



General Assembly

**Substitute Bill No. 1103**

January Session, 2007

\* SB01103INS 030807 \*

**AN ACT CONCERNING NONFORFEITURE BENEFIT REQUIREMENTS  
WITH RESPECT TO 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 Section 38a-501 of the general statutes is repealed and the  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) No such company, society, corporation or center may deliver or  
36 issue for delivery any long-term care policy on or after July 1, 2008,  
37 without offering, at the time of solicitation or application for purchase  
38 or sale of such coverage, an option to purchase a policy that includes a  
39 nonforfeiture benefit. Such offer of a nonforfeiture benefit may be in  
40 the form of a rider attached to such policy. In the event the  
41 nonforfeiture benefit is declined, such company, society, corporation  
42 or center shall provide a contingent benefit upon lapse that shall be  
43 available for a specified period of time following a substantial increase  
44 in premium rates. Not later than July 1, 2008, the Insurance  
45 Commissioner shall adopt regulations, in accordance with chapter 54,  
46 to implement the provisions of this subsection. Such regulations shall  
47 specify the type of nonforfeiture benefit that may be offered, the  
48 standards for such benefit, the period of time during which a  
49 contingent benefit upon lapse will be available and the substantial  
50 increase in premium rates that trigger a contingent benefit upon lapse  
51 in accordance with the Long-Term Care Insurance Model Regulation  
52 adopted by the National Association of Insurance Commissioners.

53        [(d)] (e) The Insurance Commissioner shall adopt regulations, in  
54 accordance with chapter 54, which address (1) the insured's right to  
55 information prior to his replacing an accident and sickness policy with  
56 a long-term care policy, (2) the insured's right to return a long-term  
57 care policy to the insurer, within a specified period of time after  
58 delivery, for cancellation, and (3) the insured's right to accept by his  
59 signature, and prior to it becoming effective, any rider or endorsement  
60 added to a long-term care policy after the issuance date of such policy.  
61 The Insurance Commissioner shall adopt such additional regulations  
62 as he deems necessary in accordance with chapter 54 to carry out the  
63 purpose of this section.

64        [(e)] (f) The Insurance Commissioner may, upon written request by  
65 any such company, society, corporation or center, issue an order to  
66 modify or suspend a specific provision of this section or any regulation  
67 adopted pursuant thereto with respect to a specific long-term care  
68 policy upon a written finding that: (1) The modification or suspension  
69 would be in the best interest of the insureds; (2) the purposes to be  
70 achieved could not be effectively or efficiently achieved without such  
71 modification or suspension; and (3)(A) the modification or suspension  
72 is necessary to the development of an innovative and reasonable  
73 approach for insuring long-term care, (B) the policy is to be issued to  
74 residents of a life care or continuing care retirement community or  
75 other residential community for the elderly and the modification or  
76 suspension is reasonably related to the special needs or nature of such  
77 community, or (C) the modification or suspension is necessary to  
78 permit long-term care policies to be sold as part of, or in conjunction  
79 with, another insurance product, whenever the commissioner decides  
80 not to issue such an order, he shall provide written notice of such  
81 decision to the requesting party in a timely manner.

82        [(f)] (g) Upon written request by any such company, society,  
83 corporation or center, the Insurance Commissioner may issue an order  
84 to extend the preexisting condition exclusion period, as established by  
85 regulations adopted pursuant to this section, for purposes of specific

86 age group categories in a specific long-term care policy form whenever  
87 he makes a written finding that such an extension is in the best interest  
88 to the public. Whenever the commissioner decides not to issue such an  
89 order, he shall provide written notice of such decision to the  
90 requesting party in a timely manner.

91 [(g)] (h) The provisions of section 38a-19 shall be applicable to any  
92 such requesting party aggrieved by any order or decision of the  
93 commissioner made pursuant to subsections [(e)] (f) and [(f)] (g) of this  
94 section.

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

**INS**      *Joint Favorable Subst.*