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By: **Delegate McHale**  
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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 19, 2001

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CHAPTER 329

1 AN ACT concerning

2 **Long-Term Care Insurance - Loss Ratios - Premium Increases**

3 FOR the purpose of repealing certain provisions of law that relate to benefits under  
4 long-term care insurance policies or certificates being considered reasonable in  
5 relation to premiums if the expected loss ratio is a certain percentage and is  
6 calculated in a certain manner; clarifying that a carrier may impose a certain  
7 premium increase to policies or contracts of long-term care insurance under  
8 certain circumstances; making certain technical corrections; and generally  
9 relating to loss ratios and premium increases for long-term care insurance.

10 BY repealing and reenacting, with amendments,  
11 Article - Insurance  
12 Section 18-115 and 18-116  
13 Annotated Code of Maryland  
14 (1997 Volume and 2000 Supplement)

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

17 **Article - Insurance**

18 18-115.

19 [(a) Benefits under a policy or certificate of long-term care insurance shall be  
20 considered reasonable in relation to premiums if the expected loss ratio is at least  
21 60% and is calculated in a manner that provides for adequate reserving of the  
22 long-term care insurance risk.

1 (b)] In evaluating the expected and actual loss ratios, the Commissioner shall  
2 consider:

- 3 (1) the statistical credibility of incurred claims experience and earned  
4 premiums;
- 5 (2) the period for which rates are computed to provide coverage;
- 6 (3) experienced and projected trends;
- 7 (4) the concentration of experience within early policy duration;
- 8 (5) expected claim fluctuation;
- 9 (6) experienced refunds, adjustments, or dividends;
- 10 (7) renewability features;
- 11 (8) all appropriate expense factors;
- 12 (9) interest;
- 13 (10) the experimental nature of the coverage;
- 14 (11) policy reserves;
- 15 (12) the mix of business by risk classification; and
- 16 (13) product features, including long elimination periods, high  
17 deductibles, and high maximum limits.

18 18-116.

19 (a) Except as provided in subsection (b) of this section, a premium increase  
20 under long-term care insurance may not be based on the age of the insured or  
21 certificate holder.

22 (b) A carrier may impose an across-the-board premium increase ~~to~~ ON [all]  
23 policies or contracts of long-term care insurance that the carrier issues or delivers in  
24 the State AFTER THE CARRIER:

25 (1) submits to the Commissioner an actuarial memorandum that  
26 supports the proposed premium increase; and

27 (2) obtains the approval of the Commissioner.

28 (c) This section does not prohibit age-banding.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2001.

