

HOUSE BILL REPORT

SSB 6421

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to long-term care insurance.

Brief Description: Requiring standards for long-term care insurance.

Sponsors: Senate Committee on Health & Human Services (originally sponsored by Senators Moyer, Wojahn, Winsley, Pelz, Haugen, Loveland, Hochstatter, M. Rasmussen, Morton, Prentice, Prince, Sheldon, Quigley, Deccio, L. Smith, Bluechel, Sellar and Oke).

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 23, 1994,
DPA.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 14 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; R. Johnson; Kessler; Kremen; Lemmon; Schmidt; Tate and L. Thomas.

Staff: Charlie Gavigan (786-7340).

Background: The Washington Long-Term Care Insurance Act governs the content and sale of long-term care insurance and benefit contracts. The commissioner adopted rules ensuring disclosure to consumers of key provisions contained in their policy or contract, such as the level, type and amount of benefits provided, and any limitations, exclusions or exceptions contained in the policy or contract. The commissioner, by rule, established minimum standards that long-term care policies or contracts must meet.

Summary of Amended Bill: The Insurance Commissioner must review, with public input, the existing minimum standards in rule for long-term care insurance. The review must ensure that the minimum standards include: (1) clear statements explaining the contents of the policy or contract; (2) a clear statement on any grounds for nonrenewal; (3) a clear description of how the policy or contract differs from

supplemental Medicare; and (4) an opportunity for the consumer to designate three non-liable persons who receive notice if the policy is about to lapse. The consumer must be provided, upon request, an objective statement of the insurance company's current financial condition; also, the consumer must be provided a copy of a consumer information book written by the National Association of Insurance Commissioners or the state Insurance Commissioner. Long-term care insurance riders to life insurance policies must include an accelerated death benefit as an option.

The commissioner may establish, by rule, penalties for unfair and deceptive failure to comply with minimum standards for marketing and selling long-term care policies or contracts. The commissioner must report to the Legislature on the review of and changes made to minimum standards by December 1, 1994.

The Governor must seek federal enactment of long-term care insurance premium deductibility tax credits or other favorable federal income tax treatment.

Amended Bill Compared to Substitute Bill: Establishing penalties by rule for unfair and deceptive practices is made optional rather than mandatory. Clarification is made that the Insurance Commissioner can act prior to reporting to the Legislature.

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Long-term care coverage concerns many older persons. This bill will make needed clarifications regarding information provided to consumers and proper marketing practices to be followed regarding these policies.

Testimony Against: None.

Witnesses: Senator Moyer (supports).