



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Testimony of the Connecticut Insurance Department

Before  
The Insurance and Real Estate Committee

March 13, 2012

Raised Bill No. 409

### An Act Concerning Disclosures for Certain Life Insurance Policies and Concerning Life Insurance and Annuity Policies that include Long Term Care Benefits

**FTR**

Senator Crisco and Representative Megna, committee-co-chairs, Senator Kelly and Representative Sampson, ranking members, and Members of the Committee, the Insurance Department appreciates the opportunity to submit written testimony on Raised Bill No. 409.

The Department is strongly opposed to section 1 of the bill.

Section 1 of the bill requires extensive filing with, and review by, the Department when a life insurer seeks an increase in a universal life insurance policy (or similar policy) premium rates. This bill dramatically increases the Department's responsibility, and to the best of our knowledge, is unprecedented across the country. We don't know of any other states with rate review authority for life insurance products.

Section 1 of the bill does not specifically state that the Department is to approve, disapprove or reduce the rate increase sought, but that appears to be the intent. Lines 84-85 refer to "the decision of the Insurance Commissioner" which apparently means the decision on the materials submitted. Assuming the Department is correctly interpreting the intent, this would establish a brand new labor intensive procedure for review of life insurance rates for universal life and similar policies, apparently for both individual and group. It is likely an additional full time actuary would be needed to perform this function. We do not believe hiring staff for this function is prudent, especially during a current time period when the life insurance market place is extremely competitive. Further, the Department is not aware of any significant consumer problems to necessitate this new authority. We respectfully urge the Committee to delete section 1 from RB 409, as it moves forward.

The Department supports the intent of section 2 of the bill which is to liberalize rules related to the payment of long term care expenses under annuity contracts. However, the current draft language in section 2 has unintended consequences that would diminish the Department's authority over premium rates for long term care insurance policies. The Department has worked collaboratively with the Insurance Association of Connecticut and has submitted proposed revisions to the Committee.