**20:06:21:06.01.  Cost-of-living adjustments -- Minimum standards.** An insurer may not offer a long-term care insurance policy unless the insurer also offers to the policyholder, in addition to any other inflation protection, the option to purchase a policy that provides for benefit levels along with benefit maximums to increase. The timing of increases in benefits must be related to reasonably anticipated increases in the costs of long-term care services covered by the policy. Insurers must offer to each policy holder, at the time of purchase, the option to purchase a policy with an inflation protection feature no less favorable than one of the following:

 (1)  An option which guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status if the option for the previous period was not declined. The amount of the additional benefit must be no less than the difference between the existing policy benefit and that benefit compounded annually at a rate of at least five percent for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made;

 (2)  An option which covers a specified percentage of actual or customary and reasonable charges and does not include a maximum specified indemnity amount or limit; or

 (3)  An option which increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five percent;

 (4)  The offer may not be required of life insurance policies or riders containing accelerated long-term care benefits.

 **Source:** 22 SDR 97, effective December 18, 1995; 28 SDR 157, effective May 19, 2002.

 **General Authority:** SDCL 58-17B-4, 58-17B-13.1.

 **Law Implemented:** SDCL 58-17B-13, 58-17B-13.1.