



General Assembly

February Session, 2014

Raised Bill No. 9

LCO No. 306



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

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2 the general statutes is repealed and the following is substituted in lieu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)

Statement of Purpose:

To require certain disclosures to be provided to applicants at the time of application for the purchase of a long-term care policy.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]