

Long-Term Care Policies 5

Nonforfeiture benefits – if all or part of the premium is not paid, the insurer must provide either reduced paid-up insurance, extended term, or a shortened benefit period:

- Shortened benefit period – for this option, the company must at least provide the same benefits, amounts and frequency as the original policy
- Nonforfeiture credit must be equal to 100% of the sum of all premiums paid, but a minimum of 30 times the daily nursing home benefit must be provided at the time of lapse

Grace period and unintentional lapse

- Long-term care policies must have a grace period of not less than 30 days
- Unintentional lapse:
 - The applicant may designate a secondary addressee will receive notice of lapse
 - If the policy is cancelled due to lapse, it may be reinstated in a period of not less than five months if the policyholder or secondary addressee can prove that the lapse was unintentional and due to cognitive impairment, loss of functional capacity, or confinement in a facility for at least 60 days