



General Assembly

January Session, 2007

Raised Bill No. 1103

LCO No. 3407

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Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT REQUIRING NOTICE TO LONG-TERM CARE INSURED OF DISCONTINUANCE OF NEW SALES OF LONG-TERM CARE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-501 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) As used in this section, "long-term care policy" means any
4 individual health insurance policy, delivered or issued for delivery to
5 any resident of this state on or after July 1, 1986, which is designed to
6 provide, within the terms and conditions of the policy, benefits on an
7 expense-incurred, indemnity or prepaid basis for necessary care or
8 treatment of an injury, illness or loss of functional capacity provided
9 by a certified or licensed health care provider in a setting other than an
10 acute care hospital, for at least one year after a reasonable elimination
11 period. A long-term care policy shall provide benefits for confinement
12 in a nursing home or confinement in the insured's own home or both.
13 Any additional benefits provided shall be related to long-term
14 treatment of an injury, illness or loss of functional capacity. "Long-term
15 care policy" shall not include any such policy which is offered

16 primarily to provide basic Medicare supplement coverage, basic
17 medical-surgical expense coverage, hospital confinement indemnity
18 coverage, major medical expense coverage, disability income
19 protection coverage, accident only coverage, specified accident
20 coverage or limited benefit health coverage.

21 (b) No insurance company, fraternal benefit society, hospital service
22 corporation, medical service corporation or health care center may
23 deliver or issue for delivery any long-term care policy which has a loss
24 ratio of less than sixty per cent for any individual long-term care
25 policy. An issuer shall not use or change premium rates for a long-
26 term care insurance policy unless the rates have been filed with and
27 approved by the Insurance Commissioner. Any rate filings or rate
28 revisions shall demonstrate that anticipated claims in relation to
29 premiums when combined with actual experience to date can be
30 expected to comply with the loss ratio requirement of this section.

31 (c) No such company, society, corporation or center may deliver or
32 issue for delivery any long-term care policy without providing, at the
33 time of solicitation or application for purchase or sale of such coverage,
34 full and fair disclosure of the benefits and limitations of the policy.

35 (d) The Insurance Commissioner shall adopt regulations, in
36 accordance with chapter 54, which address (1) the insured's right to
37 information prior to his replacing an accident and sickness policy with
38 a long-term care policy, (2) the insured's right to return a long-term
39 care policy to the insurer, within a specified period of time after
40 delivery, for cancellation, and (3) the insured's right to accept by his
41 signature, and prior to it becoming effective, any rider or endorsement
42 added to a long-term care policy after the issuance date of such policy.
43 The Insurance Commissioner shall adopt such additional regulations
44 as he deems necessary in accordance with chapter 54 to carry out the
45 purpose of this section.

46 (e) The Insurance Commissioner may, upon written request by any
47 such company, society, corporation or center, issue an order to modify

48 or suspend a specific provision of this section or any regulation
49 adopted pursuant thereto with respect to a specific long-term care
50 policy upon a written finding that: (1) The modification or suspension
51 would be in the best interest of the insureds; (2) the purposes to be
52 achieved could not be effectively or efficiently achieved without such
53 modification or suspension; and (3)(A) the modification or suspension
54 is necessary to the development of an innovative and reasonable
55 approach for insuring long-term care, (B) the policy is to be issued to
56 residents of a life care or continuing care retirement community or
57 other residential community for the elderly and the modification or
58 suspension is reasonably related to the special needs or nature of such
59 community, or (C) the modification or suspension is necessary to
60 permit long-term care policies to be sold as part of, or in conjunction
61 with, another insurance product, whenever the commissioner decides
62 not to issue such an order, he shall provide written notice of such
63 decision to the requesting party in a timely manner.

64 (f) Upon written request by any such company, society, corporation
65 or center, the Insurance Commissioner may issue an order to extend
66 the preexisting condition exclusion period, as established by
67 regulations adopted pursuant to this section, for purposes of specific
68 age group categories in a specific long-term care policy form whenever
69 he makes a written finding that such an extension is in the best interest
70 to the public. Whenever the commissioner decides not to issue such an
71 order, he shall provide written notice of such decision to the
72 requesting party in a timely manner.

73 (g) The provisions of section 38a-19 shall be applicable to any such
74 requesting party aggrieved by any order or decision of the
75 commissioner made pursuant to subsections (e) and (f) of this section.

76 (h) Any such company, society, corporation or center that delivers
77 or issues for delivery any long-term care policy in the state shall notify
78 any insured under a long-term care policy, in writing, of its intent to
79 discontinue new sales of long-term care policies not less than sixty

80 days prior to discontinuing such sales.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2007	38a-501

Statement of Purpose:

To require insurance companies, fraternal benefit societies, hospital service corporations, medical service corporations or health care centers that offer individual long-term care policies in this state to notify their policyholders if such insurer intends to stop selling new long-term care policies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]