

HOUSE BILL 590

C3

9lr2200
CF SB 716

By: **Delegate Kullen**

Introduced and read first time: February 6, 2009

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2009

CHAPTER _____

1 AN ACT concerning

2 **Long-Term Care Insurance - Annuity Contracts and Qualified State**
3 **Long-Term Care Insurance Partnership ~~Revisions~~**

4 FOR the purpose of authorizing an annuity contract to include a rider or supplemental
5 contract provision that offers a contract holder reimbursement or payment for
6 certain long-term care, under certain circumstances; repealing the requirement
7 that a certain outline of coverage for long-term care insurance contain a certain
8 statement about a policy or contract of long-term care insurance; altering a
9 certain statement about a policy or contract of long-term care insurance that
10 must be included in a certificate that is issued under group long-term care
11 insurance; altering a certain definition; and generally relating to
12 long-term care ~~insurance~~ insurance, annuity contracts, and the Qualified State
13 Long-Term Care Insurance Partnership.

14 BY repealing and reenacting, without amendments,
15 Article - Insurance
16 Section 1-101(a)
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2008 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 1-101(d)
22 Annotated Code of Maryland
23 (2003 Replacement Volume and 2008 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.



1 BY adding to
 2 Article – Insurance
 3 Section 16–409
 4 Annotated Code of Maryland
 5 (2006 Replacement Volume and 2008 Supplement)

6 BY repealing and reenacting, with amendments,
 7 Article – Insurance
 8 Section 18–106 and 18–107
 9 Annotated Code of Maryland
 10 (2006 Replacement Volume and 2008 Supplement)
 11 (As enacted by Chapter 70 of the Acts of the General Assembly of 1997)

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

14 **Article – Insurance**

15 1–101.

16 (a) In this article the following words have the meanings indicated.

17 (d) (1) “Annuity” means an agreement to make periodic payments for
 18 which the making or continuance of all or some of a series of the payments, or the
 19 amount of a payment, depends on the continuance of a human life.

20 (2) “Annuity” includes:

21 (I) an additional benefit that operates to safeguard the contract
 22 from lapse or to provide a special surrender value, special benefit, or annuity in the
 23 event of the total and permanent disability of the holder; AND

24 (II) BENEFITS THAT PROVIDE PAYMENT OR
 25 REIMBURSEMENT FOR LONG–TERM HOME HEALTH CARE OR LONG–TERM CARE
 26 IN A NURSING HOME OR OTHER RELATED INSTITUTION.

27 (3) “Annuity” does not include life insurance.

28 16–409.

29 AN ANNUITY CONTRACT MAY INCLUDE A RIDER OR SUPPLEMENTAL
 30 CONTRACT PROVISION THAT OFFERS A CONTRACT HOLDER REIMBURSEMENT
 31 OR PAYMENT FOR LONG–TERM HOME HEALTH CARE OR LONG–TERM CARE IN A
 32 NURSING HOME OR OTHER RELATED INSTITUTION;

1 **(1) INSTEAD OF OR IN ADDITION TO THE ANNUITY BENEFITS**
2 **PAYABLE UNDER THE CONTRACT; OR**

3 **(2) INSTEAD OF ALL OR PART OF THE CASH SURRENDER OR**
4 **OTHER NONFORFEITURE VALUE OF THE CONTRACT.**

5 18–106.

6 (a) (1) A carrier shall provide to each applicant an outline of coverage and
7 buyer's guide.

8 (2) The carrier shall deliver the outline of coverage and buyer's guide:

9 (i) in the case of solicitation by the carrier or insurance
10 producer of the carrier, before the presentation of an application or enrollment form;
11 and

12 (ii) in the case of direct response solicitation, with the
13 application or enrollment form.

14 (b) The outline of coverage shall include:

15 (1) a description of the principal benefits and coverage provided in the
16 policy or contract;

17 (2) a statement of the principal exclusions, reductions, and limitations
18 in the policy or contract;

19 (3) a statement of the renewal provisions, including any reservation in
20 the policy or contract of a right to change the schedule of premiums;

21 (4) [a statement as to whether the policy or contract is approved under
22 the Qualified Long–Term Care Insurance Partnership under Title 15, Subtitle 4 of the
23 Health – General Article;

24 (5)] a statement that the outline of coverage is a summary of the policy
25 or contract issued or applied for and the policy or contract should be consulted to
26 determine the governing contractual provisions; and

27 [(6)] (5) any expected premium increases or additional premiums to
28 pay for automatic or optional benefit increases, including a reasonable hypothetical or
29 graphic demonstration of the potential premiums that the applicant will need to pay at
30 age 75 for benefit increases.

31 (c) The buyer's guide shall include information about buying a policy of
32 long–term care insurance, including a reference to the right of the buyer to cancel a
33 policy during the first 30 days after the policy is delivered.

1 (d) A carrier shall provide an applicant with a graphic comparison, over a
2 period of at least 20 years, of the benefit levels of a policy that increases benefits over
3 the policy or certificate period compared to the benefit levels of a policy that does not
4 increase benefits.

5 18–107.

6 A certificate that is issued under group long–term care insurance shall include:

7 (1) a description of the principal benefits and coverage provided in the
8 policy or contract;

9 (2) a statement of the principal exclusions, reductions, and limitations
10 of coverage in the policy or contract;

11 (3) a statement that the group master policy or contract determines
12 the governing contractual provisions; and

13 (4) a statement as to whether the policy or contract is [approved]
14 **INTENDED TO QUALIFY AS A PARTNERSHIP POLICY** under the Qualified State
15 Long–Term Care Insurance Partnership under Title 15, Subtitle 4 of the Health –
16 General Article.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 June 1, 2009.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.