



Senate

General Assembly

File No. 49

January Session, 2015

Senate Bill No. 853

Senate, March 10, 2015

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING ACCELERATED BENEFITS OF LIFE INSURANCE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-457 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2015*):

4 (a) As used in this section:

5 (1) "Accelerated benefits" means benefits payable under a life
6 insurance policy sold in this state: (A) During the lifetime of the
7 insured, in a lump sum or in periodic payments, as specified in the
8 policy, (B) upon the occurrence of a qualifying event, as defined in the
9 policy, and certified by a physician or an advanced practice registered
10 nurse who is licensed under the laws of a state or territory of the
11 United States, or such other foreign or domestic jurisdiction as the
12 Insurance Commissioner may approve, and (C) [which] that reduce
13 the death benefits otherwise payable under the life insurance policy.

14 (2) "Insurance policy" or "policy" means an insurance policy or
15 certificate or rider or endorsement thereto.

16 (3) "Qualifying event" means (A) a medically determinable
17 condition suffered by the insured that can be expected to result in
18 death in a relatively short period of time, such as twelve months and
19 may include, but is not limited to, coronary artery disease, myocardial
20 infarction, stroke, kidney failure or liver disease, (B) a medical
21 condition that would, in the absence of extensive or extraordinary
22 medical treatment, result in death in a relatively short period of time,
23 such as twelve months, or (C) a medically determinable condition
24 suffered by the insured [, which] that has resulted in the insured being
25 considered [a] chronically ill, [individual for the purposes of Section
26 101(g) of the Internal Revenue Code of 1986, or any subsequent
27 corresponding internal revenue code of the United States, as amended
28 from time to time, and which has caused the insured to be confined for
29 at least six months in such insured's place of residence or in an
30 institution that provides necessary care or treatment of an injury,
31 illness or loss of functional capacity, and for which it has been
32 medically determined that such insured is expected to remain confined
33 in such place of residence or institution until death] as defined in
34 section 38a-465.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	38a-457(a)

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill expands the circumstances under which individuals are eligible to receive accelerated life insurance benefits. As this concerns private insurance transactions, there is no state or municipal fiscal impact.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**SB 853*****AN ACT CONCERNING ACCELERATED BENEFITS OF LIFE INSURANCE POLICIES.*****SUMMARY:**

This bill expands the circumstances under which a person is considered chronically ill and thus eligible to receive accelerated benefits under a life insurance policy. These benefits are paid to an insured during his or her lifetime and reduce the death benefits otherwise payable under the policy. By law, life insurers and fraternal benefit societies may include in life insurance policies an option to pay accelerated benefits when a “qualifying event” occurs, such as chronic illness.

EFFECTIVE DATE: October 1, 2015

QUALIFYING EVENT***Definition***

Currently, one qualifying event that triggers accelerated benefits is a medically determinable condition that:

1. is considered a chronic illness,
2. has confined the insured to his or her home or an institution for at least six months, and
3. will likely require continued confinement until the insured’s death.

The bill eliminates the last two requirements and changes when a person is considered chronically ill.

Chronically Ill Individuals

Currently, a person is considered chronically ill if he or she (1) is

functionally unable to perform at least two daily living activities for at least 90 days or has a similar disability under federal Health and Human Services regulations or (2) requires substantial supervision to protect himself or herself from threats to health and safety because of severe cognitive impairment. A licensed health care practitioner must certify the individual as chronically ill within the preceding 12 months. By law, "daily living activities" are limited to eating, toileting, transferring, bathing, dressing, and continence.

The bill (1) eliminates the requirement that the inability to perform daily functions last at least 90 days and (2) allows activities other than those specified above to be considered daily living activities.

It also eliminates the requirement that a person be certified chronically ill by a health care practitioner. By law, unchanged by the bill, qualifying events must still be certified by a licensed physician or advanced practice registered nurse.

BACKGROUND

Other Qualifying Events for Accelerated Benefits

By law, a life insurance policy may also pay accelerated benefits when an insured suffers a (1) medically determinable condition expected to result in death in a relatively short period of time, such as 12 months or (2) medical condition that would, in the absence of extensive or extraordinary medical treatment, result in death in a relatively short period of time.

Related Federal Law

Under federal law, accelerated benefits are eligible for favorable tax treatment under certain circumstances.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 17 Nay 0 (02/25/2015)