

JAN 25 2006

COMMERCE, REGULATION & LABOR

HOUSE FILE 2113

BY SWAIM and GASKILL

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to performance and disclosure standards for long-
2 term care insurance.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

HF 2113

1 Section 1. Section 514G.7, subsection 1, Code 2005, is
2 amended to read as follows:

3 1. a. RULES. The commissioner ~~may~~ shall adopt rules for
4 full and fair disclosure of the terms and benefits of a long-
5 term care insurance policy, including but not limited to rules
6 setting forth the manner, content, and required disclosures
7 for the sale of long-term care insurance policies, terms of
8 renewability, initial and subsequent conditions of
9 eligibility, nonduplication of coverage provisions, coverage
10 of dependents, preexisting conditions, termination of
11 insurance, probationary periods, limitations, exceptions,
12 reductions, elimination periods, requirements for replacement,
13 recurrent conditions, and definitions of terms. The rules
14 shall establish a standard format for long-term care insurance
15 policies offered in this state to facilitate comparison by
16 consumers of the various long-term care insurance policies
17 offered.

18 b. REVIEW OF POLICIES. The commissioner shall review and
19 approve the terms and benefits of a new policy of long-term
20 care insurance or an amendment to an existing policy of such
21 insurance before the new policy or amended policy is offered
22 in this state. The commissioner shall disapprove any new
23 policy or amended policy that contains misrepresentations,
24 unclear language, inadequate explanations, is otherwise
25 confusing or misleading to an applicant for such insurance, or
26 fails to comply with the requirements of this chapter. The
27 commissioner shall adopt rules as deemed necessary to
28 implement this subsection, in accordance with chapter 17A.

29 Sec. 2. Section 514G.7, Code 2005, is amended by adding
30 the following new subsection:

31 NEW SUBSECTION. 1A. REVIEW OF RATES. The commissioner
32 shall review and approve a proposed rate increase for long-
33 term care insurance before the proposed rate increase is
34 effective. The commissioner shall disapprove any rate
35 increase that is not reasonable under the circumstances. The

1 commissioner shall provide public notice of all proposed rate
2 increases for long-term care insurance prior to approval or
3 disapproval of the proposed rate increase. The commissioner
4 shall adopt rules as deemed necessary to implement this
5 subsection, in accordance with chapter 17A.

6 EXPLANATION

7 This bill relates to disclosure and performance standards
8 for long-term care insurance offered in the state.

9 The bill requires the commissioner of insurance to adopt
10 rules for full and fair disclosure of the terms and benefits
11 of long-term care insurance contracts offered in the state.
12 Currently, the commissioner is authorized, but not required to
13 adopt such rules.

14 The bill requires the commissioner to review and approve
15 the terms and benefits of a new policy of long-term care
16 insurance or an amendment to an existing policy of such
17 insurance before the new policy or amended policy is offered
18 in this state. The commissioner is required to disapprove any
19 new policy or amended policy that contains misrepresentations,
20 unclear language, inadequate explanations, is otherwise
21 confusing or misleading to an applicant for such insurance, or
22 fails to comply with the requirements of Code chapter 514G.
23 The commissioner is required to adopt rules to implement this
24 process in accordance with Code chapter 17A.

25 The bill requires the commissioner to adopt rules that
26 establish a standard format for long-term care insurance
27 policies to facilitate comparison by consumers of the various
28 long-term care insurance policies offered.

29 The bill requires the commissioner to review and approve a
30 proposed rate increase for long-term care insurance before the
31 rate increase is effective and to disapprove any rate increase
32 that is not reasonable under the circumstances. The bill also
33 requires the commissioner to provide public notice of all
34 proposed rate increases for long-term care insurance prior to
35 approval or disapproval of the proposed rate increase. The

1 commissioner is required to adopt rules to implement this
2 process in accordance with Code chapter 17A.

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35