
SUBSTITUTE SENATE BILL 6421

State of Washington

53rd Legislature

1994 Regular Session

By Senate Committee on Health & Human Services (originally sponsored by Senators Moyer, Wojahn, Winsley, Pelz, Haugen, Loveland, Hochstatter, M. Rasmussen, Morton, Prentice, Prince, Sheldon, Quigley, Deccio, L. Smith, Bluechel, Sellar and Oke)

Read first time 02/03/94.

1 AN ACT Relating to long-term care insurance; adding a new section
2 to chapter 48.84 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that the citizens of
5 Washington state are concerned about the costs of long-term care. A
6 significant amount of long-term care costs are provided at public
7 expense, adding to the costs of the health care system. Many
8 individuals are driven to poverty, depleting their assets to pay for
9 long-term care.

10 One method of providing for adequate long-term care is the purchase
11 of private long-term care insurance coverage. In recent years, many
12 insurance products have been developed to provide such coverage.

13 However, despite the provisions of Washington state's long-term
14 care insurance act, consumers wishing to purchase long-term care
15 insurance are often faced with an array of difficult to understand
16 provisions, and, in many cases, the policies they purchase may not
17 include the protection they hoped to achieve.

18 The legislature finds that, in order to conserve public resources
19 and encourage the accessibility of long-term care insurance, clear,

1 accurate, and understandable disclosure of the provisions of the
2 policies marketed in Washington state is essential. Informed consumers
3 can then make optimal choices for themselves.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.84 RCW
5 to read as follows:

6 (1) The commissioner shall review, with public input, the existing
7 minimum standards in rule for long-term care insurance. The minimum
8 standards shall be reviewed by the commissioner to assure that they
9 include:

10 (a) Clear, accurate, concise, and simple statements for the
11 consumer about the policy being marketed, including the following
12 elements:

13 (i) Whether the policy contains inflation protection, and, if so,
14 how the amount of protection is determined, and the amount of premium
15 allocated to inflation protection;

16 (ii) Whether the policy has exclusions of coverage for specific
17 events or conditions, such as war, felony participation, intentionally
18 self-inflicted injuries, or suicide attempts;

19 (iii) Whether the policy provides for nonforfeiture of benefits,
20 and, if so, the additional premium cost, if any, of the nonforfeiture
21 provision, and a clear description of its meaning.

22 (b) A clear statement of any grounds for nonrenewal applicable
23 under the policy or contract.

24 (c) A clear description of how the long-term care policy differs
25 from supplemental medicare, also known as, "medi-gap" insurance. A
26 statement that "This is not a medicare supplement policy" is not
27 sufficient compliance with this section.

28 (d) The opportunity for the consumer to designate three nonliable
29 persons who shall receive written notice if the policy is about to
30 lapse for nonpayment of premium. In the event that nonpayment is due
31 to cognitive impairment or loss of functional capacity of the insured,
32 upon payment of premium by any willing party on the insured's behalf,
33 the policy shall be reinstated within six months of the date of lapse
34 or termination of the policy without evidence of insurability.

35 (e) The requirement that the person offering the insurance policy
36 for sale must present, if requested by the consumer, an accurate
37 statement of the most recent objective rating of the insurer's
38 financial condition, such as Moody's Investors Service, A.M. Best's,

1 Duff and Phelps, or Standard and Poor's, or other generally accepted,
2 independent rating, not generated by the insurer itself.

3 (f) In addition to other written disclosure required, the
4 salesperson must provide the consumer with a copy of the national
5 association of insurance commissioners "Shopper's Guide," or a similar
6 book produced by the commissioner, at the same time that any other
7 written information is provided to the consumer.

8 (2) For long-term care insurance riders to life insurance policies,
9 an accelerated death benefit shall be included as an option.

10 (3) The commissioner shall establish by rule a meaningful sanction
11 for unfair and deceptive failure to comply with the minimum standards
12 in the advertisement, marketing, and sale of long-term care policies or
13 contracts.

14 (4) The commissioner shall report to the health policy committees
15 of the senate and house of representatives by December 1, 1994, on the
16 development of the standards and recommend any future statutory changes
17 that may be necessary to improve the standards and the level of
18 compliance with the long-term care insurance rules adopted under the
19 long-term care insurance act.

20 (5) The governor shall seek the federal government's enactment of
21 long-term care insurance premium deductibility tax credit, or other
22 favorable tax treatment for federal income tax purposes.

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