

## ***STATEMENT***

### ***INSURANCE ASSOCIATION OF CONNECTICUT***

Insurance And Real Estate Committee

March 7, 2013

#### **SB 1027, An Act Concerning Notification Of Nonpayment Of Premium For Individual Long-Term Care Insurance Policies And Long-Term Care Benefits Under An Annuity Contract**

The Insurance Association of Connecticut, IAC, is opposed to Section 1 of SB 1027, An Act Concerning Notification Of Nonpayment Of Premium For Individual Long-Term Care Insurance Policies And Long-Term Care Benefits Under An Annuity Contract.

Long-term care insurance products are already subject to stringent laws and regulations in Connecticut that are patterned on the National Association of Insurance Commissioners Long-Term Care Model Act and Regulations. SB 1027 is unnecessary as Connecticut's statutory and regulatory laws already have provisions that govern options available to the consumers when policy is terminated and provide for the designation of a third party to receive lapse notices. Connecticut already has sufficient laws that permit an insured to designate someone to receive notice if their policy is to be cancelled due to nonpayment of premiums. Long-term care policies already contain unintentional lapse provisions and notice of cancellation provisions in accordance with the NAIC model laws.

Additionally the requirements in Section 1 of SB 1027 are time consuming, costly, and inconsistent with the current law and NAIC model provisions, especially the requirements concerning specific wording on envelopes used to transmit lapse notices. The requirements contained in Section 1 would place additional administrative burdens on insurers, as they would have to keep specific records concerning third party designations made in Connecticut, which will be complicated by the fact that both the insured and the third party can terminate such designation.

We know of no problem nor any history of complaints that would necessitate changing existing cancellation provisions and third-party notice requirements. Administrative costs associated with long-term care policies will be unnecessarily increased, and additional system changes will have to be made.

The IAC respectfully urges your rejection of Section 1 of SB 1027.