

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1199
Finance

(Senators Kelley and Middleton)

Long-Term Care Insurance - Sale or Transfer of Book of Business

This emergency bill requires a carrier that issues, delivers, or offers long-term care insurance in the State to take specified actions at least 14 days prior to selling or otherwise transferring its book of business to another carrier. A carrier must provide each insured with written notice that (1) advises the insured of the sale or transfer and (2) includes the contact information of the carrier to which the book of business is being sold or transferred. A carrier must also provide the Insurance Commissioner with a database that includes the name, address, and policy number of each insured whose policy, contract, or certificate is being sold or transferred to another carrier.

Fiscal Summary

State Effect: To the extent a long-term care insurance carrier sells or otherwise transfers its book of business to another carrier, special fund revenues increase for the Maryland Insurance Administration (MIA) by a negligible amount from the \$125 rate and form filing fee. Review of any filings can be handled with existing MIA resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Title 18 of the Insurance Article does not specifically address the sale or transfer of long-term care insurance policies. A carrier may not cancel a long-term care insurance policy for nonpayment of premiums unless the carrier provides written notice to

the insured and an individual designated by the insured to receive notice of cancellation not later than the date on which the carrier sends a second notice of the cancellation.

Background: According to MIA, approximately 150,000 Marylanders are covered by long-term care insurance. Twenty-one carriers are authorized to sell approved individual long-term care insurance policies in Maryland (although they may or may not be currently selling them).

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510