



General Assembly

January Session, 2011

**Committee Bill No. 32**

LCO No. 1471

\*01471SB00032INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

**AN ACT PROHIBITING OFFSETS FOR RETIREMENT BENEFITS IN  
DISABILITY INCOME PROTECTION 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 Section 38a-519 of the general statutes is repealed and the  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, 2012*):

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

12 (b) For each group long-term disability income protection coverage  
13 policy delivered, issued for delivery, renewed, amended or continued  
14 in this state, that contains an offset, the insurer shall disclose to a  
15 policyholder in a separate document and in a conspicuous manner in

16 not less than fourteen-point bold face type: (1) That the policy contains  
17 an offset; (2) that such offset will function to limit payments to an  
18 insured under the policy, taking into account Social Security disability  
19 benefits and other benefits the insured may receive; (3) for what other  
20 categories of benefits the policy will offset; (4) the [per cent] percentage  
21 of income the policy covers and the maximum dollar limit of the  
22 policy, if applicable; and (5) at least one example showing how such  
23 offset will operate. Such disclosure shall include a statement that, if an  
24 eligible individual wants a policy that does not contain an offset, the  
25 individual may contact an insurance agent or company for an  
26 individual policy.

27 (c) No policy set forth in subsection (b) of this section shall include  
28 in such offset any retirement benefits received by the insured.

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

32 Sec. 2. (NEW) (*Effective January 1, 2012*) (a) No individual health  
33 insurance policy that provides disability income protection coverage,  
34 delivered, issued for delivery, renewed, amended or continued in this  
35 state, and no application, rider or endorsement used in connection  
36 therewith shall contain an offset proviso. For the purposes of this  
37 subsection, "offset proviso" means any provision of an insurance policy  
38 that allows the insurer to reduce its liability for loss or expense from  
39 sickness or from bodily injury of the insured by reason of any cost of  
40 living increase in other disability benefits that occur after the date a  
41 claim commences under such policy.

42 (b) For each individual long-term disability income protection  
43 coverage policy delivered, issued for delivery, renewed, amended or  
44 continued in this state, that contains an offset, the insurer shall disclose  
45 to the insured in a separate document and in a conspicuous manner in  
46 not less than fourteen-point bold face type: (1) That the policy contains  
47 an offset; (2) that such offset will function to limit payments to an

48 insured under the policy, taking into account Social Security disability  
49 benefits and other benefits the insured may receive; (3) for what other  
50 categories of benefits the policy will offset; (4) the percentage of  
51 income the policy covers and the maximum dollar limit of the policy, if  
52 applicable; and (5) at least one example showing how such offset will  
53 operate. Such disclosure shall include a statement that, if an individual  
54 wants a policy that does not contain an offset, the individual may  
55 contact an insurance agent or company.

56 (c) No policy set forth in subsection (b) of this section shall include  
57 in such offset any retirement benefits received by the insured.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2012	38a-519
Sec. 2	January 1, 2012	New section

**Statement of Purpose:**

To prohibit offsets in disability income protection policies from including retirement benefits received by an insured.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. PRAGUE, 19th Dist.

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