



# House of Representatives

General Assembly

**File No. 361**

January Session, 2013

House Bill No. 6321

*House of Representatives, April 4, 2013*

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the 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2 repealed and the following is substituted in lieu thereof (*Effective*  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, 2013*):

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 a revision to such rate or rate schedule;

17 (iv) An explanation of how a premium rate or rate schedule revision  
18 will be applied that includes a description of when such rate or rate  
19 schedule revision will be effective and the policyholder's right to such  
20 revised rate or rate schedule; and

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

30 (B) The applicant shall sign an acknowledgment at the time of  
31 application for such policy that the company, society, corporation or  
32 center has provided the written disclosure required under this  
33 subsection to the applicant. If the method of application does not allow  
34 for such signature at the time of application, the applicant shall sign  
35 such acknowledgment not later than at the time of delivery of such  
36 policy.

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

43 Sec. 2. Subsection (c) of section 38a-528 of the general statutes is

44 repealed and the following is substituted in lieu thereof (*Effective*  
45 *October 1, 2013*):

46 (c) No such company, society, corporation or center may deliver or  
47 issue for delivery any long-term care policy without providing, at the  
48 time of solicitation or application for purchase or sale of such coverage,  
49 full and fair disclosure of the benefits and limitations of the policy.  
50 [The provisions of this subsection shall not be applicable to: (1) Any  
51 long-term care policy which is delivered or issued for delivery to one  
52 or more employers or labor organizations, or to a trust or to the  
53 trustees of a fund established by one or more employers or labor  
54 organizations, or a combination thereof, for employees or former  
55 employees or a combination thereof or for members or former  
56 members or a combination thereof, or the labor organizations; and (2)  
57 noncontributory plans.]

58 (1) Such disclosure shall include:

59 (A) A statement that the policy may be subject to rate increases in  
60 the future;

61 (B) An explanation of potential future premium rate revisions and  
62 the policyholder's or certificate holder's option in the event of a  
63 premium rate revision;

64 (C) The premium rate or rate schedule applicable to the applicant  
65 that will be in effect until a request is made by such company, society,  
66 corporation or center for a revision to such rate or rate schedule;

67 (D) An explanation of how a premium rate or rate schedule revision  
68 will be applied that includes a description of when such rate or rate  
69 schedule revision will be effective and the policyholder's right to such  
70 revised rate or rate schedule; and

71 (E) Information regarding each premium rate increase, if any, over  
72 the past ten years on such policy form or similar policy forms for this  
73 state or any other state, that identifies, at a minimum (i) the policy  
74 forms for which premium rates have been increased, (ii) the calendar

75 years when each such policy form was available for purchase, and (iii)  
76 the amount or percentage of each increase. The percentage may be  
77 expressed as a percentage of the premium rate prior to the increase or  
78 as minimum and maximum percentages if the rate increase is variable  
79 by rating characteristics.

80 (2) The applicant shall sign an acknowledgment at the time of  
81 application for such policy that the company, society, corporation or  
82 center has provided the written disclosure required under this  
83 subsection to the applicant. If the method of application does not allow  
84 for such signature at the time of application, the applicant shall sign  
85 such acknowledgment not later than at the time of delivery of such  
86 policy.

87 (3) The policyholder shall provide to each eligible individual a copy  
88 of the disclosure.

89 Sec. 3. Section 38a-458 of the general statutes is amended by adding  
90 subsection (e) as follows (*Effective October 1, 2013*):

91 (NEW) (e) Any life insurance policy with long-term care benefits  
92 issued pursuant to this section shall comply with the disclosure  
93 requirements set forth in subdivision (1) of subsection (c) of section  
94 38a-501, as amended by this act, or subsection (c) of section 38a-528, as  
95 amended by this act, as applicable.

96 Sec. 4. Section 38a-458a of the general statutes is repealed and the  
97 following is substituted in lieu thereof (*Effective October 1, 2013*):

98 (a) Notwithstanding the provisions of sections 38a-430, 38a-481 and  
99 38a-501, as amended by this act, or any regulation adopted pursuant to  
100 said sections, an insurer licensed for both life and health insurance in  
101 this state may combine the following coverages, by rider or otherwise,  
102 within a single-premium policy or contract: (1) Life or endowment  
103 insurance or annuity, survivorship annuity or pure endowment  
104 insurance; and (2) long-term care insurance.

105 (b) Any insurer that combines long-term care insurance coverage

106 with other coverages, as set forth in subsection (a) of this section, shall  
107 comply with the disclosure requirements set forth in subdivision (1) of  
108 subsection (c) of section 38a-501, as amended by this act, or subsection  
109 (c) of section 38a-528, as amended by this act, as applicable.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	38a-501(c)
Sec. 2	<i>October 1, 2013</i>	38a-528(c)
Sec. 3	<i>October 1, 2013</i>	38a-458
Sec. 4	<i>October 1, 2013</i>	38a-458a

**INS**      *Joint Favorable*

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***

This bill requires certain language to be included in disclosures on long-term care insurance policies. As it concerns private insurance transactions, there is no fiscal impact.

***The Out Years******State Impact:*** None***Municipal Impact:*** None

**OLR Bill Analysis****HB 6321*****AN ACT REQUIRING CERTAIN DISCLOSURES FOR LONG-TERM CARE POLICIES.*****SUMMARY:**

This bill expands the disclosure requirement for long-term care (LTC) insurers. The law requires insurers, fraternal benefit societies, hospital or medical service corporations, or health care centers (i.e., HMO) delivering or issuing individual or group LTC policies in Connecticut to provide a full and fair disclosure of benefits and limitations at the time of the application for or solicitation or sale of a policy. The bill requires the LTC disclosure to (1) be in writing and (2) include specified information (see below).

The bill also requires these LTC disclosures from insurers that provide (1) life insurance policies with LTC benefits; (2) LTC benefits with life, endowment, or survivorship annuities; (3) group LTC policies to one or more employers or labor organizations or a related trust; and (4) group LTC policies that are noncontributory plans.

EFFECTIVE DATE: October 1, 2013

**DISCLOSURE REQUIREMENTS**

Under the bill, the LTC disclosure must 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 policy- or certificate-holder'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 revision request is made;
4. an explanation of how a premium rate or rate schedule revision will be applied, including a description of when it will take effect and the policyholder's right to the revised rate or rate schedule; and
5. 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) 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).

The bill requires a LTC policy applicant to sign an acknowledgement that the insurer, society, corporation, or HMO has provided the written disclosure. If the application method does not allow for an applicant's signature at the time of the application, he or she must sign by the time the policy is delivered. (The bill does not specify what happens if an acknowledgement is not signed.)

For group LTC policies, the bill requires a policyholder to provide a copy of the disclosure to each eligible individual.

### **COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 18    Nay 0    (03/19/2013)