SENATE BILL 46

ENROLLED BILL
— Finance/Health and Government Operations —

Introduced by Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)

Read and Examined by Proofreaders:

_______________________________________________
Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this ______ day of ____________ at ______________________ o’clock, ______ M.

_______________________________________________
President.

CHAPTER ______

1 AN ACT concerning

2 Long–Term Care Insurance – Contingent Benefit Upon Lapse – Application

3 FOR the purpose of altering the application of certain provisions of law requiring a carrier
4 to provide to an insured under a policy or contract of long–term care insurance a
5 certain contingent benefit upon lapse under certain circumstances by applying the
6 provisions only to certain policies or contracts issued before a certain date; and
7 generally relating to long–term care insurance.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 18–116.1
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2018 Supplement)

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.
Italics indicate opposite chamber/conference committee amendments.
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Insurance

18–116.1.

(A) THIS SECTION APPLIES ONLY TO POLICIES OR CONTRACTS OF
LONG–TERM CARE INSURANCE ISSUED OR DELIVERED IN THE STATE BEFORE APRIL
1, 2003, FOR WHICH RATE INCREASE FILINGS HAVE BEEN APPROVED BY THE
COMMISSIONER ON OR AFTER OCTOBER 1, 2019 JUNE 1, 2019.

[(a)] (B) Subject to subsection [(b)] (C) of this section, a carrier shall provide to
an insured under a policy or contract of long–term care insurance a contingent benefit upon
lapse if:

(1) the carrier increases the premium rate for the insured;

(2) the insured has maintained the policy or contract of
long–term care insurance through the carrier for at least 20 years; and

(3) the insured terminates the policy or contract of long–term care
insurance within 120 days after the date the premium rate increase becomes effective for
the policy or contract of long–term care insurance maintained by the insured.

[(b)] (C) (1) The contingent benefit upon lapse required under subsection
[(a)] (B) of this section shall be a paid–up coverage:

(i) with no additional premiums due; and

(ii) with a reduced lifetime maximum benefit equal to the sum of all
premiums paid minus any claims paid.

(2) Except for the maximum lifetime benefit calculated in accordance with
paragraph (1) of this subsection, all other benefits of the policy or contract of long–term
care insurance in effect on the date of the lapse of the policy or contract shall remain
unchanged and may not be increased after the date of the lapse of the policy or contract.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
October 1, 2019 June 1, 2019.