TO INDUCE A PERSON
8 TO CANCEL OR OTHERWISE TERMINATE A LONG-TERM CARE INSURANCE
9 POLICY OR COVERAGE AND REPLACE IT WITH A LONG-TERM CARE INSURANCE

1 POLICY UNLESS THERE IS A SUBSTANTIAL DIFFERENCE IN COST FAVORABLE
2 TO THE POLICYHOLDER OR THE INSURED HAS PREVIOUSLY DEMONSTRATED A
3 DISSATISFACTION WITH THE SERVICE PRESENTLY BEING RECEIVED FROM
4 THE CURRENT INSURER, HEALTH CARE CORPORATION, AGENT, SOLICITOR,
5 OR COUNSELOR. AN INSURER, AGENT, SOLICITOR, OR COUNSELOR MAY
6 REPLACE A LONG-TERM CARE INSURANCE POLICY OR COVERAGE WITH A
7 LONG-TERM CARE POLICY THAT HAS FEWER AGGREGATE BENEFITS ONLY IF
8 THE PROSPECTIVE INSURED SIGNS AN ACKNOWLEDGMENT THAT IT IS UNDER-
9 STOOD THAT THE PROSPECTIVE INSURED WILL RECEIVE LESS BENEFITS
10 UNDER THE NEW POLICY THAN UNDER THE CURRENT POLICY OR COVERAGE.

11 (2) AN INSURER, AGENT, SOLICITOR, OR COUNSELOR WHO VIOLATES
12 SUBSECTION (1) SHALL BE SUBJECT TO THE PENALTY PROVISIONS OF THIS
13 CHAPTER AND, IN ADDITION, SHALL PROVIDE TO THE INSURED THE
14 GREATER OF THE FOLLOWING:

15 (A) BENEFITS THE INSURED WOULD HAVE BEEN ENTITLED TO UNDER
16 THE REPLACED LONG-TERM CARE INSURANCE POLICY OR COVERAGE.

17 (B) BENEFITS THE INSURED IS ENTITLED TO UNDER THE CURRENT
18 LONG-TERM CARE INSURANCE POLICY.

19 Sec. 2069. Any insurer, agent, solicitor, or any person,
20 firm, association, or corporation, violating any of the provi-
21 sions of sections 2064 and 2066 shall be guilty of a
22 misdemeanor. ~~and upon~~ UPON conviction ~~thereof~~ OF VIOLATING
23 SECTION 2066 the offender ~~or offenders~~ shall be sentenced to
24 pay a fine of not more than \$100.00 for each ~~and every~~ viola-
25 tion, or in the discretion of the court, to imprisonment in the
26 county jail of the county in which the offense is committed.
27 UPON CONVICTION OF VIOLATING SECTION 2064 THE OFFENDER SHALL BE

1 SENTENCED TO PAY A FINE OF NOT MORE THAN \$1,000.00 FOR EACH
 2 VIOLATION, OR IN THE DISCRETION OF THE COURT, TO IMPRISONMENT IN
 3 THE COUNTY JAIL OF THE COUNTY IN WHICH THE OFFENSE IS COMMITTED.

4 SEC. 2287. AN INSURER THAT OFFERS LONG-TERM CARE INSURANCE
 5 SHALL PROVIDE TO A PROSPECTIVE APPLICANT BEFORE APPLICATION AND
 6 TO A POLICYHOLDER UPON REQUEST BEFORE RENEWAL A SUMMARY OF COVER-
 7 AGE AND SHALL OBTAIN AN ACKNOWLEDGMENT OF RECEIPT OF THE SUMMARY
 8 ON THE APPLICATION FORM OR RENEWAL FORM BY OBTAINING THE SIGNA-
 9 TURES OF THE AGENT AND THE APPLICANT. THE SUMMARY OF COVERAGE
 10 SHALL BE IN SUBSTANTIALLY THE FOLLOWING FORM:

11 LONG-TERM CARE POLICY SUMMARY OF COVERAGE

12	CATEGORY	DEFINITION	COMPANY BENEFITS
13	SKILLED NURSING CARE	REQUIRES DAILY ATTENDANCE, MONITORING, EVALUATION AND/OR OBSERVATION BY LICENSED HEALTH PERSONNEL	\$___ PER DAY
14			
15			
16			
17			
18	MAXIMUM DAYS PAYABLE		___ DAYS
19			
20	INTERMEDIATE/BASIC/ CUSTODIAL NURSING CARE	IS ALL OTHER CARE WHICH INCLUDES ASSISTANCE IN DAILY ACTIVITIES OF DAILY LIVING THAT CAN BE PRO- VIDED BY PERSONS WITHOUT MEDICAL SKILL	\$___ PER DAY
21			
22			
23			
24			
25			
26			
27	MAXIMUM DAYS PAYABLE		___ DAYS
28			
29	HOME HEALTH	WILL THIS POLICY COVER HOME CARE AND WHAT ARE THE RESTRICTIONS?	___ YES ___ NO
30	BENEFITS:		
31	--DAILY BENEFIT		\$___ PER DAY
32	--MAXIMUM DAYS		
33	PAYABLE		___ NO. OF DAYS
34	--RESTRICTIONS		

