

**Sec. 38a-505-7. Prohibited policy provisions**

(A) Except as provided in Section 38a-505-5(E), no policy shall contain provisions establishing a probationary or waiting period during which no coverage is provided under the policy subject to the further exception that a policy may specify a probationary or waiting period not to exceed six (6) months for specified diseases or conditions and losses resulting therefrom for hernia, disorder of reproductive organs, varicose veins, adenoids, appendix and tonsils. However, the permissible six (6) months exception shall not be applicable where such specified diseases or conditions are treated on an emergency basis. Accident policies shall not contain probationary or waiting periods.

(B) No policy or rider for additional coverage may be issued as a dividend unless an equivalent cash payment is offered to the policyholder as an alternative to such dividend policy or rider. No such dividend policy or rider shall be issued for an initial term of less than six (6) months. The initial renewal subsequent to the issuance of any policy or rider as a dividend shall clearly disclose that the policyholder is renewing the coverage that was provided as a dividend for the previous term and that such renewal is optional with the policyholder.

(C) No policy shall exclude coverage for a loss due to a pre-existing condition for a period greater than twelve (12) months following policy issue where the application for such insurance does not seek disclosure of prior illness, disease or physical conditions or prior medical care and treatment and such pre-existing condition is not specifically excluded by the terms of the policy.

(D) A disability income policy may contain a "return of premium" or "cash value benefit" so long as:

(1) The insurance policy is non-cancellable or, if the benefit is added by rider, it is attached to a non-cancellable policy.

(2) The forms provide for the payment of surrender value upon (a) the written request of the insured, and surrender of the policy, (b) lapse of the policy, (c) death of the insured, or (d) on the termination date of the contract.

(3) the surrender value is based on policy duration, premiums paid by the insured and benefits paid by the company. A refund is available after a policy has been in force a minimum of three years (two years on policies issued on ages 46-50).

(4) The form is not issued beyond age 50.

(5) The insurer includes a detailed statement of the method of computing the premium rates, the tables of cash value, and the estimated loss ratio.

(6) The insurer includes a demonstration of the fiscal integrity of the product and the company.

(7) The form is not on the basis of the 10 year roll-over concept.

(E) No other policy shall provide a return of premium or cash value benefit, except returned or unearned premium upon termination or suspension of coverage, retroactive waiver of premium paid during disability, payment of dividends on participating policies, or experience rating refunds.

(F) Policies providing hospital confinement indemnity coverage shall not contain provisions excluding coverage because of confinement in a hospital operated by the Federal Government.

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

(1) Pre-existing conditions or diseases, except for congenital anomalies of a covered dependent child;

(2) Mental or emotional disorders, alcoholism and drug addiction except as set forth in section 38a-488a of the Connecticut General Statutes;

(3) Pregnancy, except for complications of pregnancy, other than for policies defined in section 38a-505-9(F) of the Regulations of Connecticut State Agencies;

(4) Illness, treatment or medical condition arising out of:

(a) War or act of war (whether declared or undeclared); participation in a felony, riot or insurrections; service in the Armed Forces or units auxiliary thereto;

(b) Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury except with respect to individual health insurance policies providing coverage of the type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the Connecticut General Statutes;

(c) Aviation;

(d) With respect to short-term renewable policies, inter-scholastic sports;

(5) Cosmetic surgery, except that "cosmetic surgery" shall not include reconstructive surgery when such service is incidental to or follows surgery resulting from trauma, infection or other diseases of the involved part, and reconstructive surgery because of congenital disease or anomaly of a covered dependent child which has resulted in a functional defect;

(6) Treatment provided in a government hospital, benefits provided under Medicare or other governmental program (except Medicaid), any state or federal workers' compensation, employers liability or occupational disease law, or the basic reparations benefits of any motor vehicle no-fault law, services rendered by employees of hospitals, laboratories or other institutions, services performed by a member of the covered person's immediate family and services for which no charge is normally made in the absence of insurance.

(7) Dental care or treatment except as set forth in sections 38a-491, 38a-491a, and 38a-491b, inclusive, of the Connecticut General Statutes;

(8) Eye glasses, hearing aids and examination for the prescription or fitting thereof except as set forth in section 38a-490b of the Connecticut General Statutes;

(9) Rest cures, custodial care, transportation and routine physical examinations; and

(10) Territorial limitations.

(H) Other provisions of this regulation shall not impair or limit the use of waivers to exclude, limit or reduce coverage or benefits for specifically named or described pre-existing diseases, physical condition or extra hazardous activity. Where waivers are required as a condition of issuance, renewal or reinstatement, signed acceptance by the insured is required unless on initial issuance the full text of the waiver is contained either on the first page or specification page of the policy or unless notice of the waiver appears on the first page or specification page.

(I) Policy provisions precluded in this Section shall not be construed as a limitation on the authority of the Commissioner to disapprove other policy provisions in accordance with Section 38a-481 of the Connecticut General Statutes which, in the opinion of the Commissioner, are unjust, unfair, or deceptive, or unfairly discriminatory to the

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policyholder, beneficiary, or any person insured under the policy or which encourage misrepresentation of the policy.

(Effective September 25, 1992; Amended August 30, 2004)