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# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Testimony

### Insurance and Real Estate Committee

March 4, 2014

#### **Raised Bill No. 5363 AN ACT PROHIBITING GENDER AS A RATING FACTOR FOR LONG-TERM CARE INSURANCE POLICIES.**

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to provide testimony on **Raised House Bill No. 5363: An Act Prohibiting Gender as a Rating Factor for Long-Term Care Insurance Policies**. Generally, raised Bill No. 5363 would prohibit insurers from using gender as a factor in underwriting or rating for an individual or group long-term care insurance policy. The Connecticut Insurance Department has no position on prohibiting the use of gender rating, but recommends that any such change be for new business only.

Currently, carriers offering long term care insurance in Connecticut file rates either on a unisex or gender basis. For those carriers using gender, H.B. 5363 will have the effect of decreasing the issue age rates for females while increasing the issue age rates for males. Should this bill be enacted existing policyholders' rates will be impacted.

Unlike medical health insurance policies, long term care policies are not re-rated each year. Rates are based on the age of the policyholder at the point of issue for the duration of the policy. Policyholders that have rates currently based on gender entered into the contract with the expectation that such rates would continue unless the rates for the entire block of business were revised. Requiring carriers to make this change on existing policies will cause potentially large rate swings for these existing policyholders.

The Department thanks the Insurance Committee Chairs and members for the opportunity to provide this testimony on H.B. 5363.

**About the Connecticut Insurance Department:** The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.