

Health Provisions, Options, Riders and Exclusions

1. Entire Contract

- a. Application, Policy, Riders and Amendments
- b. Changes can only be made by an Executive Officer of the company

2. Grace Period – depends on the mode

- a. Weekly – 7 days, Monthly – 10 days, All other modes – 31 days

3. Reinstatement - after a policy has lapsed

- a. Pay back premiums plus interest
- b. Prove insurability
- c. Accidents covered immediately – Illness only covered after 10 days

4. Change of Beneficiary

- a. Revocable – Owner can make changes at any time
- b. Irrevocable – changes can only be made with the written permission of beneficiary

5. Notice of Claim – 20 days

- a. Notice to agent = notice to insurer

6. Claim Forms – 15 days

- a. If forms not received – submitting any written proof will suffice

7. Proof of Loss – 90 days, not to exceed 1 year

8. Time of Payment of Claims – The When

- a. Claims are to be paid immediately upon written proof of loss – usually 60 days
- b. Disability claims must be paid at least **monthly**

9. Payment of Claims – The Who

- a. Claim payments are to be made to insured, beneficiary, estate, unless otherwise assigned to a doctor or hospital

10. Physical Exam and Autopsy - gives the insurer the right to examine the insured as many times as necessary, while a claim is pending; at the insurers own expense

11. **Time Limit on Certain Defenses** – Incontestable Clause
 - a. Claim can't be denied after 2 years because of statements in the application
 - b. Unless fraudulent – as long as policy is in force, claim can be denied
12. **Legal Action** – wait 60 days, no later than 3 years
13. **Insuring Clause** – The Heart of the policy
 - a. States who the parties to the contract are, amount and type of coverage
14. **Free Look**
 - a. 10 days from receipt of policy to look it over and return it for refund
 - b. 30 days – Medicare Supplement and Long Term Care (Guaranteed Renewable)
15. **Consideration** – Something of value
 - a. Insured – answers on the application and payment of premium
 - b. Insurer – promising to pay benefits
 - c. May be a separate provision or it might be included in the Insuring Clause
16. **Probationary Period**
 - a. Group – before eligible to participate in benefits
 - b. Disability – from when a policy is first issued before illness covered
17. **Waiver of Premium**
 - a. Provision or Rider in a Disability policy
 - b. After 6 months of disability, premiums waived and premiums paid during waiting period are reimbursed
18. **Managed Care Plans - Control Costs**
 - a. Pre-Authorization or Prior Approval Requirements
 - b. Usual, Reasonable and Customary – costs differ depending on where you live
 - c. Concurrent Review – follow along as you progress through treatment
 - d. Controlled access of providers
 - e. Coinsurance – % of cost sharing with insurer

- f. Co-Payment – set dollar amount paid for each visit
- g. Deductibles – amount insured pays before any cost sharing with insurer
 - i. Carry Over Provision – deductible hasn't been met; any expenses incurred during the last 3 months of the year can be carried over to the next year to meet the new deductible
 - ii. Deductible is always subtracted before applying coinsurance

19. Misstatement of Age

- a. Claim won't be denied, benefits will be adjusted

20. Optional Provisions

a. Change of Occupation

- i. Less dangerous to more dangerous – benefits go down
- ii. More dangerous to less dangerous – premiums go down

b. Illegal Occupation – don't rob a liquor store and accept them to pay

21. Guaranteed Insurability Rider - guarantees insured can add more coverage at future dates without proof of insurability

22. Multiple Indemnity Rider – added to an AD&D policy – pays 2x or 3x face amount

23. Exclusion/Impairment Rider – takes away coverage for pre-existing conditions

24. Policy Exclusions

- a. Nursing Home Care – only covered by LTC policy or Medicaid
- b. On the job injuries or illness – covered by Workers Comp
- c. Care in government facilities – VA Hospital treatment
- d. Hearing aids, dental, cosmetic surgery (unless required because of accident)
- e. War, self-inflicted or injury while committing a felony

25. Rights of Renewability – Continuation Provisions – spell out insurers duties when it comes to renewing a policy. Insured always has the unilateral right to not renew

- a. **Non-Cancellable** – insurer cannot cancel and they also cannot raise the rates
- b. **Guaranteed Renewable** – Insurer has to guarantee to renew up to a certain age (65); however, they can raise the rates
 - i. On a Class Basis only – not individual
 - ii. Med Supp and Long Term Care - For Life
- c. **Cancellable** – Can cancel at any time during the year for any reason
 - i. Any claims in progress must be honored
 - ii. Unearned premiums must be returned to insured
- d. **Period of Time (Term)**
 - i. Travel Accident Policy
 - ii. Not renewable