



General Assembly

Raised Bill No. 5442

February Session, 2016

LCO No. 1305

* _____HB05442INS__031716_____*

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2 general statutes is repealed and the following is substituted in lieu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28 general statutes is repealed and the following is substituted in lieu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)

INS *Joint Favorable*