



Senate

General Assembly

File No. 6

February Session, 2014

Senate Bill No. 9

Senate, March 11, 2014

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT REQUIRING CERTAIN DISCLOSURES FOR LONG-TERM CARE INSURANCE 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 2014 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective January 1, 2015*):

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) The applicant shall sign an acknowledgment at the time of
10 application for such policy that the company, society, corporation or
11 center has provided the written disclosure required under this
12 subdivision to the applicant. If the method of application does not
13 allow for such signature at the time of application, the applicant shall

14 sign such acknowledgment not later than at the time of delivery of
15 such policy.

16 (B) Except for a long-term care policy for which no applicable
17 premium rate revision or rate schedule increases can be made or as
18 otherwise provided in subparagraph (C) of this subdivision, such
19 disclosure shall include:

20 (i) A statement that the policy may be subject to rate increases in the
21 future;

22 (ii) An explanation of potential future premium rate revisions and
23 the policyholder's option in the event of a premium rate revision;

24 (iii) The premium rate or rate schedule applicable to the applicant
25 that will be in effect until such company, society, corporation or center
26 files a request with the Insurance Commissioner for a revision to such
27 premium rate or rate schedule;

28 (iv) An explanation of how a premium rate or rate schedule revision
29 will be applied that includes a description of when such rate or rate
30 schedule revision will be effective and the policyholder's right to such
31 revised premium rate or rate schedule;

32 (v) Information regarding each premium rate increase, if any, over
33 the past ten years on such policy form or similar policy forms for this
34 state or any other state, that identifies, at a minimum, (I) the policy
35 forms for which premium rates have been increased, (II) the calendar
36 years when each such policy form was available for purchase, and (III)
37 the amount or percentage of each increase. The percentage may be
38 expressed as a percentage of the premium rate prior to the increase or
39 as minimum and maximum percentages if the rate increase is variable
40 by rating characteristics; and

41 (vi) Any additional explanatory information related to a premium
42 rate or rate schedule revision.

43 (C) (i) Any such company, society, corporation or center may

44 exclude from the disclosure required under subparagraph (B) of this
45 subdivision premium rate increases that only apply to long-term care
46 policies or long-term care policy forms acquired from a nonaffiliated
47 company, society, corporation or center and that occurred prior to the
48 acquisition.

49 (ii) If an acquiring company, society, corporation or center files a
50 request for a premium rate increase on or before January 1, 2015, or the
51 end of a twenty-four-month period after the acquisition, whichever is
52 later, for long-term care policies or long-term care policy forms
53 acquired from a nonaffiliated company, society, corporation or center,
54 such acquiring company, society, corporation or center may exclude
55 from the disclosure required under subparagraph (B) of this
56 subdivision such premium rate increase, except that the nonaffiliated
57 company, society, corporation or center selling such long-term care
58 policies or long-term care policy forms shall include such premium
59 rate increase in such disclosure.

60 (iii) If an acquiring company, society, corporation or center under
61 subparagraph (C)(ii) of this subdivision files a subsequent request,
62 even within the twenty-four-month period specified in said
63 subparagraph, for a premium rate increase on the same long-term care
64 policies or long-term care policy forms set forth in said subparagraph,
65 the acquiring company, society, corporation or center shall include in
66 the disclosure required under subparagraph (B) of this subdivision
67 such premium rate increase and any premium rate increase filed and
68 approved pursuant to subparagraph (C)(ii) of this subdivision.

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

75 Sec. 2. Subsection (c) of section 38a-528 of the 2014 supplement to
76 the general statutes is repealed and the following is substituted in lieu

77 thereof (*Effective January 1, 2015*):

78 (c) (1) No such company, society, corporation or center may deliver
79 or issue for delivery any long-term care policy without providing, at
80 the time of solicitation or application for purchase or sale of such
81 coverage, full and fair written disclosure of the benefits and limitations
82 of the policy. The provisions of this subsection shall not be applicable
83 to [:(1) Any long-term care policy which is delivered or issued for
84 delivery to one or more employers or labor organizations, or to a trust
85 or to the trustees of a fund established by one or more employers or
86 labor organizations, or a combination thereof, for employees or former
87 employees or a combination thereof or for members or former
88 members or a combination thereof, or the labor organizations; and (2)]
89 noncontributory plans.

90 (2) (A) The applicant shall sign an acknowledgment at the time of
91 application for such policy that the company, society, corporation or
92 center has provided the written disclosure required under this
93 subdivision to the applicant. If the method of application does not
94 allow for such signature at the time of application, the applicant shall
95 sign such acknowledgment not later than at the time of delivery of
96 such policy.

97 (B) The policyholder shall provide a copy of such disclosure to each
98 eligible individual.

99 (3) Except for a long-term care policy for which no applicable
100 premium rate revision or rate schedule increases can be made or as
101 otherwise provided in subdivision (4) of this subsection, such
102 disclosure shall include:

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

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

108 (C) The premium rate or rate schedule applicable to the applicant
109 that will be in effect until such company, society, corporation or center
110 files a request with the Insurance Commissioner for a revision to such
111 premium rate or rate schedule;

112 (D) An explanation of how a premium rate or rate schedule revision
113 will be applied that includes a description of when such rate or rate
114 schedule revision will be effective and the policyholder's or certificate
115 holder's right to such revised premium rate or rate schedule;

116 (E) Information regarding each premium rate increase, if any, over
117 the past ten years on such policy form or similar policy forms for this
118 state or any other state, that identifies, at a minimum, (i) the policy
119 forms for which premium rates have been increased, (ii) the calendar
120 years when each such policy form was available for purchase, and (iii)
121 the amount or percentage of each increase. The percentage may be
122 expressed as a percentage of the premium rate prior to the increase or
123 as minimum and maximum percentages if the rate increase is variable
124 by rating characteristics; and

125 (F) Any additional explanatory information related to a premium
126 rate or rate schedule revision.

