

*****REVISED*****
State Corporation Commission
2013 Fiscal Impact Statement

1. Bill Number: HB1869

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: McClellan

3. Committee: Commerce & Labor

4. Title: Long-term care insurance; notice of lapse and reinstatement.

5. Summary: Long-term care insurance; notice of lapse and reinstatement. Adds Section 38.2-5202.2, relating to long-term care insurance to add requirements for notice of lapse or termination of policy and reinstatement. Requires that each insurer offering long-term care insurance be required to give the policyholder or certificateholder, and a person designated by the policyholder or certificateholder, notice of lapse or termination of the policy or certificate for nonpayment of premium, at least 30 days' notice after the premium is due and unpaid. Requires the termination notice be given by registered mail or commercial delivery service, with return receipt requested, and the notice is deemed to have been given only if the return receipt evidences that the notice was received by designated persons within 30 days after the date of mailing. Provides for reinstatement of coverage in the event of lapse if the insurer is provided proof, before the expiration of the minimum 60-day grace period following the mailing of the notice as required by subdivision A 3, that the policyholder or certificateholder was cognitively impaired or had a loss of functional capacity, if requested within five months after termination. The provisions are effective for any long-term care insurance policy or certificate issued, reissued, or renewed on or after July 1, 2013.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission

8. Fiscal implications: None on the State Corporation Commission

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: House Bill 1869 specifies that the policy or certificate shall not lapse or be terminated earlier than 60 days after the date of mailing of the notice. Otherwise, the proposed changes to be codified as a result of House Bill 1869 are substantially similar to the State Corporation Commission's Rules Governing Long-term Care Insurance (14 VAC 5-200-10 et seq.).

Date: 01/27/13/V. Tompkins
cc: Secretary of Health and Human Resources