

STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

**Fiscal:** No Fiscal Impact

**Revenue:** No Revenue Impact

**Action Date:** 04/29/15

**Action:** Do Pass The A-Eng Bill.

**Meeting Dates:** 04/29

**Vote:**

Yeas: 5 - Beyer, Girod, Monroe, Riley, Thomsen

**Prepared By:** James LaBar, Committee Administrator

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**WHAT THE MEASURE DOES:**

Prohibits insurer from issuing individual long term care insurance policy before receiving either written designation of full name and residential address of at least one person, in addition to applicant, to whom insurer may send notice of lapse due to failure to pay premium, or a written waiver that applicant declines to designate another person. Requires insurance policy to provide for reinstatement of coverage within five months after lapse if insurer receives proof that policy holder was cognitively impaired or had loss of functional capacity before end of grace period for premium payments. Provides that notice of lapse of individual life, long term care or disability insurance policy is not effective unless insurer sends written notice to policy owner at least 30 days before lapse date. Becomes operative January 1, 2016. Declares emergency, effective upon passage.

**ISSUES DISCUSSED:**

- National Association of Insurance Commissioners model language
- Application of measure as it relates to new and current insurance policies

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

House Bill 2850A is intended to prevent inadvertent lapses of long term care insurance when the insured suffers from cognitive impairment or a loss of functional capacity that may lead to the failure to make premium payments. The bill is based on model legislation from the National Association of Insurance Commissioners.