

**Department of Banking, Insurance, Securities & Health Care Administration]**

**Vermont Insurance Division**

**REGULATION 80-1 Accident & Sickness Minimum Standards**

**July 1, 1980**

**S 1 Purpose**

The purpose of this Regulation is to set forth certain minimum standards concerning the policy provisions for accident and sickness insurance and to outline those requirements governing solicitation of such products so as to provide reasonable standardization and simplification of terms and coverages of accident and sickness insurance policies and subscriber contracts of hospital, medical and dental service corporations in order to facilitate public understanding and comparison and to eliminate provisions contained in accident and sickness insurance policies and subscriber contracts of hospital, medical, and dental service corporations which may be misleading or confusing in connection either with the purchase of such coverages or with the settlement of claims and to provide for full disclosure in the sale of such coverages.

**S 2 Authority**

This Regulation is issued pursuant to the authority vested in the Commissioner under 8 V.S.A., Chapter 3, Section 75.

**S 3 Applicability and scope**

This Regulation shall apply to all individual accident and sickness insurance policies and subscriber contracts of hospital, medical and dental service corporations except Medicare supplement policies or certificates, delivered or issued for delivery in this state on and after the effective date hereof, except it shall not apply to individual policies or contracts issued pursuant to a conversion privilege under a policy or contract of group or individual insurance when such group or individual policy or contract includes provisions which are inconsistent with the requirements of this Regulation. The requirements contained in this Regulation shall be in addition to any other applicable regulations previously adopted.

Furthermore, with the exceptions hereinafter stated, this Regulation shall apply to all accident and health policies including certificates evidencing a contract of insurance issued and executed in any state, and also contracts or policies that are delivered or issued for delivery in this state pursuant to group plans; including group, blanket or franchise plans. Any reference in this Regulation to individual accident and sickness insurance policies shall include such group plans and the certificates issued thereunder. This Regulation, however, does not apply to group policies issued to one or more employers or labor organizations for the benefit of employees or former employees or members or

former members of the labor organizations, nor shall it apply to group plans offered by professional, trade and occupational associations to their respective

members where the association: (a) is composed of individuals all of whom are actively engaged in the same profession, trade or occupation; (b) has been maintained in good faith for purposes other than the obtaining of insurance; and (c) has been in existence for at least two years, prior to the date of its initial offering of such policy or plan to its members.

#### **S 4 Effective date**

This Regulation shall be effective on July 1, 1980 and shall be applicable to all individual accident and sickness insurance policies and non-profit hospital, medical and dental service contracts delivered or issued for delivery in this state on and after such date which are not specifically exempt from this Regulation. This Regulation does not apply to contracts in effect prior to July 1, 1980.

#### **S 5 Policy definitions**

Except as provided hereinafter, no accident or sickness insurance policy or hospital, medical, or dental service corporation subscriber

contract delivered or issued for delivery to any person in this state shall contain definitions respecting the matters set forth below unless such definitions comply with the requirements of this section. All policies shall be written in simple language, and in a form easily understood by purchasers.

A. One period of confinement means consecutive days of in-hospital service received as an inpatient, or successive confinements when discharge from and readmission to the hospital for the treatment of the same or related condition occurs within a period of time not more than 90 days or three times the maximum number of days of in-hospital coverage provided by the policy to a maximum of 180 days.

B. Hospital may be defined in relation to its status, facilities and available services or to reflect its accreditation by the Vermont Department of Health.

(1) The definition of the term hospital shall not be more restrictive than one requiring that the hospital:

(a) be an institution operated pursuant to law; and

(b) be primarily and continuously engaged in providing or operating, either on its premises or in facilities available to the hospital on a pre-arranged basis and under the supervision of a staff of duly licensed physicians, medical, diagnostic and major surgical facilities for the medical care and treatment of sick or injured persons on an inpatient basis for which a charge is made; and

(c) provide 24 hour nursing service by or under the supervision of registered graduate professional nurses (R.N.'s).

(2) The definition of the term hospital may state that such term shall not be inclusive of:

(a) convalescent homes, convalescent, rest or nursing facilities; or

(b) facilities primarily affording custodial, educational or rehabilitative care; or

(c) facilities for the aged, drug addicts or alcoholics; or

(d) any military or veterans hospital or soldiers home or any hospital

contracted for or operated by any national government or agency thereof for the treatment of members or ex-members of the armed forces, except for services rendered on an emergency basis where a legal liability exists for charges made to the individual for such services.

#### C. Convalescent Nursing Home, Extended Care Facility, or Skilled Nursing

Facility shall be defined in relation to its status, facilities, and available services.

(1) A definition of such home or facility shall not be more restrictive than one requiring that it:

(a) be operated pursuant to law;

(b) be approved for payment of Medicare benefits or be qualified to receive such approvals, if so requested;

(c) be primarily engaged in providing, in addition to room and board

accommodations, skilled nursing care under the supervision of a duly licensed physician;

(d) provide continuous 24 hours a day nursing service by or under the

supervision of a registered graduate professional nurse (R.N.); and

(e) maintains a daily medical record of each patient.

(2) The definition of such home or facility may provide that such term shall not be inclusive of:

(a) any home, facility or part thereof used primarily for rest;

(b) a home or facility for the aged or for the care of drug addicts or

alcoholics; or

(c) a home or facility primarily used for the care and treatment of mental diseases, or disorders, or custodial or educational care.

