

§ 58-51-130. Standards for disability income insurance policies.

- (a) Definitions. – As used in this section:
 - (1) "Disability income insurance policy" or "policy" means a policy of accident and health insurance that provides payments when the insured is unable to work because of illness, disease, or injury.
 - (2) "Policy" includes the certificates referred to in subsection (b) of this section.
- (b) Applicability. – This section applies to all policies used in this State, including certificates issued under group policies that are used in this State. This section also applies to a certificate issued under a policy issued and delivered to a trust or to an association outside of this State and covering persons residing in this State.
- (c) Disclosure Standards. – Every disability income insurance policy shall include provisions, where applicable, addressing:
 - (1) Terms of renewability.
 - (2) Initial and subsequent conditions of eligibility.
 - (3) Nonduplication of coverage.
 - (4) Preexisting conditions.
 - (5) Probationary periods.
 - (6) Elimination periods.
 - (7) Requirements for replacement.
 - (8) Recurrent conditions.
 - (9) Definitions of terms.
- (d) Preexisting Conditions. – If an insurer does not seek a prospective insured's medical history in the application or enrollment process, the insurer shall not deny a claim for disabilities that commence more than 24 months after the effective date of the insured person's coverage on the grounds the disability is caused by a preexisting condition. A policy shall not define a preexisting condition more restrictively than "a condition for which medical advice, diagnosis, care, or treatment was received or recommended within the 24-month period immediately preceding the effective date of coverage of the insured person."
- (e) Exceptions. – Nothing in this section prohibits an insurer from:
 - (1) Using an application or enrollment form designed to elicit the medical history of a prospective insured.
 - (2) Underwriting based on answers on the form according to the insurer's established standards.
 - (3) Contesting the answers in accordance with G.S. 58-51-15(a)(2)a.
- (f) Required Provisions. – Each policy shall include:
 - (1) A description of the principal benefits and coverage provided in the policy.
 - (2) A statement of the exceptions, reductions, and limitations contained in the policy.
 - (3) A statement of the renewal provisions, including any reservation by the insurer of a right to change premiums.
- (g) Other Applicable Provisions. – G.S. 58-51-95(f) applies to individual policies and G.S. 58-51-80(g) applies to group policies.
- (h) Other Income Sources. – If a policy contains a provision that provides for integration of benefits with other income sources, it shall include a definition of what is considered other income sources and a complete description of how benefits will be reduced by other income sources, if at all. No disability income policy shall provide that the amount of any disability benefit paid to the insured shall be reduced by reason of any cost-of-living increase, designated as such under the federal Social Security Act, if the cost-of-living increase occurs during the period for which benefits are payable. (1999-351, s. 2.)