

BILL ANALYSIS

Senate Research Center

H.B. 2482
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Business & Commerce
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Engrossed

DIGEST AND PURPOSE

Long-term care is the assistance needed for an extended period if a person develops an impairment in activities of daily living, such as dressing, eating, and bathing, or a cognitive impairment, such as Alzheimer's disease. Long-term care insurance is purchased for a future need. However, many people who purchase long-term care insurance policies and initially believe that a certain premium is paid throughout the duration of the policy later find the premium is raised. In some cases, companies seeking to increase market share have underpriced initial premiums and then raised those premiums at a later date. Rate increases can cause elderly policyholders to lose their coverage at the time they are most at risk. H.B. 2482 directs the commissioner of insurance to adopt rules to stabilize long-term care insurance rates, taking into consideration nationally recognized models of rate stabilization.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 5A, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 3.70-12, Insurance Code, by adding Section 5A, as follows:

Sec. 5A. RATE STABILIZATION. (a) Requires the commissioner of insurance (commissioner) to adopt rules to stabilize long-term care insurance premium rates by certain means.

(b) Requires the commissioner, except as provided by this subsection, to adopt rules that are consistent with nationally recognized models relating to the stabilization of long-term care insurance rates that existed on January 1, 2001. Authorizes the commissioner to adopt rules consistent with any of those models as they are amended after January 1, 2001. Requires the commissioner to adopt rules under this subsection that meet certain criteria.

(c) Authorizes the commissioner, in adopting rules under this section, to exempt long-term care insurance policies from the requirements of Sections 4(a) and (c) of this article.

SECTION 2. (a) Effective date: September 1, 2001.

(b) Requires the commissioner of insurance to adopt rules under Section 5A, Article 3.70-12, Insurance Code, as added by this Act, not later than January 1, 2002.