

HOUSE BILL 946

C4

8lr1047

By: Delegates Kramer, Jackson, Barkley, Gutierrez, R. Lewis, Stein, and K. Young
K. Young, Pendergrass, Bromwell, Angel, Barron, Cullison, Hayes, Hill,
Kelly, Kipke, Krebs, Metzgar, Miele, Morales, Morgan, Pena-Melnyk, Platt,
Rosenberg, Saab, Szeliga, and West

Introduced and read first time: February 5, 2018

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2018

CHAPTER _____

1 AN ACT concerning

2 **Long-Term Care Insurance – ~~Nonforfeiture Benefits~~ Contingent Benefit Upon**
3 **Lapse**

4 FOR the purpose of requiring a carrier to provide to an insured under a policy or contract
5 of long-term care insurance a certain ~~nonforfeiture benefit~~ contingent benefit upon
6 lapse under certain circumstances; providing that certain benefits of a certain policy
7 or contract of long-term care insurance shall remain unchanged and may not be
8 increased after a certain date; providing for the application of this Act; and generally
9 relating to long-term care insurance.

10 BY adding to

11 Article – Insurance

12 Section 18-116.1

13 Annotated Code of Maryland

14 (2017 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Insurance**

18 **18-116.1.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A CARRIER SHALL
 2 PROVIDE TO AN INSURED UNDER A POLICY OR CONTRACT OF LONG-TERM CARE
 3 INSURANCE A ~~NONFORFEITURE BENEFIT~~ CONTINGENT BENEFIT UPON LAPSE IF:

4 (1) THE CARRIER INCREASES THE PREMIUM RATE FOR THE INSURED;

5 ~~(1)~~ (2) THE INSURED HAS MAINTAINED THE POLICY OR CONTRACT
 6 OF LONG-TERM CARE INSURANCE THROUGH THE CARRIER FOR AT LEAST ~~10~~ 20
 7 YEARS; AND

8 ~~(2) THE INSURED HAS PAID IN FULL ALL PREMIUMS FOR THE POLICY~~
 9 ~~OR CONTRACT OF LONG-TERM CARE INSURANCE; AND~~

10 (3) ~~THE POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE IS~~
 11 ~~TERMINATED BY THE INSURED WITHIN 12 MONTHS AFTER RECEIVING NOTICE OF AN~~
 12 ~~INCREASE OF THE INSURED'S PREMIUM UNDER THE POLICY OR CONTRACT OF~~
 13 ~~LONG-TERM CARE INSURANCE~~ THE INSURED TERMINATES THE POLICY OR
 14 CONTRACT OF LONG-TERM CARE INSURANCE WITHIN 120 DAYS AFTER THE DATE
 15 THE PREMIUM RATE INCREASE BECOMES EFFECTIVE FOR THE POLICY OR
 16 CONTRACT OF LONG-TERM CARE INSURANCE MAINTAINED BY THE INSURED.

17 (B) (1) ~~THE NONFORFEITURE BENEFIT~~ CONTINGENT BENEFIT UPON
 18 LAPSE REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL BE A PAID-UP
 19 COVERAGE:

20 ~~(1) EQUIVALENT TO AT LEAST THE ACCUMULATED VALUE OF ALL~~
 21 ~~PREMIUMS PAID BY THE INSURED UNDER THE POLICY OR CONTRACT OF~~
 22 ~~LONG-TERM CARE INSURANCE; AND~~

23 ~~(2) ADJUSTED FOR INFLATION BASED ON THE CONSUMER PRICE~~
 24 ~~INDEX FOR THE WASHINGTON-BALTIMORE METROPOLITAN AREA, AS COMPUTED~~
 25 ~~BY THE U.S. DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS.~~

26 (I) WITH NO ADDITIONAL PREMIUMS DUE; AND

27 (II) WITH A REDUCED LIFETIME MAXIMUM BENEFIT EQUAL TO
 28 THE SUM OF ALL PREMIUMS PAID MINUS ANY CLAIMS PAID.

29 (2) EXCEPT FOR THE MAXIMUM LIFETIME BENEFIT CALCULATED IN
 30 ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, ALL OTHER BENEFITS OF
 31 THE POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE IN EFFECT ON THE
 32 DATE OF THE LAPSE OF THE POLICY OR CONTRACT SHALL REMAIN UNCHANGED AND

1 MAY NOT BE INCREASED AFTER THE DATE OF THE LAPSE OF THE POLICY OR
2 CONTRACT.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all:

4 (1) policies, contracts, or certificates of long-term care insurance issued, or
5 delivered, ~~or in effect~~ in the State on or after the effective date of this Act; and

6 (2) rate increase filings ~~submitted to~~ approved by the Maryland Insurance
7 Commissioner on or after the effective date of this Act.

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2018.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.