DEPARTMENT OF LABOR AND REGULATION

DIVISION OF INSURANCE

PERSONAL WORKSHEET

Chapter 20:06:21

APPENDIX E

SEE: § 20:06:21:53.02

 **Source:** 28 SDR 157, effective May 19, 2002; 44 SDR 184, effective June 25, 2018.

###### Long-Term Care Insurance

##### Personal Worksheet

**Drafting Note:** Companies shall at a minimum provide all of the information shown below and in the same order. The company may include additional information related to this long-term care insurance coverage in relevant and readable language. Bracketed statements indicate the companies should choose the applicable statement, are allowed flexibility in inserting numerical ranges, etc.

**Long-Term Care Insurance Personal Worksheet**

This worksheet will help you understand some important information about this type of insurance. State law requires companies issuing this [policy] [certificate] [rider] to **give** you some important facts about premiums and premium increases and to **ask** you some important questions to help you and the company decide if you should buy this [policy] [certificate] [rider]. Long-term care insurance can be expensive and it may not be right for everyone.

**Premium Information**

**The premium for the coverage you are considering will be** [$\_\_\_\_ per [insert payment interval] **or a total of**

[$\_\_\_\_\_\_ per year] [a one-time single premium of $\_\_\_\_\_\_\_].

**The premium quoted in this worksheet is not guaranteed and may change during the underwriting process and in the future while this [policy] [certificate] [rider] is in force.**

**Drafting Note:** Companies will insert payment interval - monthly, quarterly, etc. and the appropriate dollar amount.

**Type of Policy & The Company's Right to Increase Premiums on the Coverage You Choose:**

[Noncancellable - The company **cannot** increase your premiums on this [policy] [certificate] [rider]].

[Guaranteed renewable - The company **can** increase your premiums on this [policy] [certificate] [rider] in the future if it increases the premiums for all [policies] [certificates] [riders] like yours in this state.]

[Paid-up - This [policy] [certificate] [rider] will be paid-up after you have paid all of the premiums specified in your [policy] [certificate] [rider]].

**Drafting Note:** Companies will insert the appropriate policy type and the associated bracketed statement. Premium guarantees shall not be shown on this form.

**Premium Increase History**

[Name of company] has sold long-tenn care insurance since [year] and has sold this [policy] [certificate] [rider] since [year].

[The company has never increased its premiums for any long-term care [policy] [certificate] [rider] it has sold in this state or any other state.]

[The company has not increased its premiums for this [policy] [certificate] [rider] or similar [policies] [certificates] [riders] in this state or any other state in the last 10 years.]

[The company has increased its premiums on this [policy] [certificate] [rider] or similar [policies] [certificates] [riders] in the last 10 years. A summary of those premium increases follows.

Drafting Note: If the summary of premium increases is extensive, the company may disclose the required premium increase history via an addendum attached to this worksheet. The company may substitute the language below for the last sentence in the paragraph above and include the full summary as an attachment to this worksheet.

"Over the past 3 years, the company has increased premiums by \_\_\_%." A summary of premium increases in the last 10 years is attached to this worksheet".

Companies that have increased premiums by 30% or more in the last ten years must include the following statement: "There was a 30% or greater premium increase in [insert year]." "A summary of premium increases in the last 10 years is attached to this worksheet."

**Questions About Your Income**

You do **not** have to answer the questions that follow. They are intended to make sure you have thought about how you'll pay premiums and the cost of care your insurance does not cover. If you do not want to answer these questions, you should understand that the company might refuse to insure you.

**What resources will you use to pay your premium?**

О Current income from employment O Current income from investments O Other current income O Savings O Sell investments O Sell other assets O Money from my family O Other\_\_\_\_

*lf you will be paying premiums with money received only from your own income, a rule of thumb is that you may not be able to afford this [policy] [certificate] [rider] if the premiums will be more than 7% of your income.*

**Could you afford to keep this [policy] [certificate] [rider] if your spouse or partner dies first?**

O Yes O No O Had not thought about it O Do not know O Does not apply

**[What would you do if the premiums went up, for example, by 50%?**

O Pay the higher premium O Call the company/agent O Reduce benefits O Drop the **[policy] [certificate] [rider]** O Do not know]

**Drafting Note:** The company is not required to use the bracketed question above if the coverage is fully paid up or is noncancellable.

