

Insurance Association of Connecticut
Insurance and Real Estate Committee
February 18th, 2014
SB 9, An Act Requiring Certain Disclosures
For Long-Term Care Policies

The Insurance Association of Connecticut, IAC, supports adoption of Section 9 of the National Association of Insurance Commissioners, NAIC, model regulation regarding disclosures required of rating practices for Long Term Care (LTC) insurance policies which SB 9, An Act Requiring Certain Disclosures For Long-Term Care Policies, attempts to embody.

Over 40 states have adopted Section 9 of the model, without deviations, and it has proven to provide important consumer benefits. Conformity with the model is critical. Conformity permits a uniform application of the model's provisions and avoids consumer confusion. However, SB 9, as drafted, contains numerous deviations unnecessarily altering model provisions and making implementation problematic.

SB 9, as drafted, drops critical terms, like "blocks of", changing the nature of the provision. SB 9 creates terms like "rights of policyholder" that are not found in the model nor defined which create unknown obligations and result in confusion. SB 9 unnecessarily changes optional provisions and makes them mandatory, like requiring an insurer to provide more explanatory information. SB 9 also drops a few key exemptions contained in the model that are critical for implementation. For example, SB 9 omits the provision that exempts certain non-cancellable or paid up policies.

Finally, SB 9 deviates greatly from the model in how group long-term care products are impacted. The model specifically states that the disclosures required under the model are not required in certain circumstances when the employer is the payor of the premiums. SB 9 does not include such key provisions. Furthermore, SB 9 simply inserts the language applicable to the individual long-term care product into the group product statutory section. There are many distinctions between the individual and group products that must be better addressed. As drafted, SB 9 is unworkable as it applies to group products.

The IAC would welcome the opportunity to work with the Insurance and Real Estate Committee to amend SB 9 so that it better conforms to the provisions found in the NAIC model.