

ASSEMBLY BILL

No. 1234

Introduced by Assembly Member Levine

February 22, 2013

An act to amend Section 10234.93 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1234, as introduced, Levine. Insurance: long term care insurance.

Existing law provides for the regulation of insurers by the Department of Insurance, including insurers issuing policies of long-term care insurance. Existing law regulates the marketing or solicitation of long-term care insurance policies and, in that regard, requires specified disclosures to prospective applicants or enrollees. Existing law requires an insurer of long-term care insurance to clearly post on its Internet Web site and provide written notice at the time of solicitation that a specimen individual policy form or group master policy and certificate form for each policy form offered by the insurer is available upon request and to provide that form within 15 calendar days upon request.

This bill would additionally require an insurer to clearly post on its Internet Web site, and include on its policy application, information about an Internet Web site provided by the Department of Health Care Services, known as www.rureadyca.org.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10234.93 of the Insurance Code is
2 amended to read:

3 10234.93. (a) Every insurer of long-term care in California
4 shall:

5 (1) Establish marketing procedures to assure that any comparison
6 of policies by its agents or other producers will be fair and accurate.

7 (2) Establish marketing procedures to assure excessive insurance
8 is not sold or issued.

9 (3) Submit to the commissioner within six months of the
10 effective date of this act, a list of all agents or other insurer
11 representatives authorized to solicit individual consumers for the
12 sale of long-term care insurance. These submissions shall be
13 updated at least semiannually.

14 (4) Provide the following training and require that each agent
15 or other insurer representative authorized to solicit individual
16 consumers for the sale of long-term care insurance shall
17 satisfactorily complete the following training requirements that,
18 for resident licensees, shall count toward the licensee’s continuing
19 education requirement, but may still result in completing more
20 than the minimum number of continuing education hours set forth
21 in this section:

22 (A) For licensees issued a license after January 1, 1992, eight
23 hours of training in each of the first four 12-month periods
24 beginning from the date of original license issuance and thereafter
25 eight hours of training prior to each license renewal.

26 (B) For licensees issued a license before January 1, 1992, eight
27 hours of training prior to each license renewal.

28 (C) For nonresident licensees that are not otherwise subject to
29 the continuing education requirements set forth in Section 1749.3,
30 the evidence of training required by this section shall be filed with
31 and approved by the commissioner as provided in subdivision (g)
32 of Section 1749.4.

33 Licensees shall complete the initial training requirements of this
34 section prior to being authorized to solicit individual consumers
35 for the sale of long-term care insurance.

36 The training required by this section shall consist of topics related
37 to long-term care services and long-term care insurance, including,
38 but not limited to, California regulations and requirements,

1 available long-term care services and facilities, changes or
2 improvements in services or facilities, and alternatives to the
3 purchase of private long-term care insurance. On or before July
4 1, 1998, the following additional training topics shall be required:
5 differences in eligibility for benefits and tax treatment between
6 policies intended to be federally qualified and those not intended
7 to be federally qualified, the effect of inflation in eroding the value
8 of benefits and the importance of inflation protection, and NAIC
9 consumer suitability standards and guidelines.

10 (5) Display prominently on page one of the policy or certificate
11 and the outline of coverage: "Notice to buyer: This policy may not
12 cover all of the costs associated with long-term care incurred by
13 the buyer during the period of coverage. The buyer is advised to
14 review carefully all policy limitations."

15 (6) Inquire and otherwise make every reasonable effort to
16 identify whether a prospective applicant or enrollee for long-term
17 care insurance already has accident and sickness or long-term care
18 insurance and the types and amounts of any such insurance.

19 (7) Every insurer or entity marketing long-term care insurance
20 shall establish auditable procedures for verifying compliance with
21 this subdivision.

22 (8) Every insurer shall provide to a prospective applicant, at the
23 time of solicitation, written notice that the Health Insurance
24 Counseling and Advocacy Program (HICAP) provides health
25 insurance counseling to senior California residents free of charge.
26 Every agent shall provide the name, address, and telephone number
27 of the local HICAP program and the statewide HICAP number,
28 1-800-434-0222.

29 (9) Provide a copy of the long-term care insurance shoppers
30 guide developed by the California Department of Aging to each
31 prospective applicant prior to the presentation of an application or
32 enrollment form for insurance.

33 (10) Clearly post on its Internet Web site and provide written
34 notice at the time of solicitation that a specimen individual policy
35 form or group master policy and certificate form for each policy
36 form offered in this state is available to a prospective applicant
37 upon request. The individual specimen policy form or group master
38 policy and certificate form shall be provided to a requesting party
39 within 15 calendar days or receipt of a request.

1 (11) Clearly post on its Internet Web site, and include on its
2 policy application, information about an Internet Web site provided
3 by the Department of Health Care Services, known as
4 *www.rureadyca.org*.

5 (b) In addition to other unfair trade practices, including those
6 identified in this code, the following acts and practices are
7 prohibited:

8 (1) Twisting. Knowingly making any misleading representation
9 or incomplete or fraudulent comparison of any insurance policies
10 or insurers for the purpose of inducing, or tending to induce, any
11 person to lapse, forfeit, surrender, terminate, retain, pledge, assign,
12 borrow on, or convert any insurance policy or to take out a policy
13 of insurance with another insurer.

14 (2) High pressure tactics. Employing any method of marketing
15 having the effect of or tending to induce the purchase of insurance
16 through force, fright, threat, whether explicit or implied, or undue
17 pressure to purchase or recommend the purchase of insurance.

18 (3) Cold lead advertising. Making use directly or indirectly of
19 any method of marketing which fails to disclose in a conspicuous
20 manner that a purpose of the method of marketing is solicitation
21 of insurance and that contact will be made by an insurance agent
22 or insurance company.