**20:06:21:86.  Right to reduce coverage and lower premiums.** Each 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:

(1)  Reducing the maximum benefit; or

(2)  Reducing the daily, weekly, or monthly benefit amount.

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

The premium for the reduced coverage shall be based on the same age and underwriting class used to determine the premium for the coverage currently in force and be consistent with the approved rate table.

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. 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 § 20:06:21:22.

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

A premium increased notice required by subdivision 20:06:21:60(5) 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.

**Source:** 33 SDR 230, effective July 2, 2007; 44 SDR 184, effective June 25, 2018.

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

**Law Implemented:** SDCL 58-17B-4.