

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 13-149—HB 6550

Insurance and Real Estate Committee

**AN ACT CONCERNING LOSS RATIO GUARANTEES FOR
INDIVIDUAL HEALTH INSURANCE POLICIES**

SUMMARY: This act requires insurers to obtain approval for all individual health insurance rates from the insurance commissioner before their use in Connecticut. By law, rates cannot be excessive, inadequate, or unfairly discriminatory.

The act eliminates the two exceptions in prior law to the insurance commissioner's authority to approve rates. The first exception allowed rates (except rates for Medicare Supplement plans) to be deemed approved if the commissioner did not act on a filing within 30 days. The second exception allowed an insurer to use rates when they were filed if the insurer also filed a loss ratio guarantee. A "loss ratio guarantee" is a promise that the actual loss ratio for the policy will meet or exceed the guaranteed loss ratio. A "loss ratio" is generally a ratio of incurred claims to earned premiums. Under prior law, (1) rates were deemed not excessive if the insurer filed a loss ratio guarantee and (2) if it did not meet the guarantee, the insurer had to pay insured persons a premium rebate.

The act also requires rate filings for individual health insurance policies to include an actuarial memorandum that contains pricing assumptions and claims experience, premium rates, and loss ratios from the policy's inception.

EFFECTIVE DATE: Upon passage

OLR Tracking: JLK:DC:TA:RO