D. Accident, Accidental Injury, Accidental Means shall be defined to employ result language and shall not include words which establish an accidental means test or use words such as external, violent, visible wounds or similar words of description or characterization. The definition shall not be more restrictive than the following: Injury or injuries, for which benefits are provided, means accidental bodily injury sustained by the insured person and directly caused by an accident which is not the result of disease or bodily infirmity. Such definition may provide that injuries shall not include injuries for which benefits are provided under any workmen's compensation, employer's liability or similar law, motor vehicle no-fault plan, unless prohibited by law, or injuries occurring while the insured person is engaged in any activity pertaining to any trade, business, employment or occupation for wage or profit.

E. Sickness shall not be defined to be more restrictive than the following:

Sickness means sickness or disease of an insured person which first manifests itself after the effective date of insurance and while the insurance is in force. A definition of sickness may provide for a probationary period which will not exceed thirty (30) days from the effective date of the coverage of the insured person. The definition may be further modified to exclude sickness or disease for which benefits are provided under any workmen's compensation, occupational disease, employer's liability or similar law.

F. Pre-existing Condition shall not be defined to be more restrictive than the following: Pre-existing condition means the existence of symptoms which would cause an ordinarily prudent person to seek diagnosis, care or treatment within a two (2) year period preceding the effective date of the coverage of the insured person or a condition for which medical advice or treatment was recommended by a physician or received from a physician within a two (2) year period preceding the effective date of the coverage of the insured person.

G. Physician may be defined by including words such as duly qualified physician or duly licensed physician. The use of such terms requires an insurer to recognize and to accept, to the extent of its obligation under the contract, all providers of medical care and treatment when such services are within the scope of the provider's licensed authority and are provided pursuant to applicable laws.

H. Nurses may be defined so that the description of nurse is restricted to a type of nurse, such as registered graduate professional nurse (R.N), a licensed practical nurse (L.P.N.), or a licensed vocational nurse (L.V.N.). If the words nurse, trained nurse or registered nurse are used without specific instruction, then the use of such terms requires the insurer to recognize the services of any individual who qualifies under such terminology in accordance with 26 V.S.A., Chapter 27.

## I. Total Disability

(1) A general definition of total disability cannot be more restrictive than one requiring the individual to be totally disabled from engaging in any employment or occupation for which he is or becomes qualified by reason of education, training or experience and not, in fact, engaged in any employment or occupation for wage or profit.

(2) Total disability may be defined in relation to the inability of the person to perform duties but may not be based solely upon an individual's inability to:

(a) Perform any occupation whatsoever, any occupational duty, or any and every duty of his occupation, or (b) Engage in any training or rehabilitation program.

(3) An insurer may specify the requirement of the complete inability of the person to perform all of the substantial and material duties of his regular occupation or words of similar import. An insurer may require care by a physician (other than the insurer or a member of the insured's immediate family).

## J. Partial Disability shall be defined in relation to the individual's

inability to perform one or more but not all of the 7 major, important, or essential duties of employment or occupation or may be related to a percentage of time worked or to a specified number of hours or to compensation. Where a policy provides total disability benefits and partial disability benefits, only one elimination period may be required.

K. Residual Disability shall be defined in relation to the individual's reduction in earnings and may be related either to the inability to perform some part of the major, important, or essential duties of employment or occupation, or to the inability to perform all usual business duties for as long as is usually required. A policy which provides residual disability benefits may require a qualification period, during which the insured must be continuously, totally disabled before residual disability benefits are payable. The qualification period for residual benefits may be longer than the elimination period for total disability. In lieu of the term residual disability, the insurer may use proportionate disability or other term of similar import which in the opinion of the commissioner adequately and fairly describes the benefit.

L. Medicare shall be defined in any hospital surgical, or medical expense policy which relates its coverage to eligibility for Medicare or Medicare benefits. Medicare may be substantially defined as The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as Then Constituted or Later Amended, or Title I, Part I of Public Laws 89-97, as Enacted by the Eighty-Ninth Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof, or words of similar import.

M. Complications of Pregnancy shall be defined to include:

(1) conditions, requiring hospital confinement (when the pregnancy is not terminated), whose diagnosis are distinct from pregnancy but are adversely affected by pregnancy or are caused by pregnancy, such as acute nephritis, nephrosis, cardiac decompensation, missed abortion and similar medical and surgical conditions of comparable severity, but shall not include false labor, occasional spotting, physician prescribed rest during the period of pregnancy, morning sickness, hyperemesis gravidarum, pre-eclampsia and similar conditions associated with the management of a difficult pregnancy not constituting a nosologically distinct complication of pregnancy; and

(2) non-elective Caesarean section, ectopic pregnancy which is terminated and spontaneous termination of pregnancy, which occurs during a period of gestation in which a viable birth is not possible.

N. Mental or Nervous Disorders shall not be defined more restrictively than a definition including neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder of any kind.

## **S 6 Prohibited Policy Provisions**

A. Except as provided in Section 5 (E), no policy shall contain provisions establishing a probationary or waiting period during which no coverage is provided under the policy subject to the further exception that a policy may specify a probationary or waiting period not to exceed six (6) months for specified diseases or conditions and losses resulting therefrom for hernia, disorder of reproduction organs, varicose veins, adenoids, appendix and tonsils. However, the permissible six (6) months exception shall not be applicable where such specified diseases or conditions are treated on an emergency basis. Accident policies shall not contain probationary or waiting periods.

B. No policy or rider for additional coverage may be issued as a dividend unless an equivalent cash payment is offered to the policyholder as an alternative to such dividend policy or rider. No such dividend policy or rider shall be issued for an initial term of less than six (6) months. The initial renewal subsequent to the issuance of any policy or rider as a dividend shall clearly disclose that the policyholder is renewing the coverage that was provided as a dividend for the previous term and that such renewal is optional with the policyholder.

