



# Senate

General Assembly

**File No. 28**

February Session, 2010

Substitute Senate Bill No. 141

*Senate, March 11, 2010*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT REQUIRING DISCLOSURE OF OFFSETS IN GROUP LONG-TERM DISABILITY INSURANCE POLICIES.***

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 Section 38a-519 of the general statutes is repealed and the  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 January 1, 2011*):

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

15 a claim commences under [any] such policy.

16 (b) Each group long-term disability income protection coverage  
17 policy delivered, issued for delivery, renewed, amended or continued  
18 in this state, that contains an offset shall disclose to a policyholder in a  
19 conspicuous manner in not less than fourteen-point bold face type: (1)  
20 That the policy contains an offset; (2) that such offset will function to  
21 limit payments to an insured under the policy to the total per cent of  
22 income specified in such policy, taking into account other benefits the  
23 insured may receive; (3) for what other benefits the policy will offset;  
24 (4) the per cent of income the policy covers; and (5) at least one  
25 example showing how such offset will operate. Such disclosure shall  
26 include a statement that, if an eligible employee wants a policy that  
27 does not contain an offset, the employee may contact an insurance  
28 agent or company for an individual policy.

29 (c) The policyholder shall provide to each eligible employee the  
30 information and the statement required to be disclosed under  
31 subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2011	38a-519

**Statement of Legislative Commissioners:**

In section 1(a), "section", was bracketed and "subsection" was inserted after the closing bracket for accuracy.

**INS**      *Joint Favorable Subst.*

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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***

The bill, which requires group long-term disability insurers to disclose policy offsets to policyholders, does not result in a fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sSB 141*****AN ACT REQUIRING DISCLOSURE OF OFFSETS IN GROUP LONG-TERM DISABILITY INSURANCE POLICIES.*****SUMMARY:**

This bill requires each group long-term disability (LTD) policy delivered, issued, renewed, amended, or continued in Connecticut that contains an offset to disclose specified information to the policyholder. (An offset is a policy provision that reduces the amount of benefits available under the policy if benefits are also available from other sources, e.g., Social Security). The bill requires each policyholder to provide the disclosed information to each employee eligible for LTD benefits.

The bill also prohibits a group LTD policy that is continued in Connecticut from containing an "offset proviso." The law already prohibits an "offset proviso" in group LTD policies that are delivered, issued, amended, or renewed in Connecticut. By law, an "offset proviso" is a policy provision that allows the insurer to reduce its liability by any increase in benefits available from other sources that occur once a claim begins under the policy.

The bill also makes technical changes.

EFFECTIVE DATE: January 1, 2011

**REQUIRED DISCLOSURE**

Each group LTD policy with an offset must disclose, in a conspicuous manner in at least 14-point bold face type:

1. that the policy contains an offset;
2. that the offset functions to limit payments to a person insured

under the policy to the total income percentage specified in the policy, taking into account benefits the person may receive from other sources;

3. what other benefits the policy offsets;
4. the income percentage the policy covers;
5. at least one example of how the offset works; and
6. that an eligible employee who does not want an offset may contact an insurance agent or company for an individual policy.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (02/25/2010)