**What is your household annual income from all sources?** (check one)

O [Less than $10,000] O $[10,000-19,999] O $[20,000-29,999] O $[30,000-50,000] O [More

than $50,000]

**Drafting Note:** The companies may choose the income ranges to put in the brackets to fit its suitability standards.

**Do you expect your income to change over the next 10 years?**

(check one)

O No O Yes, expect increase O Yes, expect decrease

**If you plan to pay premiums from your income, have you thought about how a change in your income would affect your ability to continue to pay the premium?**

O Yes O No O Do not know

**Will you buy inflation protection?**

(check one) O Yes O No

*Inflation may increase the cost of long-term care in the future.*

**If you do not buy inflation protection, how will you pay for the difference between future costs and your daily benefit amount?**

O From my income O From savings O From investments O Sell other assets O Money from my family O Other

*The national average annual cost of long-term care in [insert vear]·was [insert $ amount], but this figure varies across the country. In ten years the national average annual cost would be about [insert $ amount] if costs increase 5% annually.*

Drafting Note: The projected cost can be based on federal estimates in a current year. This figure should also be used when calculating the cost of long-term care in the "approximate cost $\_\_\_\_ for that period of care" question found below. In the above statement, the second figure will equal 163% of the first figure.

What [elimination period] [waiting period] [cash deductible] are you considering?

[Number of days \_\_\_\_\_ in [elimination period][ waiting period]

Approximate cost of care for this period: $\_\_\_\_\_\_

($xxx per day times number of days in [elimination period] [waiting period], where "xxx" represents the most recent estimate of the national daily average cost of long-term care)]

[Cash Deductible $\_\_\_\_\_\_\_.

**How do you plan to pay for your care during the [elimination period] [waiting period] [deductible period]?** (check all that apply)

O From my income O From my savings/investments O My family will pay

**Questions About Your Savings and Investments**

**Not counting your home, about how much are all of your assets (your savings and investments) worth?** ( check one)

O [Less than $20,000] O [$20,000 -$29,999 ] O [$30,000 -$49,999] O [More than $50,000]

**Drafting Note:** Companies may choose the asset ranges to put in the brackets to fit its suitability standards.

**Do you expect the value of your assets to change over the next ten years?** (check one)

O No O Yes, expect to increase O Yes, expect to decrease

*If you're buying this [policy] [certificate] [rider] to protect your assets and your assets are less than $50,000, experts suggest you think about other ways to pay for your long-term care.*

**Disclosure Statement**

|  |
| --- |
| O The answers to the questions above describe my financial situation.**Or**O I choose not to complete this information. (Check one.) |

|  |
| --- |
| O I agree that the company and/or its agent (below) has reviewed this worksheet with me including the premium, premium increase history and potential for premium increases in the future. I understand the information contained in this worksheet. (This box must be checked.)**Drafting Note:** For direct mail situations, the lead sentence should be changed to "I agree that I have reviewed this worksheet including the premium..." |

Signed

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Applicant) (Date)

[O] I explained to the applicant the importance of answering these questions.

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (Agent) (Date)

Agent's Printed Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]

[In order for us to process your application, please return this signed worksheet to [name of company], along with your application.]

[My agent has advised me that this long-term care insurance [policy] [certificate] [rider] does not seem to be suitable for me. However, I still want the company to consider my application.

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.]

 (Applicant) (Date)

**Drafting Note:** Choose the appropriate sentences depending on whether this is a direct mail or agent sale.

Someone from the company may contact you to discuss your answers and the suitability of this [policy] [certificate] [rider] for you.

**Drafting Note:** When the Long-Term Care Insurance Personal Worksheet is furnished to employees and their spouses under employer group policies, the text from the heading "Disclosure Statement" to the end may be removed.