C. No policy shall exclude coverage for a loss due to a pre-existing condition for a period greater than 12 months following policy issue where the application for such insurance does not seek disclosure of prior illness, disease or physical conditions or prior medical care and treatment and such pre-existing condition is not specifically excluded by the terms of the policy.

D. Policies providing hospital confinement indemnity coverage shall not contain provisions excluding coverage because of confinement in a hospital operated by the federal government.

E. No policy shall limit or exclude coverage by type of illness, accident, treatment or medical condition, except as follows:

- (1) pre-existing conditions or diseases except for congenital anomalies of a covered dependent child;
- (2) mental or emotional disorders, alcoholism and drug addiction;
- (3) pregnancy, except for complications of pregnancy, other than for policies defined in Section 7 F. of this Regulation;
- (4) illness, treatment or medical condition arising out of:
  - (a) war or act of war (whether declared or undeclared); participation in a felony, riot or insurrections; service in the armed forces or units auxiliary thereto,
  - (b) suicide (sane or insane), attempted suicide or intentionally self-inflicted injury,
  - (c) aviation,
  - (d) with respect to short-term non-renewable policies, interscholastic sports;
- (5) cosmetic surgery, except that cosmetic surgery shall not include reconstructive surgery when such service is incidental to or follows surgery resulting from trauma, infection or other diseases of the involved part, and reconstructive surgery because of congenital disease or anomaly of the covered dependent child which has resulted in a functional defect;
- (6) foot care in connection with corns, calluses, flat feet, fallen arches, weak feet, chronic foot strain, or symptomatic complaints of the feet;
- (7) care in connection with the detection and correction by manual or mechanical means of structural imbalance, distortion, or subluxation in the human body for purposes of removing nerve interference and the effects thereof, where such interference is the result of or related to distortion, misalignment or subluxation of, or in the vertebral column;
- (8) treatment provided in a government hospital; benefits provided under Medicare or other governmental program (except Medicaid), any state or federal workmen's compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law; services rendered by employees of hospitals, laboratories or other institutions; services performed by a member of the covered person's immediate family and services for which no charge is normally made in the absence of insurance;
- (9) dental care or treatment;
- (10) eye glasses, hearing aids and examination for the prescription or fitting thereof;

(11) rest cures, custodial care, transportation and routine physical examinations;

(12) territorial limitations.

F. Other provisions of this Regulation shall not impair or limit the use of waivers to exclude, limit or reduce coverage or benefits for specifically named or described pre-existing diseases, physical condition or extra hazardous activity. Where waivers are required as a condition of issuance, renewal or reinstatement, signed acceptance by the insured is required unless on initial issuance the full text of the waiver is contained either on the first page or specification page of the policy or unless notice of the waiver appears on the first page or specification page.

G. Policy provisions precluded in this section shall not be construed as a limitation on the authority of the commissioner to disapprove other policy provision which, in the opinion of the commissioner, are unjust, unfair, or unfairly discriminatory to the policyholder, beneficiary or any person insured under the policy.

H. A policy covering a specified disease shall not require diagnosis by biopsy if such biopsy is medically inadvisable. The condition may be verified conclusively by biopsy, x-ray examinations, laboratory determinations or if an external defect, by unequivocal observation.

## **S 7 Accident and sickness minimum standards for benefits**

The following minimum standards for benefits are prescribed for the categories of coverage noted in the following subsections. No policy of accident and sickness insurance or non-profit hospital, medical or dental service corporation contract shall be delivered or issued for delivery in this state which does not meet the required minimum standards for the specified categories unless the commissioner finds that such policies or contracts are approvable as Limited Benefit Health Insurance and the Outline of Coverage complies with the appropriate outline in Section 8.L. of this Regulation. Nothing in this section shall preclude the issuance of any policy or contract combining two or more categories of coverage set forth in this Regulation.

### **A. General Rules.**

(1) A noncancelable, guaranteed renewable or noncancelable and guaranteed renewable policy shall not provide for termination of coverage of the spouse solely because of the occurrence of an event specified for termination of coverage of the insured, other than nonpayment of premium. The policy shall provide that in the event of the insured's death, the spouse of the insured, if covered under the policy, shall become the insured.

(2) The terms noncancelable, guaranteed renewable, or noncancelable and guaranteed renewable shall not be used without further explanatory language in accordance with the disclosure requirements of Section 8.A.(1). The terms noncancelable or noncancelable and guaranteed renewable may be used only in a policy which the insured has the right to



continue in force by the timely payment of premiums set forth in the policy until the age of sixty-five (65) or to eligibility for Medicare, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force. Provided, however, any accident and health or accident only policy which provides for periodic payments, weekly or monthly, for a specified period during the continuance of disability resulting from accident or sickness may provide that the insured has the right to continue the policy only to age sixty (60) if, at age sixty (60), the insured has the right to continue the policy in force at least to age sixty-five (65) while actively or regularly employed. Except as provided above, the term guaranteed renewable may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums until the age of sixty-five (65) or to eligibility for Medicare, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force, except that the insurer may make changes in premium rates by classes: Provided, however, any accident and health or accident only policy which provides for periodic payments, weekly or monthly, for a specified period during the continuance of disability resulting from accident or sickness may provide that the insured has the right to continue the policy only to age sixty (60) if, at age sixty (60), the insured has the right to continue the policy in force at least to age sixty-five (65) while actively and regularly employed. (3) In a family policy covering both husband and wife, the age of the younger spouse must be used as the basis for meeting the age and durational requirements of the definitions of noncancelable or guaranteed renewable. However, this requirement shall not prevent termination of coverage of the older spouse upon attainment of the stated age limit (e.g. age 65) so long as the policy may be continued in force as to the younger spouse, to the age or for the durational period as specified in said definition.

