

## **11 NCAC 12 .1004 POLICY PRACTICES AND PROVISIONS**

(a) The terms "guaranteed renewable" or "noncancellable" may not be used in any individual policy without further explanatory language in accordance with the disclosure requirements of 11 NCAC 12 .1006. No such policy issued to an individual shall contain renewal provisions other than "guaranteed renewable" or "noncancellable".

(b) The term "guaranteed renewable" may be used only when the insured has the right to continue the policy in force by timely payments of premiums; during which period the insurer has no unilateral right to make any change in any provision of the policy while the policy is in force and can not refuse to renew: Provided that rates may be revised by the insurer on a class basis.

(c) The term "level premium" may be used only when the insurer does not have the right to change the premium.

(d) The word "noncancellable" may be used only when the insured has the right to continue the policy in force by timely payments of premiums and during which period the insurer has no right to unilaterally make any change in any provision of the policy or in the premium rate.

(e) No policy may limit or exclude coverage by type of illness, treatment, medical condition, or accident, except as follows:

- (1) preexisting conditions as specified in G.S. 58-55-30;
- (2) mental or nervous disorders, except for Alzheimer's Disease;
- (3) alcoholism and drug addiction;
- (4) illness, treatment, or medical condition arising out of:
  - (A) war or act of war (whether declared or undeclared);
  - (B) participation in a felony, riot, or insurrection;
  - (C) service in the armed forces or units auxiliary thereto;
  - (D) suicide, attempted suicide, or intentionally self-inflicted injury; or
  - (E) aviation activity as a nonfare-paying passenger;
- (5) treatment provided in a government facility (unless otherwise required by law); services for which benefits are available under Medicare (unless otherwise required by law), under any other governmental program (except Medicaid), or under any state or federal workers' compensation, employer's liability, or occupational disease law; services provided by the insured's parents, spouse, children or siblings; and services for which no charge is normally made in the absence of insurance;
- (6) exclusions and limitations for payment for services provided outside the United States; and
- (7) legitimate variations in benefit levels to reflect differences in provider rates.

(f) Termination of a policy shall be without prejudice to any benefits payable for institutionalization if the institutionalization began while the policy was in force and continues without interruption after termination. Such extension of benefits beyond the period during which the policy was in force may be limited to the duration of the benefit period, if any, or to payment of the maximum benefits; and may be subject to any policy waiting period and all other applicable provisions of the policy.

*History Note: Authority G.S. 58-2-40(1); 58-55-30(a);  
Eff. September 1, 1990;  
Amended Eff. February 1, 1996; December 1, 1993; December 1, 1992;  
Amended Eff. August 1, 2002;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1, 2018.*