

HB 2612 -- LONG-TERM-CARE INSURANCE PREMIUM RATE INCREASES

SPONSOR: Haley

This bill requires insurers to file all premium rate schedules for long-term care insurance with the Department of Commerce and Insurance prior to using the rate schedules. The rate schedules must be approved by the Director of the Department before the rates can be implemented by the insurer.

The Director will disapprove or modify premium rates submitted by an insurer if:

- (1) It is determined that the benefits provided are unreasonable in relation to the premiums charged;
- (2) The premium rates appear to be inadequate, unfairly discriminatory, or excessive in relation to benefits; or
- (3) The premium rate appears to be based on assumptions that are unreasonable in the aggregate or for each assumption individually.

If no action is taken by the Director within 90 days to approve or disapprove the premium rates after they have been filed by the insurer, the premium rates will be deemed to be approved. However, if additional time is needed to review and make a determination on the premium rate filing, the Director must provide written notice to the insurer that an additional time period or periods, not to exceed 90 days per period, are needed to complete a review of the premium rate filing.

The Director must consider the following to the extent appropriate when determining whether to disapprove or modify a premium rate filing of an insurer:

- (1) Past and prospective loss experience within and outside the state;
- (2) Underwriting practice and judgment;
- (3) A reasonable margin for reserve needs;
- (4) Past and prospective expenses, both nationwide and those specifically applicable to this state;
- (5) Prior approved rate changes; and

(6) Any other relevant factors necessary, including the factors set forth in the regulation.