



# Senate

General Assembly

**File No. 136**

January Session, 2009

Substitute Senate Bill No. 716

*Senate, March 23, 2009*

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT ELIMINATING THE REDUCTION OF BENEFITS PAYABLE UNDER A LONG-TERM DISABILITY POLICY BY AMOUNTS RECEIVED BY THE INSURED IN SOCIAL SECURITY PAYMENTS.***

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

1 Section 1. Section 38a-519 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) No group health insurance policy which provides disability  
4 income protection coverage, delivered, or issued for delivery,  
5 amended or renewed, in this state, on or after January 1, 1976, and no  
6 application, rider or endorsement used in connection therewith shall  
7 contain an offset proviso. No such policy in effect on January 1, 1976,  
8 and no application, rider or endorsement used in connection therewith  
9 shall after January 1, 1981, contain an offset proviso. For the purposes  
10 of this section, an "offset proviso" means any provision of an insurance  
11 policy which allows the insurer to reduce his liability for loss or  
12 expense from sickness or from bodily injury of the insured by reason

13 of any increase in the disability benefits on or after the date a claim  
14 commences under any such policy.

15 (b) No group or individual long-term disability insurance policy or  
16 certificate form and no application, rider or endorsement used in  
17 connection therewith delivered, issued for delivery, amended,  
18 renewed or continued, in this state, on or after July 1, 2009, under  
19 which the insured pays the full premium or has paid the full premium  
20 prior to qualifying for and collecting disability benefits thereunder  
21 shall contain any provision that allows the insurer to reduce any such  
22 disability benefits payable or coverage limits due to any amounts  
23 payable to or received by the insured for Social Security disability  
24 benefits pursuant to the Social Security Act, 42 USC Section 301, et seq.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	38a-519

**LAB**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

This bill bans certain long-term disability offsets and does not result in a fiscal impact.

**The Out Years**

None

**OLR Bill Analysis****sSB 716*****AN ACT ELIMINATING THE REDUCTION OF BENEFITS PAYABLE UNDER A LONG-TERM DISABILITY POLICY BY AMOUNTS RECEIVED BY THE INSURED IN SOCIAL SECURITY PAYMENTS.*****SUMMARY:**

This bill bans any individual or group long term disability insurance policy, certificate form, application, rider, or endorsement in Connecticut from including a reduction (offset) of coverage or benefits payable because the insured receives Social Security disability benefits. The bill applies to policies (1) paid for entirely by the insured and (2) delivered, issued for delivery, amended, renewed or continued in Connecticut on or after July 1, 2009.

Current law permits such reductions, but prohibits reductions under group policies from increasing over time because the claimant receives an increase in other disability benefits. In other words, current law bars an offset under a group policy from increasing if the claimant receives, for example, a cost of living increase in Social Security disability benefit.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Disability insurance and Social Security Disability Benefits***

Many claimants who qualify for benefits under long-term disability insurance may also qualify for federal Social Security disability benefits. Many long-term disability policies include an offset so the benefits from the two plans do not exceed a certain threshold of the claimant's pre-disability wages (such as 60%).

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 11 Nay 0 (03/10/2009)