



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony of the Connecticut Insurance Department

Before the
Joint Committee on Aging

March 9th, 2010

Raised Bill 322—An Act Concerning Long-Term Care Policies Under the Connecticut Partnership for Long-Term Care

The Connecticut Insurance Department appreciates the opportunity to provide the following comments on Raised Bill 322—An Act Concerning Long-Term Care Policies Under the Connecticut Partnership for Long-Term Care.

Section 1 would require all licensed insurers as well as companies authorized on a non-admitted basis, when choosing to no longer write a line of business, to use best efforts to sell the line of business to another insurer. As currently worded, this is a very broad provision and includes all property casualty insurers and property casualty lines of coverage as well as all insurers doing life, health, and annuity business.

Section 2 would require that premiums for Connecticut Partnership long-term care policies be based on a community rate. We are not sure of the intent of this provision. The Insurance Department is very concerned about likely extreme negative consequences to the Partnership Program if the intent is for Partnership policies to be subject to pure community rating. With pure community rating, all insured's would pay the same premium. There would be no adjustments for age, gender, or other demographic characteristics. Such a change would likely make the Partnership policies prohibitively expensive. Currently these policies are age rated, at the time of issuance of the policy, so those at the younger ages pay lower premiums to reflect an expected longer accumulation period. If community rated, individuals will be less likely to purchase this coverage at younger ages.

In addition, fewer sales could cause insurers to exit the Connecticut market and would also drive premiums up for those insurers remaining. If individuals wait to purchase these plans at higher ages, they may be in poorer health and may not meet the medical underwriting standards of insurers in order to qualify for policy issuance.

We urge the Joint Committee on Aging to reject SB 322 which may result in increased costs to consumers and disruptions to Connecticut's current competitive marketplace.