BILL ANALYSIS

C.S.H.B. 4344
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Long-term care insurance providers file for rate increases in the various states as needed. Occasionally, a provider denied a rate increase in one state will file for rate increases in other states that do not regulate such rates, including Texas, to compensate for the inadequate rates it charges in states that regulate rates. Some Texas consumers are 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 increases have been denied.

C.S.H.B. 4344 prohibits a long-term premium rate from being used until the rate has been filed with the Texas Department of Insurance and approved by the commissioner of insurance. The bill authorizes the commissioner to disapprove such a rate that is not actuarially justified or does not comply with standards established by state law or adopted by rule by the commissioner.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 4344 amends the Insurance Code to prohibit a long-term care premium rate from being used until the rate has been filed with the Texas Department of Insurance and approved by the commissioner of insurance. The bill authorizes the commissioner to disapprove a long-term care premium rate that is not actuarially justified or does not comply with standards for such a rate or with standards established under state law or adopted by rule by the commissioner. The bill requires an insurer who obtains the commissioner's approval of an increase of a long-term care premium rate 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 to provide contingent nonforfeiture benefits with nationally recognized models and rules adopted by the commissioner.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4344 differs from the original by authorizing the commissioner of insurance to disapprove a long-term care premium rate that is not actuarially justified whereas the original does not include that rate limitation. The substitute adds a provision not in the original relating to the notification and other requirements for an insurer who obtains the commissioner's approval of an increase of long-term care premium rate. The substitute differs from the original by making its provisions applicable to any rate increase implemented after the effective date, whereas the original makes its provisions applicable to a long-term care insurance policy, contract, or evidence of coverage that is delivered, issued for delivery, or renewed on or after January 1, 2010.