

From: [Slater All Lines Insurance School](#)
To: [OIC Rules Coordinator](#)
Subject: Notice on rulemaking on (R 2023-08) Life insurance disclosure agreements
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Attachments: [sis-logo-new-layout.png](#)

External Email

Hi,

I have looked over the laws and rules and I see nothing wrong with them as they are, they are talking about 2 separate riders. (I have been teaching this since 2007.) The following is from our state-approved life insurance pre-license education textbook:

Riders Affecting the Death Benefit Amount

Accelerated Death Benefit Rider

(a.k.a. Life Settlement, Accelerated (Living) Benefit Rider)... With this rider, part or all of the policy face amount may be paid in advance on the diagnosis of certain dread diseases or in the event of circumstances significantly affecting the insured's longevity and quality of life, such as a major organ transplant or entering a nursing home.

- Accelerated death benefits paid to the chronically ill and terminally ill are treated as death benefits and will NOT be taxed as income.
- *By using the accelerated death benefit of a policy, it may make it possible for the insured/owner to avoid having to sell his policy to an investment group or investor for the needed money or income (viatical).*

Long-Term Care (LTC) Rider:

A rider added to a life insurance policy that will pay benefits to cover the insured should care be needed in a long-term care facility or for at-home care. The rider may be offered as an indemnity plan or a reimbursement plan.

- A reimbursement plan will reimburse you for the cost of the care.
- An indemnity plan will pay a lump sum once the benefit is triggered. This is a more expensive option as the plan will pay out regardless of the expenses.
- If the state definition of Long-Term Care includes 'policy, contract, or rider' as it does in Washington State, in order to sell a life policy with an LTC rider a producer needs a disability license and the initial 8-hour LTC course certification.
- An insured could utilize the Accelerated Death Benefit for long-term care needs, but they must be terminal in order to access it. A Long-term care trigger

does not require a person to be terminally ill. The inability to perform 2 of the 6 Activities of Daily Living is sufficient.

The rule simply states the **ADB cannot be marketed or sold as a LTC plan**. That is because it is not a LTC coverage. LTC in WA must have the ability to pay out for 1 year (RCW 48.83.020 (5)) and the underlying life policy may not be large enough to cover those costs.

WAC 284-23-650 (1) The words "accelerated benefit" must be included in the required title of every life insurance policy or rider that includes a provision for accelerated benefits. **Accelerated benefits shall not be described, advertised, marketed, or sold as either long-term care insurance or as providing long-term care benefits.**

Consider also, RCW 48.83.010 Application. This chapter applies to all long-term care insurance policies, contracts, or riders delivered or issued for delivery in this state on or after January 1, 2009. This chapter does not supersede the obligations of entities subject to this chapter to comply with other applicable laws to the extent that they do not conflict with this chapter, except that laws and regulations designed and intended to apply to medicare supplement insurance policies shall not be applied to long-term care insurance.

(1) Coverage advertised, marketed, or offered as long-term care insurance shall comply with the provisions of this chapter. Any coverage, policy, or rider advertised, marketed, or offered as long-term care or nursing home insurance shall comply with the provisions of this chapter.

There's also the education and licensing to consider. A producer with a life only license may sell a life policy with an accelerated death benefit. They may not sell a life policy with a long-term care rider. (RCW 48.83.130) In order to lawfully sell this product they will need a disability license, an 8 hour LTC certification course, and a 4 hour LTC refresher course every 2 years.

Thank you
Maryann



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