

STATEMENT

INSURANCE ASSOCIATION OF CONNECTICUT

Insurance And Real Estate Committee

March 7, 2013

HB 6548, An Act Concerning Annuity Contracts and Long-Term Care Benefits

The Insurance Association of Connecticut, IAC, supports HB 6548, An Act Concerning Annuity Contracts and Long-Term Care Benefits.

HB 6548 simply amends Connecticut law to permit consumers to use an annuity or life policy to pay for the premiums for long-term care insurance. The industry has developed a product that permits an individual to fund long-term care insurance out of the premium they pay for an annuity or certain life products, known as linked products. These linked products are funded with a single premium up front. The annuity or life product is written with a rider for the long-term care coverage. A monthly charge is taken out of the premium to fund the long-term care coverage. It is not an additional out-of-pocket charge to the policyholder.

For example, the linked product may include a guaranteed interest rate that ensures a monthly return greater than the rider charge.

Connecticut consumers cannot avail themselves to the benefits of these products that are available throughout the rest of the country as the Insurance Department does not have the authority to approve such products. HB 6548 simply amends the current law to permit the funding of long-term care insurance from the single premium charged for an annuity or life product. As such HB 6548 grants the department the authority to approve such products.

The IAC respectfully requests your support for HB 6548.