

Bill No.: _____

Requested: _____

Committee: _____

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By: **Leave Blank (By Request – Departmental – Maryland Insurance Administration)**

A BILL ENTITLED

1 AN ACT concerning

2 **Long-Term Care Insurance – Contingent Benefit Upon Lapse – Application**

3 FOR the purpose of altering the application of certain provisions of law requiring a carrier
4 to provide to an insured under a policy or contract of long-term care insurance a
5 certain contingent benefit upon lapse under certain circumstances by applying the
6 provisions only to certain policies or contracts issued before a certain date; and
7 generally relating to long-term care insurance.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 18–116.1
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2018 Supplement)

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

15 **Article – Insurance**

16 18–116.1.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(A) THIS SECTION APPLIES ONLY TO POLICIES OR CONTRACTS OF**
2 **LONG-TERM CARE INSURANCE ISSUED OR DELIVERED IN THE STATE BEFORE APRIL**
3 **1, 2003, FOR WHICH RATE INCREASE FILINGS HAVE BEEN APPROVED BY THE**
4 **COMMISSIONER ON OR AFTER OCTOBER 1, 2019.**

5 **[(a)] (B)** Subject to subsection **[(b)] (C)** of this section, a carrier shall provide to
6 an insured under a policy or contract of long-term care insurance a contingent benefit upon
7 lapse if:

8 (1) the carrier increases the premium rate for the insured;

9 (2) the insured has maintained the policy or contract of
10 long-term care insurance through the carrier for at least 20 years; and

11 (3) the insured terminates the policy or contract of long-term care
12 insurance within 120 days after the date the premium rate increase becomes effective for
13 the policy or contract of long-term care insurance maintained by the insured.

14 **[(b)] (C)** (1) The contingent benefit upon lapse required under subsection
15 **[(a)] (B)** of this section shall be a paid-up coverage:

16 (i) with no additional premiums due; and

17 (ii) with a reduced lifetime maximum benefit equal to the sum of all
18 premiums paid minus any claims paid.

19 (2) Except for the maximum lifetime benefit calculated in accordance with
20 paragraph (1) of this subsection, all other benefits of the policy or contract of long-term
21 care insurance in effect on the date of the lapse of the policy or contract shall remain
22 unchanged and may not be increased after the date of the lapse of the policy or contract.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2019.