127 (4) (A) Any such company, society, corporation or center may
128 exclude from the disclosure required under subdivision (3) of this
129 subsection premium rate increases that only apply to long-term care
130 policies or long-term care policy forms acquired from a nonaffiliated
131 company, society, corporation or center and that occurred prior to the
132 acquisition.

133 (B) If an acquiring company, society, corporation or center files a
134 request for a premium rate increase on or before January 1, 2015, or the
135 end of a twenty-four-month period after the acquisition, whichever is
136 later, for long-term care policies or long-term care policy forms
137 acquired from a nonaffiliated company, society, corporation or center
138 such acquiring company, society, corporation or center may exclude
139 from the disclosure required under subdivision (3) of this subsection

140 such premium rate increase, except that the nonaffiliated company,
 141 society, corporation or center selling such long-term care policies or
 142 long-term care policy forms shall include such premium rate increase
 143 in such disclosure.

144 (C) If an acquiring company, society, corporation or center under
 145 subparagraph (B) of this subdivision files a subsequent request, even
 146 within the twenty-four-month period specified in said subparagraph,
 147 for a premium rate increase on the same long-term care policies or
 148 long-term care policy forms set forth in said subparagraph, the
 149 acquiring company, society, corporation or center shall include in the
 150 disclosure required under subdivision (3) of this subsection such
 151 premium rate increase and any premium rate increase filed and
 152 approved pursuant to subparagraph (B) of this subdivision.

| | | |
|---|-----------------|------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | January 1, 2015 | 38a-501(c) |
| Sec. 2 | January 1, 2015 | 38a-528(c) |

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.

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**SB 9*****AN ACT REQUIRING CERTAIN DISCLOSURES FOR LONG-TERM CARE INSURANCE POLICIES.*****SUMMARY:**

This bill expands disclosure requirements for individual and group long-term care insurance policies. It also extends existing and new disclosure requirements to group policies delivered or issued for delivery (1) to one or more employers or labor organizations or a trust established by one or more employers or labor organizations or the fund's trustees and (2) for employees or former employees, members or former members, or the labor organizations.

The bill requires disclosures to be in writing. For group policies, it requires the policyholder to provide a copy of the disclosure to each eligible individual.

The bill requires an applicant for an individual or group policy to sign an acknowledgment when applying that the insurer has provided the required disclosure to him or her. If the application method does not allow for a signature at the time of application, the applicant must sign the acknowledgment by the time the policy is delivered.

The bill applies to policies delivered or issued for delivery by insurance companies, fraternal benefit societies, hospital and medical service corporations, and health care centers (i.e., HMOs). By law, disclosure requirements do not apply to group plans that require no contributions from members.

EFFECTIVE DATE: January 1, 2015

LONG-TERM CARE INSURANCE DISCLOSURES

Disclosure Requirements

By law, entities that provide long-term care insurance policies must give applicants full and fair disclosure of the policy's benefits and limitations, with some exceptions. The bill generally requires this disclosure to include:

1. a statement that the policy's premiums may be subject to future rate increases;
2. an explanation of potential future premium rate revisions and the policyholder's option if a premium rate is revised;
3. the premium rate or rate schedule that applies to the applicant until the insurer files a request with the insurance commissioner to revise the rate or rate schedule;
4. an explanation of how a premium rate or rate schedule revision will be applied that describes when the rate or rate schedule revision will go into effect and the policyholder's right to see the revised premium rate or rate schedule; and
5. information regarding each premium rate increase, if any, over the past 10 years on the policy form or similar policy forms for this or any other state that at least identifies (a) the policy forms for which rates have been increased, (b) the calendar years when each policy form was available for purchase, and (c) the amount or percentage of each increase, expressed either as a percentage of the prior rate or as minimum and maximum percentages, if the rate increase is variable by rating characteristics; and
6. any additional explanatory information related to a rate or rate schedule revision.

Disclosure Exceptions

Disclosure requirements do not apply to a long-term care policy for which no applicable premium rate revision or rate schedule increases can be made.

The insurer may exclude from the disclosures rate increases that apply only to long-term care policies or policy forms acquired from a nonaffiliated insurer that occurred before the acquisition. In addition, if an acquiring insurer files a rate increase request on or before January 1, 2015, or the end of a 24-month period after the acquisition, whichever is later, for long-term care policies or policy forms acquired from a nonaffiliated insurer, the acquiring insurer may exclude the rate increase from the disclosure. But the nonaffiliated insurer selling the long-term care policies or policy forms must include the rate increase in the disclosure.

If an acquiring insurer files a subsequent request for a rate increase on the same long-term care policies or policy forms, even within the 24-month period, it must include in the disclosure the rate increase and any premium rate increase filed and approved under the bill.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (02/25/2014)