
OLR Bill Analysis

sSB 199

AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATE INCREASES.

SUMMARY:

This bill requires long-term care (LTC) insurance policy issuers (carriers) to spread premium rate increases of 20% or more over at least three years. It also requires LTC carriers to notify individual policyholders and group certificate holders of (1) a premium rate increase and (2) the option of reducing benefits to reduce the premium rate.

EFFECTIVE DATE: October 1, 2014

LONG-TERM CARE PREMIUM INCREASES

Periodic Rate Increase

The bill requires an LTC carrier, including an insurer, fraternal benefit society, health or medical service corporation, or health care center, that files with the insurance commissioner a rate filing that increases LTC policy premiums by 20% or more to spread the increase over a period of at least three years. The carrier must use a periodic rate increase that is actuarially equivalent to a single rate increase and a current interest rate for the period chosen.

Notification of Premium Increase and Benefit Reduction Option

The bill requires an LTC carrier, before implementing a premium rate increase, to notify its policyholders (for individual policies) and certificate holders (for group policies) of the (1) premium rate increase, and (2) option of reducing policy benefits to reduce the premium rate. The notice must describe the optional policy benefit reductions. Premium rates for benefit reductions must be based on the new premium rate schedule.

The bill requires an LTC carrier to give policyholders and certificate holders at least 30 days to elect either the new, periodic rate increase or reduced policy benefits. The notice must state that, if a policyholder or certificate holder fails to make an election within the given time period and does not cancel the coverage, then he or she is deemed to have elected the periodic rate increase.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/06/2014)