(4) When accidental death and dismemberment coverage is part of the insurance coverage offered under the contract, the insured shall have the option to include all insureds under such coverage and not just the principal insured.

(5) If a policy contains a status type military service exclusion or a provision which suspends coverage during military service, the policy shall provide, upon receipt of written request, for refund of premiums as applicable to such person on a pro rata basis.

(6) In the event the insurer cancels or refuses to renew, policies providing pregnancy benefits shall provide for an extension of benefits as to pregnancy commencing while the policy is in force and for which benefits would have been payable had the policy remained in force.

(7) Policies providing convalescent or extended care benefits following hospitalization shall not condition such benefits upon admission to the convalescent or extended care facility within a period of less than twenty-eight (28) days after discharge from the hospital.

(8) Family coverage shall continue for any dependent child who is incapable of self-sustaining employment due to mental retardation or physical handicap on the date that

such child's coverage would otherwise terminate under the policy due to the attainment of a specified age limit for children and is chiefly dependent on the insured for support and maintenance. The policy may require that within 31 days of such date, the company receive due proof of such incapacity in order for the insured to elect to continue the policy in force with respect to such child, or that a separate converted policy be issued at the option of the insured or policyholder.

(9) Any policy providing coverage for the recipient in a transplant operation shall also provide reimbursement of any medical expenses of a live donor to the extent that benefits remain and are available under the recipient's policy, after benefits for the recipient's own expenses have been paid.

(10) A policy may contain a provision relating to recurrent disabilities; provided, however, that no such provision shall specify that a recurrent disability be separated by a period greater than six (6) months.

(11) Accidental death and dismemberment benefits shall be payable if the loss occurs within ninety (90) days from the date of the accident, irrespective of total disability. Disability income benefits, if provided, shall not require the loss to commence less than thirty (30) days after the date of accident, nor shall any policy which the insurer cancels or refuses to renew require that it be in force at the time disability commences if the accident occurred while the policy was in force.

(12) Specific dismemberment benefits shall not be in lieu of other benefits unless the specific benefit equals or exceeds the other benefits.

(13) Any accident only policy providing benefits which vary according to the type of accidental cause shall prominently set forth in the outline of coverage the circumstances under which benefits are payable which are lesser than the maximum amount payable under the policy.

(14) Termination of the policy shall be without prejudice to any continuous loss which commenced while the policy was in force but the extension of disability benefits beyond the period the policy was in force may be predicated upon the continuous total disability of the insured, limited to the duration of the policy benefit period, if any, or payment of the maximum benefits.

(15) With respect to individual accident and sickness contracts, any rates filed, whether initial or revised, will be disapproved unless the aggregate anticipated loss ratio for the entire period for which rates are computed to provide coverage meets the following standards:

(a) 60% for optionally renewable policies;

(b) 55% for conditionally renewable and guaranteed renewable policies; and

(c) 50% for guaranteed rate policies;

(d) 60% for all policies sold to persons eligible for Medicare by reason of age;

(e) 45% for all specified accident or short-term non-renewable coverage and for policies covering accident only; and

(f) For the purposes of this subsection (Section 7.A.(15)), optionally renewable means renewal at the option of the insurance company; conditionally renewable means renewal can be declined by the insurance company only for stated reasons other than deterioration of health; guaranteed renewable means renewal cannot be declined by the insurance company for any reason, but the insurance company can revise rates on a class basis; and guaranteed rate means renewal cannot be declined nor can rates be revised by the insurance company.

#### B. Basic Hospital Expense Coverage.

Basic Hospital Expense Coverage is a policy of accident and sickness insurance which provides coverage for a period of not less than thirty-one (31) days during any continuous hospital confinement for each person insured under the policy, for expense incurred for necessary treatment and services rendered as a result of accident or sickness for at least the following:

(1) daily hospital room and board in an amount not less than the lesser of (a) 80% of the charges for semi-private room accommodations or (b) \$50.00 per day;

(2) miscellaneous hospital services for expenses incurred for the charges made by the hospital for services and supplies which are customarily rendered by the hospital and provided for use only during any one period of confinement in an amount not less than either 80% of the charges incurred up to at least \$1,000.00 or ten times the daily hospital room and board benefits;

(3) hospital outpatient services consisting of (a) hospital services on the day surgery is performed, and (b) hospital services rendered within 72 hours after accidental injury, in an amount not less than \$50.00, and (c) x-ray and laboratory tests to the extent that benefits for such services would have been provided to an extent not less than \$100.00 if rendered to an inpatient of the hospital; and

(4) benefits provided under (1) and (2) of B. above, may be provided subject to a combined deductible amount not in excess of \$100.00.

C. Basic Medical-Surgical Expense Coverage. Basic Medical-Surgical Expense Coverage is a policy of accident and sickness insurance which provides coverage for each person insured under the policy for the expenses incurred for the necessary services rendered by a physician for treatment of an injury or sickness for at least the following:

(1) Surgical service:

(a) in amounts not less than those provided on an acceptable fee schedule of surgical procedures, up to a maximum of at least \$500.00 for any one procedure;

or

(b) not less than 80% of the reasonable charges.

(2) Anesthesia services, consisting of administration of necessary general anesthesia and related procedures in connection with covered surgical service rendered by a physician other than the physician (or his assistant) performing the surgical services:

(a) in an amount not less than 80% of the reasonable charges; or

(b) 15% of the surgical service benefit.

(3) In-hospital medical services, consisting of physician services rendered to a person who is a bed patient in a hospital for treatment of sickness or injury other than that for which surgical care is required, in an amount not less than 80% of the reasonable charges; or \$5.00 per day for not less than twenty-one (21) days during one period of confinement.

