



Senate

General Assembly

File No. 329

January Session, 2011

Substitute Senate Bill No. 469

Senate, April 4, 2011

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 CERTAIN DISCLOSURES FOR LONG-TERM CARE POLICIES.

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

1 Section 1. Subsection (c) of section 38a-501 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011*):

4 (c) (1) No such company, society, corporation or center may deliver
5 or issue for delivery any long-term care policy without providing, at
6 the time of solicitation or application for purchase or sale of such
7 coverage, full and fair written disclosure of the benefits and limitations
8 of the policy.

9 (A) Such disclosure shall include:

10 (i) A statement that the policy may be subject to rate increases in the
11 future;

12 (ii) An explanation of potential future premium rate revisions and

13 the policyholder's option in the event of a premium rate revision;

14 (iii) The premium rate or rate schedule applicable to the applicant
15 that will be in effect until a request is made by such company, society,
16 corporation or center for an increase in such rate or rate schedule;

17 (iv) Information regarding each premium rate increase, if any, over
18 the past ten years on such policy form or similar policy forms for this
19 state or any other state, that identifies, at a minimum, (I) the policy
20 forms for which premium rates have been increased, (II) the calendar
21 years when each such policy form was available for purchase, and (III)
22 the amount or percentage of each increase. The percentage may be
23 expressed as a percentage of the premium rate prior to the increase or
24 as minimum and maximum percentages if the rate increase is variable
25 by rating characteristics; and

26 (v) A completed copy of Appendix F of Volume IV, Model 641-1 of
27 the National Association of Insurance Commissioners' Long-Term
28 Care Insurance Model Regulation.

29 (B) At the time such policy is executed, the policyholder shall initial
30 a copy of the disclosure and the company, society, corporation or
31 center shall retain such copy.

32 (2) If the offering for any long-term care policy includes an option
33 for the elimination period specified in subdivision [(2)] (1) of
34 subsection (a) of this section, the application form for such policy and
35 the face page of such policy shall contain a clear and conspicuous
36 disclosure that the irrevocable trust may not be sufficient to cover all
37 costs during the elimination period.

38 Sec. 2. Subsection (c) of section 38a-528 of the general statutes is
39 repealed and the following is substituted in lieu thereof (*Effective*
40 *October 1, 2011*):

41 (c) (1) No such company, society, corporation or center may deliver
42 or issue for delivery any long-term care policy without providing, at
43 the time of solicitation or application for purchase or sale of such

44 coverage, full and fair written disclosure of the benefits and limitations
45 of the policy.

46 (A) Such disclosure shall include:

47 (i) A statement that the policy may be subject to rate increases in the
48 future;

49 (ii) An explanation of potential future premium rate revisions and
50 the policyholder's or certificate holder's option in the event of a
51 premium rate revision;

52 (iii) The premium rate or rate schedule applicable to the applicant
53 that will be in effect until a request is made by such company, society,
54 corporation or center for an increase in such rate or rate schedule;

55 (iv) Information regarding each premium rate increase, if any, over
56 the past ten years on such policy form or similar policy forms for this
57 state or any other state, that identifies, at a minimum (I) the policy
58 forms for which premium rates have been increased, (II) the calendar
59 years when each such policy form was available for purchase, and (III)
60 the amount or percentage of each increase. The percentage may be
61 expressed as a percentage of the premium rate prior to the increase or
62 as minimum and maximum percentages if the rate increase is variable
63 by rating characteristics; and

64 (v) A completed copy of Appendix F of Volume IV, Model 641-1 of
65 the National Association of Insurance Commissioners' Long-Term
66 Care Insurance Model Regulation.

67 (B) At the time such policy is executed, the policyholder shall initial
68 a copy of the disclosure and the company, society, corporation or
69 center shall retain such copy.

70 (C) The policyholder shall provide to each eligible individual a copy
71 of the disclosure.

72 (2) The provisions of this subsection shall not be applicable to: [(1)]

73 (A) Any long-term care policy which is delivered or issued for delivery
 74 to one or more employers or labor organizations, or to a trust or to the
 75 trustees of a fund established by one or more employers or labor
 76 organizations, or a combination thereof, for employees or former
 77 employees or a combination thereof or for members or former
 78 members or a combination thereof, or the labor organizations; and [(2)]
 79 (B) noncontributory plans.

