



General Assembly

February Session, 2016

**Raised Bill No. 5442**

LCO No. 1305



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

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

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

1 Section 1. Subdivision (2) of subsection (b) of section 38a-501 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective October 1, 2016*):

4 (2) (A) Any insurance company, fraternal benefit society, health  
5 service corporation, medical service corporation or health care center  
6 that files a rate filing for an increase in premium rates for a long-term  
7 care policy that is for twenty per cent or more shall spread the increase  
8 over a period of not less than three years in increments of not more  
9 than seven per cent in any single year. Such company, society,  
10 corporation or center shall use a periodic rate increase that is  
11 actuarially equivalent to a single rate increase and a current interest  
12 rate for the period chosen.

13 (B) Prior to implementing a premium rate increase, each such  
14 company, society, corporation or center shall:

15 (i) Notify its policyholders of such premium rate increase and make  
16 available to such policyholders the additional choice of reducing the  
17 policy benefits to reduce the premium rate. Such notice shall include a  
18 description of such policy benefit reductions. The premium rates for  
19 any benefit reductions shall be based on the new premium rate  
20 schedule;

21 (ii) Provide policyholders not less than thirty calendar days to elect  
22 a reduction in policy benefits; and

23 (iii) Include a statement in such notice that if a policyholder fails to  
24 elect a reduction in policy benefits by the end of the notice period and  
25 has not cancelled the policy, the policyholder will be deemed to have  
26 elected to retain the existing policy benefits.

27 Sec. 2. Subdivision (2) of subsection (b) of section 38a-528 of the  
28 general statutes is repealed and the following is substituted in lieu  
29 thereof (*Effective October 1, 2016*):

30 (2) (A) Any insurance company, fraternal benefit society, health  
31 service corporation, medical service corporation or health care center  
32 that files a rate filing for an increase in premium rates for a long-term  
33 care policy that is for twenty per cent or more shall spread the increase  
34 over a period of not less than three years in increments of not more  
35 than seven per cent in any single year. Such company, society,  
36 corporation or center shall use a periodic rate increase that is  
37 actuarially equivalent to a single rate increase and a current interest  
38 rate for the period chosen.

39 (B) Prior to implementing a premium rate increase, each such  
40 company, society, corporation or center shall:

41 (i) Notify its certificate holders of such premium rate increase and  
42 make available to such certificate holders the additional choice of  
43 reducing the policy benefits to reduce the premium rate. Such notice  
44 shall include a description of such policy benefit reductions. The

45 premium rates for any benefit reductions shall be based on the new  
46 premium rate schedule;

47 (ii) Provide certificate holders not less than thirty calendar days to  
48 elect a reduction in policy benefits; and

49 (iii) Include a statement in such notice that if a certificate holder fails  
50 to elect a reduction in policy benefits by the end of the notice period  
51 and has not cancelled the policy, the certificate holder will be deemed  
52 to have elected to retain the existing policy benefits.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	38a-501(b)(2)
Sec. 2	<i>October 1, 2016</i>	38a-528(b)(2)

**Statement of Purpose:**

To limit the amount certain long-term care insurance premium rates may increase in a single year.

*[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.]*