D .Hospital Confinement Indemnity Coverage. Hospital Confinement Indemnity Coverage is a policy of accident and sickness insurance which provides daily benefits for hospital confinement on an indemnity basis in an amount not less than \$30.00 per day and not less than thirty-one (31) days during any one period of confinement for each person insured under the policy.

E. Major Medical Expense Coverage.

Major Medical Expense Coverage is an accident and sickness insurance policy which provides hospital, medical and surgical expense coverage to an aggregate maximum of not less than \$10,000.00; co-payment by the covered person not to exceed 25% of covered charges; a deductible stated on a per person, per family, per illness, per benefit period, or per year basis, or a combination of such bases not to exceed 5% of the aggregate maximum limit under the policy, unless the policy is written to complement underlying hospital and medical insurance in which case such deductible may be increased by the amount of the benefits provided by such underlying insurance, for each covered person for at least:

(1) daily hospital room and board expenses, prior to application of the co-payment percentage, for not less than \$50.00 daily (or in lieu thereof the average daily cost of semi-private room rate in the area where the insured resides) for a period of not less than 31 days during continuous hospital confinement;

(2) miscellaneous hospital services, prior to application of the co-payment percentage, for an aggregate maximum of not less than \$1,500.00 or 15 times the daily room and board rate if specified in dollar amounts;

(3) surgical services, prior to application of co-payment percentage to maximum of not less than \$600.00 for the most severe operation with the amounts provided for other operations reasonably related to such maximum amount;

(4) anesthesia services, prior to application of the co-payment percentage, for a maximum of not less than 15 percent of the covered surgical fee or, alternatively, if the surgical schedule is based on relative values, not less than the amount provided therein for anesthesia services at the same unit value as used for the surgical schedule;

(5) in-hospital medical services, prior to application of the co-payment percentage, as defined in subdivision C.(3) of Section 7;

(6) out-of-hospital care, prior to application of the co-payment percentage, consisting of physicians' services rendered on an ambulatory basis where coverage is not provided elsewhere in the policy for diagnosis and treatment of sickness or injury, and diagnostic x-ray, laboratory services, radiation therapy and hemodialysis ordered by a physician; and (7) not fewer than three of the following additional benefits, prior to application of the co-payment percentage, for an aggregate maximum of such covered charges of not less than \$1,000:

(a) In-hospital private duty graduate registered nurse services.

(b) Convalescent nursing home care.

(c) Diagnosis and treatment by a radiologist or physiotherapist.

(d) Rental of special medical equipment, as defined by the insurer in the policy.

(e) Artificial limbs or eyes, casts, splints, trusses or braces.

(f) Treatment for functional nervous disorders and mental and emotional disorders.

(g) Out-of-hospital prescription drugs and medications.

#### F. Disability Income Protection Coverage.

Disability Income Protection Coverage is a policy which provides for periodic payments, weekly or monthly, for a specified period during the continuance of disability resulting from either sickness or injury or a combination thereof which:

(1) Provides that periodic payments which are payable at ages after 62 and reduced solely on the basis of age are at least 50% of amounts payable immediately prior to 62.

(2) Contains an elimination period no greater than:

(a) Ninety (90) days in the case of a coverage providing a benefit of one (1) year or less;

(b) One-hundred eighty (180) days in the case of coverage providing a benefit of more than one year but not greater than two (2) years; or

(c) Three-hundred sixty-five (365) days in all other cases during the continuance of disability resulting from sickness or injury.

(3) Has a maximum period of time for which it is payable during disability of at least six (6) months except in the case of a policy covering disability arising out of pregnancy, childbirth, or miscarriage in which case the period for such disability may be one (1) month. This exception shall not apply to complications of pregnancy as defined in section 5.M. No reduction in benefits shall be put into effect because of any increase in Social Security or similar benefits during a benefit period. Section 7.F. does not apply to those policies providing business buy-out coverage.

#### G. Accident Only Coverage.

Accident Only Coverage is a policy of accident insurance which provides coverage, singly or in combination, for death, dismemberment, disability, or hospital and medical care caused by accident. Accidental death and double dismemberment amounts under such a policy shall be at least \$5,000.00 and a single dismemberment amount shall be at least \$2,500.00.

#### H. Specified Disease and Specified Accident Coverage.

(1) Specified Disease Coverage is a policy which meets one of the following definitions:

(a) A policy which provides coverage for each person insured under the policy for a specifically named disease (or diseases) with a deductible amount not in excess of \$250.00 and an overall aggregate benefit limit of no less than \$10,000.00 and a benefit period of not less than two (2) years for at least the following incurred expenses:

(i) Hospital room and board and any other hospital furnished medical services or supplies;

(ii) Treatment by a legally qualified physician or surgeon;

(iii) Private duty services of a registered nurse (R.N.);

(iv) x-ray, radium and other therapy procedures used in diagnosis and treatment;

(v) Professional ambulance for local service to or from a local hospital;

- (vi) Blood transfusions, including expense incurred for blood donors;
  - (vii) Drugs and medicines prescribed by a physician;
  - (viii) The rental of an iron lung or similar mechanical apparatus;
  - (ix) Braces, crutches and wheelchairs as are deemed necessary by the attending physician for the treatment of the disease;
  - (x) Emergency transportation if in the opinion of the attending physician it is necessary to transport the insured to another locality for treatment of the disease; and
  - (xi) May include coverage of any other expenses necessarily incurred in the treatment of the disease.
- (b) A policy which provides coverage for each person insured under the policy for a specifically named disease (or diseases) with no deductible amount, and an overall aggregate benefit limit of not less than \$25,000 payable at the rate of not less than \$50 a day while confined in a hospital and a benefit period of not less than 500 days.