80 Sec. 3. Section 38a-458 of the general statutes is amended by adding
 81 subsection (e) as follows (*Effective October 1, 2011*):

82 (NEW) (e) Any life insurance policy with long-term care benefits
 83 issued pursuant to this section shall comply with the disclosure
 84 requirements set forth in subdivision (1) of subsection (c) of section
 85 38a-501, as amended by this act.

86 Sec. 4. Section 38a-458a of the general statutes is repealed and the
 87 following is substituted in lieu thereof (*Effective October 1, 2011*):

88 (a) Notwithstanding the provisions of sections 38a-430, 38a-481 and
 89 38a-501, as amended by this act, or any regulation adopted pursuant to
 90 said sections, an insurer licensed for both life and health insurance in
 91 this state may combine the following coverages, by rider or otherwise,
 92 within a single-premium policy or contract: (1) Life or endowment
 93 insurance or annuity, survivorship annuity or pure endowment
 94 insurance; and (2) long-term care insurance.

95 (b) Any insurer that combines long-term care insurance coverage
 96 with other coverages, as set forth in subsection (a) of this section, shall
 97 comply with the disclosure requirements set forth in subdivision (1) of
 98 subsection (c) of section 38a-501, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	38a-501(c)
Sec. 2	<i>October 1, 2011</i>	38a-528(c)
Sec. 3	<i>October 1, 2011</i>	38a-458

Sec. 4	October 1, 2011	38a-458a
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INS *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.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact to the state or municipalities as this bill concerns the disclosure requirements of private long term-care insurance policies.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 469*****AN ACT REQUIRING CERTAIN DISCLOSURES FOR LONG-TERM CARE POLICIES.*****SUMMARY:**

This bill (1) expands the disclosure requirement for long-term care insurers; (2) extends the requirement to cover insurers that provide (a) life insurance policies with long-term care benefits and (b) policies combining long-term care insurance coverage with life, endowment, or survivorship annuities; and (3) specifies the provisions the disclosure must include.

EFFECTIVE DATE: October 1, 2011

DISCLOSURE REQUIREMENTS

Current law requires an insurer, fraternal benefit society, hospital or medical service corporation, or HMO delivering or issuing individual or group long-term care policies to provide a full and fair disclosure of the benefits and limitations at the time of application, solicitation, or sale.

The bill specifies that this disclosure must be in writing and include the following:

1. a statement that the policy may be subject to future rate increases;
2. an explanation of potential future premium rate revisions and the policyholder's options in the event of such a revision;
3. the applicable premium rate or rate schedule that will be in effect until a rate increase request is made;

4. information about any premium rate increase over the past 10 years on that, or a similar policy, in Connecticut or any other state that identifies at least the (a) the policy forms whose rates have been increased, (b) calendar years when each policy form was available for purchase, and (c) amount or percentage of each increase (expressed as either the percentage of the premium rate before the increase or the minimum and maximum percentages if the increase varies by rating characteristics); and
5. a completed copy of the National Association of Insurance Commissioners' (NAIC) Long-term Care Insurance Model Regulation's Appendix F (of Volume IV, Model 641-1).

The bill requires (1) the policyholder to initial a copy of the disclosure when the policy is executed and (2) the insurer to keep a copy. For group long-term care policies, the bill requires a policyholder to provide a copy of the disclosure to each eligible individual.

BACKGROUND

Long-Term Care Policy

A long-term care policy is an individual health insurance policy that provides expense-incurred, indemnity, or pre-paid benefits for the necessary care or treatment of an injury, illness, or loss of functional capacity provided by a certified or licensed health care provider in a setting other than an acute hospital, including a nursing home and an insured's own home, for at least one year following the elimination period. It excludes policies that provide Medicare supplement, basic medical-surgical expense, hospital confinement indemnity, major medical expense, disability income protection, accident only, specified accident, and limited benefit health coverage.

NAIC Long-term Care Insurance Model Regulation's Appendix F

NAIC developed its model act and regulation to promote the availability of long-term care insurance coverage, protect applicants from unfair or deceptive sales or enrollment practices, facilitate public understanding and comparison of coverages, and facilitate flexibility

and innovation in the development of long-term care insurance.

The model regulation's Appendix F provides a form insurers must give to applicants that provides information on premium rate schedules, rate schedule adjustments, potential rate revisions, and policyholder options if a rate increase.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/17/2011)