**Section 2012.126 Right to Reduce Coverage and Lower Premiums**

a) Coverage Reduction Options

1) Every long-term care insurance policy and certificate shall include a provision that allows the policyholder or certificateholder to reduce coverage and lower the policy or certificate premium in at least one of the following ways:

A) Reducing the maximum benefit; or

B) Reducing the daily, weekly or monthly benefit amount.

2) The insurer may also offer other reduction options that are consistent with the policy or certificate design or the carrier's administrative processes.

3) In the event the reduction in coverage involves the reduction or elimination of the inflation protection provision, the insurer shall allow the policyholder to continue the benefit amount in effect at the time of the reduction.

b) The provision shall include a description of the ways in which coverage may be reduced and the process for requesting and implementing a reduction in coverage.

c) The premium for the reduced coverage shall:

1) Be based on the same age and underwriting class used to determine the premium for the coverage currently in force; and

2) Be consistent with the approved rate table.

d) The insurer may limit any reduction in coverage to plans or options available for that policy form and to those for which benefits will be available after consideration of claims paid or payable.

e) If a policy or certificate is about to lapse, the insurer shall provide a written reminder to the policyholder or certificateholder of his or her right to reduce coverage and premiums in the notice required by Section 2012.55(a)(3).

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

g) The requirements of this Section shall apply to any long-term care policy issued in this State on or after July 2009.

h) A premium increase notice required by Section 2012.62(e) shall include:

1) An offer to reduce policy benefits provided by the current coverage, consistent with the requirements of this Section;

2) A disclosure stating that all options available to the policyholder may not be of equal value; and

3) In the case of a partnership policy, a disclosure that some benefit reduction options may result in a loss in partnership status that may reduce policyholder protections.

i) The requirements of subsection (h) shall apply to any rate increase implemented in this State on or after January 1, 2019.

(Source: Amended at 42 Ill. Reg. 4867, effective February 27, 2018)