

AMENDED IN SENATE APRIL 14, 1999

**SENATE BILL**

**No. 898**

**Introduced by Senator Dunn**  
*(Coauthor: Senator Sher)*

February 25, 1999

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An act to ~~add Section 10236.2 to~~ amend Section 10236 of the Insurance Code, relating to long-term care insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 898, as amended, Dunn. Long-term care: ~~premiums renewal provisions.~~

*Existing law provides that every long-term care insurance policy shall contain a renewal provision that is either guaranteed renewable or noncancelable.*

*This bill would delete the reference to "guaranteed renewable" and would require every long-term care policy and certificate to be noncancelable.*

~~Existing law permits the Insurance Commissioner to adopt regulations establishing loss-ratio standards for long-term care insurance policies.~~

~~This bill would require for long-term insurance policies or certificates issued on or after January 1, 2000, that any increase in the premium for these policies or certificates not be increased unless the increase is approved by the Insurance Commissioner, as specified.~~

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

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

1 ~~SECTION 1. Section 10236.2 is added to the Insurance~~

2 *SECTION 1. It is the intent of the Legislature that the*  
 3 *premium of every long-term care policy shall be*  
 4 *calculated so as to be level over the life of the policy, and*  
 5 *that annual premium shall be level over the lifetime of*  
 6 *the insured.*

7 *SEC. 2. Section 10236 of the Insurance Code is*  
 8 *amended to read:*

9 10236. Every long-term care policy ~~issued to an~~  
 10 ~~individual~~ and certificate shall contain a renewal  
 11 provision that is ~~either guaranteed renewable or~~  
 12 ~~noncancelable.~~

13 (a) ~~“Guaranteed renewable” means that the insured~~  
 14 ~~has the right to continue coverage in force if premiums~~  
 15 ~~are timely paid during which period the insurer may not~~  
 16 ~~unilaterally change the terms of coverage or decline to~~  
 17 ~~renew, except that the insurer may, in accordance with~~  
 18 ~~provisions in the policy, change the premium rates to all~~  
 19 ~~insureds in the same class. The “class” is determined by~~  
 20 ~~the insurer for the purpose of setting rates at the time the~~  
 21 ~~policy is issued.~~

22 (b) ~~“Noncancelable” means the insured has the right~~  
 23 ~~to continue the coverage in force if premiums are timely~~  
 24 ~~paid during which period the insurer may not unilaterally~~  
 25 ~~change the terms of coverage, decline to renew, or~~  
 26 ~~change the premium rate.~~

27 (c)

28 (b) Every long-term care policy and certificate shall  
 29 contain an appropriately captioned renewability  
 30 provision on page one, which shall clearly describe the  
 31 initial term of coverage; and the conditions for renewal  
 32 and, if guaranteed renewable, a description of the class  
 33 and of each circumstance under which the insurer may  
 34 change the premium amount.

35 Code, to read:

36 10236.2. ~~The premium for a policy or certificate issued~~  
 37 ~~on or after January 1, 2000, shall not be increased unless~~  
 38 ~~the commissioner has determined that the loss ratio for~~

1 ~~the issuing insurance company would cause that~~  
2 ~~company to become insolvent without the increase in~~  
3 ~~premium. Extra premium incurred by a policyholder or~~  
4 ~~certificate holder pursuant to Section 10235.51 or~~  
5 ~~10235.52, or both, is not an increase in premium for~~  
6 ~~purposes of this section. Every policy and certificate~~  
7 ~~issued on or after January 1, 2000, shall include a provision~~  
8 ~~implementing this section.~~

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