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**OLR Bill Analysis****SB 1046*****AN ACT CONCERNING LONG-TERM CARE INSURANCE.*****SUMMARY**

This bill imposes certain consumer protection measures on insurers, HMOs, fraternal benefit societies, and hospital or medical service corporations (referred to collectively as “insurers”) that issue and sell long-term care (LTC) insurance policies in Connecticut. It also prohibits an insurer from issuing, delivering, renewing, continuing, or amending an individual or group LTC policy on or after January 1, 2022, unless that insurer is also authorized or licensed to sell another line of insurance in Connecticut (e.g., health insurance).

The bill allows the attorney general, at the insurance commissioner’s recommendation, to take legal action to secure compensation for insureds if an insurer submits an LTC rate filing with factual misstatements or omissions that cause an LTC policy to be underpriced by 50% or more.

It also requires the commissioner to develop a minimum set of affordable benefit options that insurers must offer to policyholders if they file a premium rate increase of 20% or more for an individual or group LTC policy.

By law, insurers filing for a rate increase of 20% or more must spread the premium increase over at least three years. The bill prohibits them from filing an additional rate increase during this period.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: January 1, 2022

**AUTHORIZED LEGAL ACTION AGAINST CERTAIN INSURERS**

By law, insurers must file with the insurance commissioner premium rates for individual and group LTC insurance policies. Under the bill, the commissioner must refer a rate filing to the attorney general if he determines that it includes a deliberate or reckless misstatement or omission that causes the policy to be underpriced by 50% or more.

The bill authorizes the attorney general to investigate and, in consultation with the insurance commissioner, take necessary legal action to protect and secure compensation for insureds covered by these policies. Under the bill, legal action may include (1) a civil action to recover damages reflecting excessive executive compensation, shareholder contributions, and broker fees and (2) distributing damages received to the insureds.

#### **MINIMUM AFFORDABLE BENEFIT OPTIONS**

Under the bill, the commissioner must develop and prescribe a minimum set of affordable benefit options to be offered by LTC insurers that file for rate increases of 20% or more. He must do so after consulting with other state governments and conducting a nationwide review. The bill (1) requires the commissioner to notify these insurers of the minimum set of affordable benefit options and (2) authorizes him to adopt implementing regulations.

By law, LTC insurers must give policyholders the option of reducing their benefits to reduce their premium rate before implementing a rate increase. Under the bill, insurers must also allow policyholders to elect coverage reflecting the minimum set of affordable benefit options. As with the option to reduce benefits in existing law, insurers must (1) notify policyholders of this new option, including a description of the minimum set of affordable benefit options, and (2) allow policyholders at least 30 days to select new coverage before they are deemed to have chosen to keep the existing policy.

#### **COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/22/2021)