

CHAPTER 598

(House Bill 590)

AN ACT concerning

Long-Term Care Insurance – Annuity Contracts and Qualified State Long-Term Care Insurance Partnership – ~~Revisions~~

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

BY repealing and reenacting, without amendments,

Article – Insurance

Section 1-101(a)

Annotated Code of Maryland

(2003 Replacement Volume and 2008 Supplement)

BY repealing and reenacting, with amendments,

Article – Insurance

Section 1-101(d)

Annotated Code of Maryland

(2003 Replacement Volume and 2008 Supplement)

BY adding to

Article – Insurance

Section 16-409

Annotated Code of Maryland

(2006 Replacement Volume and 2008 Supplement)

BY repealing and reenacting, with amendments,

Article – Insurance

Section 18-106 and 18-107

Annotated Code of Maryland

(2006 Replacement Volume and 2008 Supplement)

(As enacted by Chapter 70 of the Acts of the General Assembly of 1997)

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

Article – Insurance

1–101.

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

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

(2) “Annuity” includes:

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

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

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

16–409.

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

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

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

18–106.

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

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

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

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

(b) The outline of coverage shall include:

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

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

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

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

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

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

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

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

18-107.

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

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

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

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

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

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

Approved by the Governor, May 19, 2009.