
OLR Bill Analysis

SB 843

AN ACT CONCERNING THE REGULATION OF INSURANCE IN THIS STATE.

SUMMARY

This bill makes changes to two unrelated insurance statutes concerning Medicare supplement (Medigap) plans and the property and casualty “flex rating” law.

The bill allows insurers, HMOs, and other related entities to issue Medigap policies and certificates for plan D, in addition to plans A, B, and C as under existing law. (These are standardized plans for which the federal government sets the benefits. Medigap plans generally cover certain expenses that Medicare does not cover.)

By law, those entities that issue Medigap plans A, B, or C to people eligible for Medicare based on age must also offer them to people eligible for Medicare based on disability. The bill extends this requirement to entities that issue plan D.

The bill exempts entities from offering plan C to any person newly eligible for Medicare. (As of January 1, 2020, federal law restricts the sale of plan C to those eligible for Medicare before that date.)

Additionally, the bill extends the sunset date for the personal risk insurance (e.g., home, auto, marine, or umbrella) “flex rating” law from July 1, 2021, to July 1, 2025. The flex rating law allows property and casualty insurers, until the law sunsets, to file new personal risk insurance rates with the insurance commissioner and begin using them immediately, without prior approval, under certain circumstances.

Under the current flex rating law, a personal risk insurance rate cannot (1) increase or decrease by more than 6% statewide or (2) increase by more than 15% in any individual territory. The bill

eliminates this 15% territorial cap on rate increases. By law, if the insurance commissioner determines rates are inadequate or unfairly discriminatory, he must order the insurer to stop using the flex rating rate change by a specified future date.

EFFECTIVE DATE: June 30, 2021, for the flex rating law provisions and July 1, 2021, for the Medigap plan provisions.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/22/2021)