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## **OLR Bill Analysis**

### **SB 9 (File 6, as amended by Senate "A")\***

#### ***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 any of them 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.

\*Senate Amendment "A" modifies the disclosure requirements by, among other things (1) eliminating a requirement that the disclosure describe the policyholder's right to see the revised premium rate or rate schedule; (2) allowing, rather than requiring, the insurer to provide additional rate information; and (3) making minor and

technical changes.

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 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
5. information on 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.

The insurer can provide, in a fair manner, 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 blocks of business or long-term care policies 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 a block of 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 same block of 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)