

2 **SSB 6421 - S COMM AMD ADOPTED 03/02/94**

3 By Committee on Financial Institutions & Insurance

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5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the citizens of
8 Washington state are concerned about the costs of long-term care. A
9 significant amount of long-term care costs are provided at public
10 expense, adding to the costs of the health care system. Many
11 individuals are driven to poverty, depleting their assets to pay for
12 long-term care.

13 One method of providing for adequate long-term care is the purchase
14 of private long-term care insurance coverage. In recent years, many
15 insurance products have been developed to provide such coverage.

16 However, despite the provisions of Washington state's long-term
17 care insurance act, consumers wishing to purchase long-term care
18 insurance are often faced with an array of difficult to understand
19 provisions, and, in many cases, the policies they purchase may not
20 include the protection they hoped to achieve.

21 The legislature finds that, in order to conserve public resources
22 and encourage the accessibility of long-term care insurance, clear,
23 accurate, and understandable disclosure of the provisions of the
24 policies marketed in Washington state is essential. Informed consumers
25 can then make optimal choices for themselves.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.84 RCW
27 to read as follows:

28 (1) The commissioner shall review, with public input, the existing
29 minimum standards in rule for long-term care insurance. The minimum
30 standards shall be reviewed by the commissioner to assure that they
31 include:

32 (a) Clear, accurate, concise, and simple statements for the
33 consumer about the policy being marketed, including the following
34 elements:

1 (i) Whether the policy contains inflation protection, and, if so,
2 how the amount of protection is determined, and the amount of premium
3 allocated to inflation protection;

4 (ii) Whether the policy has exclusions of coverage for specific
5 events or conditions, such as war, felony participation, intentionally
6 self-inflicted injuries, or suicide attempts;

7 (iii) Whether the policy provides for nonforfeiture of benefits,
8 and, if so, the additional premium cost, if any, of the nonforfeiture
9 provision, and a clear description of its meaning.

10 (b) A clear statement of any grounds for nonrenewal applicable
11 under the policy or contract.

12 (c) A clear description of how the long-term care policy differs
13 from supplemental medicare, also known as, "medi-gap" insurance. A
14 statement that "This is not a medicare supplement policy" is not
15 sufficient compliance with this section.

16 (d) The opportunity for the consumer to designate three nonliable
17 persons who shall receive written notice if the policy is about to
18 lapse for nonpayment of premium. In the event that nonpayment is due
19 to cognitive impairment or loss of functional capacity of the insured,
20 upon payment of premium by any willing party on the insured's behalf,
21 the policy shall be reinstated within six months of the date of lapse
22 or termination of the policy without evidence of insurability.

23 (e) The requirement that the person offering the insurance policy
24 for sale must present, if requested by the consumer, an accurate
25 statement of the most recent objective rating of the insurer's
26 financial condition, such as Moody's Investors Service, A.M. Best's,
27 Duff and Phelps, or Standard and Poor's, or other generally accepted,
28 independent rating, not generated by the insurer itself.

29 (f) In addition to other written disclosure required, the
30 salesperson must provide the consumer with a copy of the national
31 association of insurance commissioners "Shopper's Guide," or a similar
32 book produced by the commissioner, at the same time that any other
33 written information is provided to the consumer.

34 (2) For long-term care insurance riders to life insurance policies,
35 an accelerated death benefit shall be included as an option.

36 (3) The commissioner may establish by rule a meaningful sanction
37 for unfair and deceptive failure to comply with the minimum standards
38 in the advertisement, marketing, and sale of long-term care policies or
39 contracts.

1 (4) The commissioner shall report to the health policy committees
2 of the senate and house of representatives by December 1, 1994, on the
3 development of the standards and recommend any future statutory changes
4 that may be necessary to improve the standards and the level of
5 compliance with the long-term care insurance rules adopted under the
6 long-term care insurance act. Nothing in this subsection precludes the
7 commissioner from adopting rules to accomplish the purposes of this
8 section prior to reporting to the legislature.

9 (5) The governor shall seek the federal government's enactment of
10 long-term care insurance premium deductibility tax credit, or other
11 favorable tax treatment for federal income tax purposes."

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