

AMENDED IN ASSEMBLY MARCH 16, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2366

Introduced by Assembly Member Dababneh

February 18, 2016

An act to amend Section ~~10231.2~~ 10235.52 of the Insurance Code, relating to long-term care insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2366, as amended, Dababneh. Long-term care insurance.

Existing law provides for the regulation of long-term care insurance, as defined, and requires the Insurance Commissioner to review and approve individual and group policies, certificates, riders, and outlines of coverage. *Existing law requires every long-term care policy to contain a provision that, in the event the insurer develops new benefits or benefit eligibility or new policies with new benefits or benefit eligibility not included in the previously issued policy, the insurer shall grant specified current policyholders certain rights, namely notifying the policyholders of the new benefits or benefit eligibility or new policy within 12 months and offering the new benefits or benefit eligibility to those policyholders, as specified. The insurer is required to file the notice to current policyholders with the Department of Insurance at the same time as the new policy or rider.*

This bill would exempt life insurance-based combination policies that include long-term care coverage provisions from the above-described requirements.

~~This bill would make technical, nonsubstantive changes to that provision.~~

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

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

1 SECTION 1. Section 10235.52 of the Insurance Code is
2 amended to read:

3 10235.52. (a) ~~Every~~Each policy shall contain a provision that,
4 ~~in the event~~ if the insurer develops new benefits or benefit
5 eligibility or new policies with new benefits or benefit eligibility
6 not included in the previously issued policy, the insurer ~~will~~ shall
7 grant current holders of its policies who are not in benefit or within
8 the elimination period *all of* the following rights:

9 (1) ~~The policyholder will be notified~~ insurer shall notify the
10 policyholder of the availability of the new benefits or benefit
11 eligibility or new policy within 12 months. The ~~insurer's notice~~
12 shall be filed insurer shall file the notice with the department at
13 the same time as the new policy or rider.

14 (2) The insurer shall offer the policyholder new benefits or
15 benefit eligibility in one of the following ways:

16 (A) By adding a rider to the existing policy and paying a separate
17 premium for the new benefits or benefit eligibility based on the
18 insured's attained age. The premium for the existing policy ~~will~~
19 shall remain unchanged based on the insured's age at issuance.

20 (B) By replacing the existing policy or certificate in accordance
21 with Section 10234.87.

22 (C) By replacing the existing policy or certificate with a new
23 policy or certificate in which case consideration for past insured
24 status shall be recognized by setting the premium for the
25 replacement policy or certificate at the issue age of the policy or
26 certificate being replaced.

27 (b) The insured may be required to undergo new underwriting,
28 but the underwriting can be no more restrictive than if the
29 policyholder or certificate holder were applying for a new policy
30 or certificate.

31 (c) The insurer of a group policy as defined under subdivisions
32 (a) to (c), inclusive, of Section 10231.6 ~~must~~ shall offer the group
33 policyholder the opportunity to have the new benefits and
34 provisions extended to existing certificate holders, but the insurer

1 is relieved of the obligations imposed by this section if the holder
2 of the group policy declines the issuer's offer.

3 ~~(d) This section shall become operative on June 30, 2003.~~

4 *(d) The provision described in subdivision (a) shall not be*
5 *required for life insurance-based combination policies that include*
6 *long-term care coverage provisions.*

7 SECTION 1. ~~Section 10231.2 of the Insurance Code is~~
8 ~~amended to read:~~

9 ~~10231.2. (a) "Long-term care insurance" includes any~~
10 ~~insurance policy, certificate, or rider advertised, marketed, offered,~~
11 ~~solicited, or designed to provide coverage for diagnostic,~~
12 ~~preventive, therapeutic, rehabilitative, maintenance, or personal~~
13 ~~care services that are provided in a setting other than an acute care~~
14 ~~unit of a hospital. Long-term care insurance includes all products~~
15 ~~containing any of the following benefit types: coverage for~~
16 ~~institutional care including care in a nursing home, convalescent~~
17 ~~facility, extended care facility, custodial care facility, skilled~~
18 ~~nursing facility, or personal care home; home care coverage~~
19 ~~including home health care, personal care, homemaker services,~~
20 ~~hospice, or respite care; or community-based coverage including~~
21 ~~adult day care, hospice, or respite care. Long-term care insurance~~
22 ~~includes disability based long-term care policies but does not~~
23 ~~include insurance designed primarily to provide Medicare~~
24 ~~supplement or major medical expense coverage.~~

25 ~~(b) Long-term care policies, certificates, and riders shall be~~
26 ~~regulated under this chapter. The commissioner shall review and~~
27 ~~approve individual and group policies, certificates, riders, and~~
28 ~~outlines of coverage. Other applicable laws and regulations shall~~
29 ~~also apply to long-term care insurance insofar as they do not~~
30 ~~conflict with the provisions in this chapter. Long-term care benefits~~
31 ~~designed to provide coverage of one year or more that are contained~~
32 ~~in or amended to Medicare supplement or other disability policies~~
33 ~~and certificates shall be regulated under this chapter.~~

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