



1 (4) The commissioner shall adopt rules relating to the following matters:

2 (a) standards for the manner and content of policy provisions, and disclosures to be made  
3 in connection with the sale of policies covered by this section, dealing with at least the following  
4 matters:

- 5 (i) terms of renewability;
- 6 (ii) initial and subsequent conditions of eligibility;
- 7 (iii) nonduplication of coverage provisions;
- 8 (iv) coverage of dependents;
- 9 (v) preexisting conditions;
- 10 (vi) termination of insurance;
- 11 (vii) probationary periods;
- 12 (viii) limitations;
- 13 (ix) exceptions;
- 14 (x) reductions;
- 15 (xi) elimination periods;
- 16 (xii) requirements for replacement;
- 17 (xiii) recurrent conditions;
- 18 (xiv) coverage of persons eligible for Medicare; and
- 19 (xv) definition of terms;

20 (b) minimum standards for benefits under each of the following categories of coverage in  
21 policies covered in this section:

- 22 (i) basic hospital expense coverage;
- 23 (ii) basic medical-surgical expense coverage;
- 24 (iii) hospital confinement indemnity coverage;
- 25 (iv) major medical expense coverage;
- 26 (v) disability income protection coverage;
- 27 (vi) accident only coverage;
- 28 (vii) specified disease or specified accident coverage;
- 29 (viii) limited benefit health coverage; [and]
- 30 (ix) nursing home and long-term care coverage; and
- 31 (x) mental health coverage;

1 (c) the content and format of the outline of coverage, in addition to that required under  
2 Subsection (6); and

3 (d) the method of identification of policies and contracts based upon coverages provided.

4 (5) Nothing in Subsection (4)(b) precludes the issuance of policies that combine categories  
5 of coverage in that subsection provided that any combination of categories meets the standards of  
6 a component category of coverage.

7 (6) The commissioner may adopt rules relating to the following matters:

8 (a) establishing disclosure requirements for insurance policies covered in this section,  
9 designed to adequately inform the prospective insured of the need for and extent of the coverage  
10 offered, and requiring that this disclosure be furnished to the prospective insured with the  
11 application form, unless it is a direct response insurance policy;

12 (b) (i) prescribing caption or notice requirements designed to inform prospective insureds  
13 that particular insurance coverages are not Medicare Supplement coverages;

14 (ii) the requirements of Subsection (6)(b)(i) apply to all disability insurance policies and  
15 certificates sold to persons eligible for Medicare; and

16 (c) requiring the disclosures or information brochures to be furnished to the prospective  
17 insured on direct response insurance policies, upon his request or, in any event, no later than the  
18 time of the policy delivery.

19 (7) A policy covered by this section may be issued only if it meets the minimum standards  
20 established by the commissioner under Subsection (4), an outline of coverage accompanies the  
21 policy or is delivered to the applicant at the time of the application, and, except with respect to  
22 direct response insurance policies, an acknowledged receipt is provided to the insurer. The outline  
23 of coverage shall include:

24 (a) a statement identifying the applicable categories of coverage provided by the policy  
25 as prescribed under Subsection (4);

26 (b) a description of the principal benefits and coverage;

27 (c) a statement of the exceptions, reductions, and limitations contained in the policy;

28 (d) a statement of the renewal provisions, including any reservation by the insurer of a  
29 right to change premiums;

30 (e) a statement that the outline is a summary of the policy issued or applied for and that  
31 the policy should be consulted to determine governing contractual provisions; and

1 (f) any other contents the commissioner prescribes.

2 (8) If a policy is issued on a basis other than that applied for, the outline of coverage shall  
3 accompany the policy when it is delivered and it shall clearly state that it is not the policy for  
4 which application was made.

5 (9) (a) Notwithstanding Subsection 31A-22-609(2), and except as provided under  
6 Subsection (9)(b), an insurer that elects to use an application form without questions concerning  
7 the insured's health history or medical treatment history, shall provide coverage under the policy  
8 for any loss which occurs more than 12 months after the effective date of the policy due to a  
9 preexisting condition which is not specifically excluded from coverage.

10 (b) (i) An insurer that issues a specified disease policy, regardless of whether the basis of  
11 issuance is a detailed application form, a simplified application form, or an enrollment form, may  
12 not deny a claim for loss due to a preexisting condition which occurs more than six months after  
13 the effective date of coverage.

14 (ii) A specified disease policy may not define a preexisting condition more restrictively  
15 than a condition which first manifested itself within six months prior to the effective date of  
16 coverage or which was diagnosed by a physician at any time prior to the effective date of coverage.

17 (iii) A specified disease policy may not include wording that provides a defense based  
18 upon a preexisting condition except as allowed under this subsection.

19 (10) Notwithstanding Subsection 31A-22-606(1), limited accident and health policies or  
20 certificates issued to persons eligible for Medicare shall contain a notice prominently printed on  
21 or attached to the cover or front page which states that the policyholder or certificate holder has  
22 the right to return the policy for any reason within 30 days after its delivery and to have the  
23 premium refunded.

24 (11) (a) In making the rules under Subsection (4)(b)(x), the commissioner shall require  
25 rules with durational limits, amount limits, deductibles, and coinsurance factors for serious mental  
26 illness equitable or identical to coverage provided for other illnesses or diseases.

27 (b) (i) For purposes of Subsection (11)(a), "serious mental illness" means a mental disorder  
28 that:

29 (A) medical science affirms is a biological disorder of the brain; and

30 (B) that substantially limits the life activities of the person with the illness.

31 (ii) "Serious mental illness" includes:

- 1        (A) schizophrenia;
- 2        (B) schizo affective disorder;
- 3        (C) delusional disorder;
- 4        (D) bipolar affective disorders;
- 5        (E) major depression;
- 6        (F) obsessive compulsive disorder; or
- 7        (G) anxiety, panic disorders.

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**Legislative Review Note**  
**as of 12-1-97 1:34 PM**

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**