(2) Specified Accident Coverage is an accident insurance policy which provides coverage for a specifically identified kind of accident (or accidents) for each person insured under the policy for accidental death or accidental death and dismemberment, combined with a benefit amount not less than \$5,000.00 for accidental death, \$5,000.00 for double dismemberment, \$2,500.00 for single dismemberment.

#### I. Limited Benefit Health Insurance Coverage.

Limited Benefit Health Insurance Coverage is any policy or contract which provides benefits that are less than the minimum standards for benefits required under Section 7. Such policies or contracts may be delivered or issued for delivery in this state only if the outline of coverage required by Section 8.L. of this Regulation is completed and delivered as required by Section 8.B. of this Regulation.

### **S 8 Required disclosure provisions**

#### A. General Rules.

(1) Each policy of accident and sickness insurance or hospital, medical or dental service corporation subscriber contract shall include a renewal, continuation or non-renewal provision. The language or specifications of such provision must be consistent with the type of contract to be issued. Such provision shall be appropriately captioned, shall appear on the first page of the policy, and shall clearly state the duration, where limited, of renewability and the duration of the term of coverage for which the policy is issued and for which it may be renewed.

(2) Except for riders or endorsements by which the insurer effectuates a request made in writing by the policyholder or exercises a specifically reserved right under the policy, all riders or endorsements added to a policy after date of issue or at reinstatement or renewal which reduce or eliminate benefits or coverage in the policy shall require signed acceptance by the policyholder. After date of policy issue, any rider or endorsement which increases benefits or coverage with a concomitant increase in premium during the policy term must be agreed to in writing signed by the insured, except if the increased benefits or coverage is required by law.

(3) Where a separate additional premium is charged for benefits provided in connection with riders or endorsements, such a premium charge shall be set forth in the policy.

(4) A policy which provides for the payment of benefits based on standards described as usual and customary, reasonable and customary, or words of similar import shall include a definition of such terms and an explanation of such terms in its accompanying outline of coverage.

(5) If a policy contains any limitations with respect to pre-existing conditions, such limitations must appear as a separate paragraph of the policy and be labeled as Pre-existing Condition Limitations.

(6) All accident only policies shall contain a prominent statement on the first page of the policy or attached thereto in either contrasting color or in bold-faced type at least equal to the size of type used for policy captions, a prominent statement as follows:

This is an accident only policy and it does not pay benefits for loss from sickness.

(7) If age is to be used as a determining factor for reducing the maximum aggregate benefits made available in the policy as originally issued, such fact must be prominently set forth in the outline of coverage.

(8) If a policy contains a conversion privilege, it shall comply, in substance, with the following: the caption of the provision shall be Conversion Privilege, or words of similar import. The provision shall indicate the persons eligible for conversion, the circumstances applicable to the conversion and the person by whom the conversion privilege may be exercised. The provision shall specify the benefits to be provided on conversion or may state that the converted coverage will be as provided on a policy form then being used by the insurer for the purpose.

(9) All policies shall comply with the requirements of 8 V.S.A. Section 4063 including the provision with respect to cancellation of a policy without cost to the insured.

(10) A policy which provides for the payment of benefits for cancer as a named disease shall include the disclosure statement set out at Exhibit II.

B. Outline of Coverage Requirements.



No accident and sickness insurance policy, or certificate, or nonprofit hospital, medical or dental service corporation subscriber contract subject to this Regulation shall be delivered or issued for delivery in this state unless an appropriate outline of coverage, as prescribed in Section 8.C. through L. is completed as to such policy, certificate or contract. Direct response insurers shall deliver the outline of coverage upon request but not later than at the time the policy or certificate is delivered and:

(1) for all other policies, or certificates, the outline is either:

(a) delivered with the policy or certificate; or

(b) delivered to the applicant at the time application is made and acknowledgement of receipt or certification of delivery of such outline of coverage is provided to the insurer.

(2) In every case, one copy of the outline of coverage shall be retained by the company for a period of three years; and

(3) A copy of the outline of coverage completed in John Doe fashion will be filed for each policy form with the commissioner for approval.

If an outline of coverage was delivered at the time of application and the policy, certificate or contract is issued on a basis which would require revision of the outline, a substitute outline of coverage properly describing the policy, certificate or contract must accompany the policy, certificate or contract when it is delivered and contain the following statement, in no less than twelve (12) point type, immediately above the company name: NOTICE: Read this outline of coverage carefully. It is not identical to the outline of coverage provided upon application and the coverage originally applied for has not been issued. The appropriate outline of coverage for policies or contracts providing hospital coverage which only meets the standards of Section 7.B. shall be that statement contained in Section 8.C. The appropriate outline of coverage for policies providing coverage which meets the standards of both Section 7.B. and C. shall be the statement contained in Section 8.E. The appropriate outline of coverage for policies providing coverage which meets the standards of both Sections 7.B. and E. or Section 7.C. and E. or Section 7.B., C. and E. shall be the statement contained in Section 8.G. Appropriate changes in terminology may be made in the outline of coverage in the case of contracts of hospital, medical or dental service corporations. In any other case where the prescribed outline of coverage is inappropriate for the coverage provided by the policy or contract, an alternate outline of coverage shall be submitted to the commissioner for prior approval.

### C. Basic Hospital Expense Coverage (Outline of Coverage).

An outline of coverage, in form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.B. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed:

**(COMPANY NAME)**  
**BASIC HOSPITAL EXPENSE COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY!**

(2) Basic Hospital Expense Coverage -- Policies of this category are designed to provide to persons insured coverage for hospital expenses incurred as a result of a covered accident or sickness. Coverage is provided for daily hospital room and board, miscellaneous hospital services, and hospital outpatient services, subject to any limitations, deductibles and co-payment requirements set forth in the policy. Coverage is not provided for physicians or surgeons fees or unlimited hospital expenses.

