

# OFFICE OF FISCAL ANALYSIS

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SB-1046

AN ACT CONCERNING LONG-TERM CARE INSURANCE.

As Amended by Senate "A" (LCO 8470)

House Calendar No.: 544

Senate Calendar No.: 238

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## ***OFA Fiscal Note***

### ***State Impact:***

| Agency Affected                | Fund-Effect                 | FY 22 \$  | FY 23 \$  |
|--------------------------------|-----------------------------|-----------|-----------|
| Department of Revenue Services | GF - Potential Revenue Loss | See Below | See Below |

Note: GF=General Fund

***Municipal Impact:*** None

### ***Explanation***

The bill makes various changes regarding long-term care (LTC) insurance laws. It results in a potential revenue loss due to lower insurance premium taxes, to the extent the following provisions of the bill result in reduced direct written premiums: (1) limiting the frequency of large rate increases, (2) enabling policyholders to switch to a lower cost policy for a minimum set of benefits, and (3) prohibiting LTC carriers from selling and renewing LTC policies after January 1, 2022, unless they are also authorized to sell another line of insurance.<sup>1</sup>

There is no fiscal impact to the Insurance Department, as the agency

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<sup>2</sup>The insurance premiums tax is levied at a rate of 1.5% on all net direct premiums underwritten. The Department of Revenue Services collected \$202.5 million from the insurance premiums tax in FY 20; it is uncertain how much of that revenue is from policies that could be affected under the bill. As all LTC insurance is "guaranteed renewal," it is not clear if the bill can require a mono-line carrier to non-renew existing policies.

has the capacity to develop the minimum set of affordable benefit options and to otherwise carry out the regulation required by the bill.

Senate "A" removes provisions that would have allowed the Attorney General to take legal action to secure compensation for insureds under certain circumstances and eliminates the potential costs in the bill.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*