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Testimony of the American Council of Life Insurers
Before the Joint Committee on Insurance & Real Estate
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Senate Bill 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

Senator Crisco, Representative Megna, and members of the Joint Committee on Insurance & Real Estate, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments on **Senate Bill 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.** Under the National Association of Insurance Commissioners (NAIC) long-term care model, insurers are required to provide protections to consumers for the unintentional lapse of a long-term care policy. ACLI believes that the requirements of Section 1 of Senate Bill 1027 are unnecessary and add an additional layer of cost and confusion to services which are already provided by long-term care insurers.

Specifically, Section 7 of the NAIC long-term care model regarding unintentional lapse states that no long-term care policy or certificate shall be issued unless the insurer has received from the applicant a written designation of at least one person to receive notice of lapse or termination for nonpayment of premium or a written waiver by the applicant electing not to designate a third party to receive notice. It further requires that the insurer notify the insured of the right to change this written designation every two years.

The requirement for registered and certified mail is costly and unnecessary. Section 7 of the model further prohibits the termination of the contract for a nonpayment of premium unless the insurer has given 30-days' notice to the insured and designees by first class United States mail. As stated above, the opportunity to designate a third party, or more than one third party, is already contained in a long-term care application and this service is offered by companies every two years. If the committee feels that additional requirements are needed in this matter, we would urge the Insurance Department promulgate a regulation which follows the NAIC Model long-term care regulation which contains many consumer protections.

Thank you for your consideration of our position in opposition to Senate Bill 1027. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.

ACLI is a trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. There are 233 ACLI member companies licensed to do business in Connecticut, accounting for 90 percent of the ordinary life insurance in force in the state.