

Contact Information

The third-party administrator (a business hired to process claims and do other administrative work related to the company's insurance policies), the state insurance department, the state Senior Health Insurance Program (SHIP), and the state guaranty association may be able to answer your questions.

Third party administrator – phone number, mailing address, website

State insurance department – phone number, mailing address, website

Senior Health Insurance Program – phone number, mailing address, website

State guaranty association – phone number, mailing address, website

Your Long-Term Care Insurance Company Is In Financial Trouble (In Rehabilitation): What You Need to Know



STATE INSURANCE DEPARTMENT

replace with
LOGO

State Insurance Department
[Street Address]
[City, ST ZIP Code]

DRAFTING NOTE: States should adapt the language in this brochure to match terminology used in the state regarding the state insurance department, the commissioner, the state guaranty association, and the Senior Health Insurance Program.

Why did I get this document?

You got this document because you have a long-term care insurance policy. The insurance company that issued your insurance policy is in financial trouble. The state insurance department has put that company into rehabilitation.

What is rehabilitation?

Rehabilitation is a legal step a state insurance department takes when an insurance company is in financial trouble. If the insurance department thinks the insurance company may not have enough assets to pay claims, the department may step in to try to return the company to financial health. In the worst case, regulators liquidate an insurance company. Liquidation is like bankruptcy. That hasn't happened yet for your insurance company and may not ever happen.

A court orders rehabilitation. By law, the state insurance commissioner is named the Rehabilitator of the company. The court order protects policyholders in several ways, including making sure they still have coverage. The Rehabilitator does an independent, in-depth financial analysis of the insurance company and has legal control of the company.

How does a company come out of rehabilitation?

When the court is satisfied that an insurance company is financially ready to operate normally, it will release the company from rehabilitation. If the insurance company can't recover, it could be liquidated.

How does rehabilitation affect me?

Even if your company is in rehabilitation, usually nothing will change about how you pay premiums, file claims, or conduct business with the company.

What will happen to my long-term care policy and what do I need to do?

The terms of your policy still will be honored while the company is in rehabilitation. If your policy is guaranteed renewable, it can't be canceled. If there's anything you need to do, you'll be notified.

State Health Insurance Assistance Programs (SHIP): A free health benefits counseling service for Medicare beneficiaries and their families and caregivers. SHIPs mission is to educate, advocate, counsel and empower people to make informed healthcare benefit decisions. SHIP is an independent program funded by Federal agencies. It isn't affiliated with the insurance industry.

State Insurance Commissioner: A state regulator who heads the state insurance department and monitors and regulates insurance sales and claims in the state. Insurance commissioners either are appointed by the governor or elected. The commissioner also decides when an insurance company should be declared insolvent or put in rehabilitation. The insurance commissioner can ask the state court to put an insurance company into rehabilitation and try to return it to financial health. Or, the commissioner can ask the state to put an insolvent company into liquidation and run the company.

State Insurance Department: The state regulatory agency responsible to enforce the state's own laws and regulations for all types of insurance.

Third Party Administrator: A business hired to process claims and do other administrative work related to another company's insurance policies.

Decisions

What decisions will I be asked to make? How will I know when I have to make those decisions? How long will I have to make those decisions?

The state insurance commissioner as the Rehabilitator will contact you if you need to make any decisions about your insurance coverage. The notice would explain the decisions and give you a deadline to make those decisions. **Don't miss the deadline!**

Who can help me make those decisions?

You may be asked to make some very important decisions. You should discuss any decisions about your insurance coverage with your family, an attorney, and/or a financial advisor. If you have questions, call your insurance company. If you need more information, call your state insurance department.

What are my rights while my company is in rehabilitation?

You still have the rights described in your policy as well as any rights you have under state law. If your policy is guaranteed renewable, it can't be canceled.

Glossary

Benefits: Money an insurance company pays to policyholders or care providers for services the insurance policy covers.

Claim: A request a policyholder makes to be paid benefits from their policy for eligible services.

Coverage Limit: The maximum policy benefit a guaranty association will pay. State law sets this limit, which may be less than the benefit limit in the policy.

Guaranty Association: State-based organizations created under the laws of all 50 states, Puerto Rico, and the District of Columbia to protect policyholders of an insolvent insurance company.

Guaranty Association Coverage: The benefits a state guaranty association provides policyholders when their insurance company is in liquidation. In most states, guaranty associations have *coverage limits* (dollar limits on total lifetime benefits). A policy stops paying benefits when this limit is reached (or when the benefit limit of the original policy is reached, whichever is *lower*). State law sets guaranty association coverage limits so the limits vary from state to state.

Guaranteed Renewable Policy: A policy in which the insurance company guarantees the policyholder the right to renew the policy for life, as long as the policyholder pays the premiums. Most long-term care insurance policies are "guaranteed renewable." The insurance company may increase the premiums on guaranteed renewable policies but only for all policies of that particular type. It can't single out an individual's guaranteed renewable policy for a premium increase.

Insolvency: When an insurance company can't meet its financial obligations to its policyholders or creditors.

Lapse: When a policy ends because the policyholder stopped paying premiums for the policy. The policyholder loses insurance protection after a policy lapses.

Liquidation: A legal step a state insurance department takes when an insurance company can't recover from its financial troubles. Liquidation is similar to bankruptcy. State insurance regulators decide if an insurance company should be in liquidation and ask the state court to order the company liquidated. The company's insurance policies continue to protect policyholders who pay their premiums.

Liquidator: The state insurance commissioner. The Liquidator takes control of the company's operations.

Long-term Care Insurance: Insurance that offers benefits to pay for nursing home care, home health care, and other services for individuals who can't do daily living activities or must be supervised due to chronic illness or impairment.

Policy Benefit Limit: The maximum benefit a policy will pay. Most policies have a benefit limit. Some policies state the maximum benefit limit in years (one, two, three or more, or even lifetime). Others write the policy benefit limit as a total dollar amount. Policies often use words such as "total lifetime benefit," "maximum lifetime benefit," or "total plan benefit" to describe their benefit limit.

Premium: The amount charged for insurance coverage.

Rehabilitation: A legal step a state insurance department takes when an insurance company is in financial trouble. If the insurance department thinks the insurance company may not have enough assets to pay claims, the department may step in to try to return the company to financial health.

Rehabilitator: The state insurance commissioner. The commissioner takes legal control of the company and does an independent, in-depth financial analysis of the company.

Reinstatement Provisions: A right in the insurance policy that may let the policyholder reinstate the policy if certain conditions are met after the policy has been cancelled because premiums weren't paid.

Premiums

Should I keep paying my premiums?

Yes. If you want to keep your insurance coverage, you **must** keep paying your premiums in full and on time. If you stop paying your premiums, your policy will "lapse," meaning your coverage will end. If your policy lapses, you'll lose your insurance protection. If that happened and you changed your mind, you might not be able to get your coverage back. Whether you could would depend on the "reinstatement provisions" in your policy.

Will my premiums change?

They could. Insurance companies have the right to change premiums, but only if the change applies to all of those same policies in a state. An insurance company must file a notice about a premium increase with state insurance departments. If your premiums are changing, you'll get a notice in advance.

What can I do if I can't afford my premiums?

You should contact the insurance company to find out what your options are. These options may include ones not described in your policy. Some options assume you'll keep your policy. Others assume you'll give up your insurance coverage. Think through your choices **very** carefully.

Claims

Will the claims I've already submitted be paid?

Yes. Your insurance company will continue to pay claims according to your contract as it did before. If there's a change, you'll be notified.

Will I be able to submit claims in the future? How?

Yes. Send your claims to the insurance company unless you're told otherwise.