1		
2 BASIC CUSTODIAL	WILL THIS POLICY COVER	___ YES ___ NO
3 NURSING CARE:	BASIC CUSTODIAL NURSING	
4 --DAILY BENEFIT	CARE AND WHAT ARE THE	\$___ PER DAY
5 --MAXIMUM DAYS	RESTRICTIONS?	___ NO. OF DAYS
6 PAYABLE		
7 --RESTRICTIONS		
8		
9 MAXIMUM NUMBER OF	SOME POLICIES MAY REQUIRE	
10 DAYS OF SKILLED AND/	THAT YOU RECEIVE SKILLED	
11 OR INTERMEDIATE CARE	OR INTERMEDIATE CARE	
12 TO BE ELIGIBLE FOR	BEFORE YOU CAN RECEIVE	
13 BASIC CARE	COVERAGE FOR BASIC CARE	
14		
15 PRIOR HOSPITALIZA-	POLICIES MAY NOT REQUIRE	
16 TION	THAT YOU BE PLACED IN A	
17	HOSPITAL FOR A CERTAIN	
18	NUMBER OF DAYS BEFORE YOU	
19	CAN RECEIVE COVERAGE FOR	
20	NURSING HOME CARE	
21		
22 DAY BENEFITS BEGIN	AFTER YOU HAVE ENTERED	
23	THE NURSING HOME, WHEN	
24	WILL THE POLICY START TO	
25	PAY FOR COVERAGE?	
26		
27 TYPE OF FACILITY:	WILL THIS POLICY COVER	___ YES ___ NO
28 --SKILLED	SKILLED CARE?	
29		
30 --INTERMEDIATE	WILL THIS POLICY COVER	___ YES ___ NO
31	BASIC CARE?	
32		
33 ORGANICALLY BASED	CONDITIONS SUCH AS ONE OF	___ YES ___ NO
34 MENTAL CONDITIONS	THE DEMENTIAS (E.G.,	
35 COVERED	ALZHEIMER'S), ARE THEY	
36	COVERED?	
37		

1 PREEXISTING CON-	IF YOU HAVE BEEN TREATED	___ YES ___ NO
2 DITIONS WAITING	IN THE LAST 6 MONTHS FOR	
3 PERIOD	A CONDITION, WILL THIS	
4	POLICY COVER YOUR	
5	TREATMENT?	
6		
7	DOES THIS POLICY COVER	___ YES ___ NO
8	YOU ONLY AFTER A WAITING	
9	PERIOD?	
10		
11	HOW LONG IS THE WAITING	_____
12	PERIOD?	
13		
14 PHYSICIAN'S ORDER	IS A DOCTOR'S ORDER FOR	___ YES ___ NO
15	TREATMENT NEEDED BEFORE	
16	YOUR POLICY WILL GIVE YOU	
17	COVERAGE?	
18		
19 MOTOR VEHICLE	WILL THIS POLICY PROVIDE	___ YES ___ NO
20 ACCIDENTS	COVERAGE FOR LONG-TERM	
21	CARE NEEDED AS A RESULT	
22	OF A MOTOR VEHICLE	
23	ACCIDENT?	
24		
25 EVIDENCE OF	IS A PHYSICAL EXAMINATION	___ YES ___ NO
26 INSURABILITY	REQUIRED?	
27		
28	DO YOU HAVE TO	___ YES ___ NO
29	ANSWER A SERIES OF	
30	HEALTH QUESTIONS?	
31		
32 GUARANTEED RENEWAL	AS LONG AS YOU PAY YOUR	___ YES ___ NO
33	PREMIUMS ON TIME, WILL	
34	THE COMPANY CONTINUE TO	
35	INSURE YOU?	
36		

1 WAIVER OF PREMIUM ARE THERE CIRCUMSTANCES ____ YES ____ NO
 2 UNDER WHICH YOU RECEIVE
 3 COVERAGE, BUT DO NOT HAVE
 4 TO PAY THE PREMIUM?
 5
 6
 7
 8

9 I HAVE READ THIS OUTLINE AND UNDERSTAND THAT THIS OUTLINE IS
 10 FOR MY OWN USE AND IS MINE TO KEEP.

11

12 PROSPECTIVE APPLICANT'S SIGNATURE

13 DATE _____

14

15 SEC. 2288. AN APPLICATION FOR A LONG-TERM CARE POLICY OR
 16 CERTIFICATE SHALL CONTAIN THE FOLLOWING STATEMENT PRINTED,
 17 STAMPED, OR AS PART OF A STICKER PERMANENTLY AFFIXED TO THE
 18 APPLICATION IN CAPITAL LETTERS ON THE FIRST PAGE:

19 "FOR ADDITIONAL INFORMATION ABOUT LONG-TERM CARE
 20 COVERAGE WRITE TO THE MICHIGAN INSURANCE BUREAU,
 21 P.O. BOX 30220, LANSING, MI 48909 OR CALL THE
 22 AREA AGENCY ON AGING IN YOUR COMMUNITY."

23 Section 2. This amendatory act shall not take effect unless
 24 Senate Bill No. _____ or House Bill No. 4396 (request
 25 no. 00707'89 *) of the 85th Legislature is enacted into law.