

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: HB-5209

AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATE

Title: INCREASES.

Vote Date: 3/15/2018

Vote Action: Joint Favorable Substitute

PH Date: 3/1/2018

File No.:

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SPONSORS OF BILL:

Insurance & Real Estate Committee

REASONS FOR BILL:

This bill requires insurers that file a rate increase of 20% or more for an individual or a group long-term care insurance policy to spread the increase over not less than five years.

Substitute Language:

LCO # 2488

In lines 9 and 10 and 22 and 23 changes to read: (i) three years for a rate filed prior to October 1, 2018, and (ii) five years for a rate filed on or after October 1, 2018.

RESPONSE FROM ADMINISTRATION/AGENCY:

State of Connecticut Insurance Department shares the committee concerns about the rate increase, but cannot support the bill. It would create potential solvency issues for carriers and result in fewer choices for consumers and ultimately higher total increases to consumers. Extending the approved increase of 20% or more from a minimum of three years to a minimum of five years will not only raise the accumulated increase to the consumer, it would increase the original requested rate increase from the carrier and the resulting approved increase from the Insurance Department. Delaying the full increase over a minimum of five years will create solvency issues for carriers.

The Department is ready to work with the committee on creative solutions to rate increases on long-term care policies as well as on alternative benefit designs.

NATURE AND SOURCES OF SUPPORT:

Milton and Joan Wallack both testified in support of this bill. They purchased long term care insurance in 1995 because their marketing approach suggested that by doing so at a relatively young age, they would have an opportunity to lock in our premium at the then stated annual premium. In 2011 they were informed that the annual premium for each of them would increase by 39% and then in 2014 the rate was raised again by 20%. Again 2015 their premium was raised an additional 10%. Almost twice as much as it had been only four years before. They recommend a 10% trigger over five years or perhaps a COL consideration and fell it is time to take meaningful action on behalf of the consumers who have been so affected by the unreasonable escalating premium rates for LTC insurance.

NATURE AND SOURCES OF OPPOSITION:

Insurance Association of CT (IAC) believes this bill is unnecessary, as large rate increases are already required to be spread out over a number of years. Extending this period takes us further down a slippery slope that could harm both insurers and consumers.

Reported by: Diane Kubeck

Date: March 26, 2018