

BILL ANALYSIS

Senate Research Center

S.B. 963
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State Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some Texas consumers are unfairly being forced to pay higher premiums for long-term care insurance to compensate for the lower rates consumers pay in the states in which those companies' rate increase have been denied.

Many long-term care insurance companies write business in multiple states, most of which regulate rates. Long-term care carriers file for rate increases in the various states as needed. Occasionally, a carrier is denied a rate increase in one state and then in order to collect the amount of premium it believes necessary, the carrier will file for rate increases in other states that do not regulate rates, such as Texas, to make up or compensate for the inadequate rates it is able to charge in the rate-regulated states.

S.B. 963 amends current law relating to regulation of premium rates for long-term care insurance.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of insurance is modified in SECTION 1 (Section 1651.056, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1651, Insurance Code, by adding Section 1651.056, as follows:

Sec. 1651.056. REVIEW; APPROVAL OR DISAPPROVAL OF PREMIUM RATES.

(a) Prohibits a long-term care premium rate from being used until the rate has been filed with the Texas Department of Insurance (TDI) and approved by the commissioner of insurance (commissioner).

(b) Authorizes the commissioner to disapprove a long-term care premium rate that is not actuarially justified or does not comply with standards established under this chapter or adopted by rule by the commissioner.

(c) Requires an insurer who obtains the commissioner's approval of an increase of a long-term care premium rate under Subsection (a) to notify policyholders of the scheduled rate increase at least 45 days prior to the date that the policyholder is required to make a premium payment at the increased rate; and provide contingent nonforfeiture benefits consistent with nationally recognized models and rules adopted by the commissioner.

SECTION 2. Provides that this Act applies to any rate increase implemented on or after September 1, 2009.

SECTION 3. Effective date: September 1, 2009.