(3) A brief specific description of the benefits, including dollar amounts and number of days duration where applicable, contained in this policy in the following order:

- (a) daily hospital room and board;
- (b) miscellaneous hospital services;
- (c) hospital outpatient services; and
- (d) other benefits, if any.

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

**D. Basic Medical-Surgical Expense Coverage (Outline of Coverage).**

An outline of coverage, in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.C. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed:

**(COMPANY NAME)**  
**BASIC MEDICAL-SURGICAL EXPENSE COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control your policy. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you READ YOUR POLICY CAREFULLY!

(2) Basic Medical-Surgical Expense Coverage -- Policies of this category are designed to provide to persons insured coverage for medical-surgical expenses incurred as a result of a covered accident or sickness. Coverage is provided for surgical services, anesthesia services and in-hospital medical services, subject to any limitations, deductibles and co-payment requirements set forth in the policy. Coverage is not provided for hospital expenses or unlimited medical-surgical expenses.

(3) A brief specific description of the benefits, including dollar amounts and number of days duration where applicable, contained in this policy, in the following order:

- (a) surgical services;
- (b) anesthesia services;
- (c) in-hospital medical services; and
- (d) other benefits, if any.

(Note: The above description of benefits shall be stated clearly and concisely, and shall include a description of any deductible or copayment provision applicable to the benefits described.)

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

(E) Basic Hospital and Medical-Surgical Expense Coverage (Outline of Coverage).

An outline of coverage, in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.B. and C. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed:

**(COMPANY NAME)**  
**BASIC HOSPITAL AND MEDICAL-SURGICAL**  
**EXPENSE COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you READ YOUR POLICY CAREFULLY!

(2) Basic Hospital and Medical-Surgical Expense Coverage -- Policies of this category are designed to provide, to persons insured, coverage for hospital and medical-surgical expenses incurred as a result of a covered accident and sickness. Coverage is provided for daily hospital room and board, miscellaneous hospital services, hospital out-patient services, surgical services, anesthesia services, and in-hospital medical services, subject to any limitations, deductibles and co-payment requirements set forth in the policy. Coverage is not provided for unlimited hospital or medical-surgical expenses.

(3) A brief specific description of the benefits, including dollar amounts and number of days duration where applicable, contained in this policy, in the following order:

- (a) daily hospital room and board;
- (b) miscellaneous hospital services;
- (c) hospital out-patient services;
- (d) surgical services;
- (e) anesthesia services;
- (f) in-hospital medical services; and
- (g) other benefits, if any.

(Note: The above description of benefits shall be stated clearly and concisely, and shall include a description of any deductible or co-payment provision applicable to the benefits described.)

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provision respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

F. Hospital Confinement Indemnity Coverage (Outline of Coverage).

An outline of coverage, in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.D. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed:

**(COMPANY NAME)**  
**HOSPITAL CONFINEMENT INDEMNITY COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you READ YOUR POLICY CAREFULLY!

(2) Hospital Confinement Indemnity Coverage -- Policies of this category are designed to provide, to persons insured, coverage in the form of a fixed daily benefit during periods of hospitalization resulting from a covered accident or sickness, subject to any limitations set forth in the policy. Such policies do not provide any benefits other than the fixed daily indemnity for hospital confinement and any additional benefit described below.

(3) (A brief specific description of the benefits contained in this policy, in the following order:

(a) daily benefit payable during hospital confinement; and

(b) duration of benefit described in (a).)

(Note: The above description of benefits shall be stated clearly and concisely.)

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

(6) Any benefits provided in addition to the daily hospital benefit.

(G) Major Medical Expense Coverage (Outline of Coverage).

An outline of coverage, in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.E. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed.

**(COMPANY NAME)**  
**MAJOR MEDICAL EXPENSE COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY!**

(2) Major Medical Expense Coverage -- Policies of this category are designed to provide, to persons insured, coverage for major hospital, medical, and surgical expenses incurred as a result of a covered accident or sickness. Coverage is provided for daily hospital room and board, miscellaneous hospital services, surgical services, anesthesia services, in-hospital medical services and out-of-hospital care, subject to any deductibles, co-payment provisions or other limitations which may be set forth in the policy. Basic hospital or basic medical insurance coverage is not provided.

(3) A brief specific description of the benefits, including dollar amounts, contained in this policy, in the following order:

- (a) daily hospital room and board;
- (b) miscellaneous hospital services;
- (c) surgical services;
- (d) anesthesia services;
- (e) in-hospital medical services;
- (f) out-of-hospital care;
- (g) maximum dollar amount for covered charges; and
- (h) other benefits, if any.

(Note: The above description of benefits shall be stated clearly and concisely, and shall include a description of any deductible or co-payment provision applicable to the benefits described.)

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

#### H. Disability Income Protection Coverage (Outline of Coverage).

An outline of coverage, in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.F. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed.

**(COMPANY NAME)**  
**DISABILITY INCOME PROTECTION COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you READ YOUR POLICY CAREFULLY!

(2) Disability Income Protection Coverage -- Policies of this category are designed to provide, to persons insured, coverage for disabilities resulting from a covered accident or sickness, subject to any limitations set forth in the policy. Coverage is not provided for basic hospital, basic medical-surgical or major medical expenses.

(3) A brief specific description of the benefits contained in this policy. (Note: The above description of benefits shall be stated clearly

(4) A description of any policy provision which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

#### I. Accident Only Coverage (Outline of Coverage).

An outline of coverage in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.G. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed.

