

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 14-10—sSB 199**

*Insurance and Real Estate Committee*

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

**SUMMARY:** This act 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 any premium rate increase and provide them the option of reducing benefits to reduce the premium rate.

EFFECTIVE DATE: October 1, 2014

**LONG-TERM CARE PREMIUM INCREASES**

*Periodic Rate Increase*

The act 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 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 act requires an LTC carrier, before implementing any premium rate increase, to notify its policyholders (for individual policies) and certificate holders (for group policies) of the rate increase and provide them the 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 act requires an LTC carrier to give policyholders and certificate holders at least 30 days to elect reduced policy benefits. The notice must state that a policyholder or certificate holder who fails to elect reduced policy benefits within the given time period and who does not cancel coverage is deemed to have elected to retain the existing policy benefits. (In this case, the premium rate increase will become effective.)

OLR Tracking: JLK:LH:PF:tjo