**(COMPANY NAME)**  
**ACCIDENT ONLY COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and

only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY!**

(2) Accident Only Coverage -- Policies of this category are designed to provide, to persons insured, coverage for certain losses resulting from a covered accident **ONLY**, subject to any limitations contained in the policy. Coverage is not provided for basic hospital, basic medical-surgical or major medical expenses.

(3) A brief specific description of the benefits contained in this policy: (Note: The above description of benefits shall be stated clearly and concisely and shall include a description of any deductible or co-payment provision applicable to the benefits described. Proper disclosure of benefits which vary according to accidental cause shall be made in accordance with subsection A.(13) of Section 7. of this Regulation.)

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

J. Specified Disease or Specified Accident Coverage (Outline of Coverage). An outline of coverage, in the form prescribed below, shall be issued in connection with policies meeting the standards of Section 7.H. of this Regulation. The coverage shall be identified by the appropriate bracketed title. The items included in the outline of coverage must appear in the sequence prescribed.

**(COMPANY NAME)**  
**(SPECIFIED DISEASE) (SPECIFIED ACCIDENT)**  
**COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY!**

(2) (Specified Disease) (Specified Accident) Coverage -- Policies of this category are designed to provide, to persons insured, restricted coverage paying benefits **ONLY** when certain losses occur as a result of (specified diseases) or (specified accidents). Coverage is not provided for basic hospital, basic medical-surgical or major medical expenses.

(3) A brief specific description of the benefits, including dollar amounts, contained in this policy:



(Note: The above description of benefits shall be stated clearly and

concisely, and shall include a description of any deductible or co-payment provisions applicable to the benefits described. Proper disclosure of benefits which vary according to accidental cause shall be made in accordance with subsection A.(13) of Section 7. of this Regulation.)

(4) A description of any policy provisions which exclude, eliminate, restrict, reduce, limit, delay or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

K. Limited Benefit Health Coverage (Outline of Coverage).

An outline of coverage, in the form prescribed below, shall be issued in connection with policies which do not meet the minimum standards of Section 7.B., C., D., E., F., G. and H. of this Regulation. The items included in the outline of coverage must appear in the sequence prescribed.

**(COMPANY NAME)**  
**LIMITED BENEFIT HEALTH COVERAGE**  
**OUTLINE OF COVERAGE**

(1) Read Your Policy Carefully -- This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY!**

(2) Limited Benefit Health Coverage -- Policies of this category are designed to provide, to persons insured, limited or supplemental coverage.

(3) A brief specific description of the benefits, including dollar amounts, contained in this policy:

(Note: The above description of benefits shall be stated clearly and concisely, and shall include a description of any deductible or co-payment provisions applicable to the benefits described. Proper disclosure of benefits which vary according to accidental cause shall be made in accordance with subsection A.(13) of Section 7. of this Regulation.)

(4) A description of any policy provision which exclude, eliminate, restrict, reduce, limit, delay, or in any other manner operate to qualify payment of the benefits described in (3) above.

(5) A description of policy provisions respecting renewability or continuation of coverage, including age restrictions or any reservation of right to change premiums.

## **S 9 Requirements for replacement**

A. Application forms shall include a question designed to elicit information as to whether the insurance to be issued is intended to replace any other accident and sickness insurance presently in force. A supplementary application or other form to be signed by the applicant containing such a question may be used.

B. Upon determining that a sale will involve replacement, an insurer, other than a direct response insurer, or its agent shall furnish the applicant prior to issuance or delivery of the policy, the notice described in C. below. One (1) copy of such notice shall be retained by the applicant and an additional copy signed by the applicant shall be retained by the insurer. A direct response insurer shall deliver to the applicant upon issuance of the policy, the notice described in D. below. In no event, however, will such a notice be required in the solicitation of the following types of policies: accident only and single premium nonrenewable policies.

C. The notice required by B. above for an insurer, other than a direct response insurer, shall provide, in substantially the following form:

### **NOTICE TO APPLICANT REGARDING REPLACEMENT OF ACCIDENT AND SICKNESS INSURANCE**

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness insurance and replace it with a policy to be issued by (Company name) Insurance Company. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

(1) Health conditions which you may presently have, (pre-existing conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim or benefits under the new policy, whereas a similar claim might have been payable under your present policy.

(2) You may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

(3) If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical/health history. Failure to include all material medical information on an application may provide a basis for the company to deny any

future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded. The above Notice of Applicant was delivered to me on:

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Applicant's Signature)

D. The notice required by B. above for a direct response insurer shall be as follows:

**NOTICE TO APPLICANT REGARDING  
REPLACEMENT OF ACCIDENT AND  
SICKNESS INSURANCE**

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness insurance and replace it with the policy delivered herewith issued by Insurance Company. Your new policy provides 10 days within which you may decide without cost whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

(1) Health conditions which you may presently have, (pre-existing conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a claim for benefits under the new policy, whereas a similar claim might have been payable under your present policy.

(2) You may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

(3) (To be included only if the application is attached to the policy.) If after due consideration, you still wish to terminate your present policy and replace it with new coverage, read the copy of the application attached to your new policy and be sure that all questions are answered fully and correctly. Omissions or misstatements in the application could cause an otherwise valid claim to be denied. Carefully check the application and write to (company name and address) within 10 days if any information is not correct and complete, or if any past medical history has been left out of the application.

\_\_\_\_\_  
(Company Name)

## **S 10 Separability**

If any provision of this Regulation or the application thereof to any person or circumstance is for any reasons held to be invalid, the remainder of the Regulation and the application of such provision to other persons or circumstances shall not be affected thereby.