

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 997

1.2 A bill for an act  
1.3 relating to insurance; long-term care; reducing the minimum permitted inflation  
1.4 protection for a long-term care insurance partnership policy; continuing to permit  
1.5 other types of inflation protection; amending Minnesota Statutes 2014, sections  
1.6 62S.23, subdivision 1; 62S.24, by adding a subdivision.

1.7 May 15, 2015

1.8 The Honorable Sandra L. Pappas  
1.9 President of the Senate

1.10 The Honorable Kurt L. Daudt  
1.11 Speaker of the House of Representatives

1.12 We, the undersigned conferees for S.F. No. 997 report that we have agreed upon the  
1.13 items in dispute and recommend as follows:

1.14 That the House recede from its amendments and that S.F. No. 997 be further  
1.15 amended as follows:

1.16 Delete everything after the enacting clause and insert:

1.17 "Section 1. **[62A.241] DISABILITY INCOME COVERAGE; PROHIBITED**  
1.18 **PROVISION.**

1.19 No policy, contract, certificate, or agreement offered or issued in this state providing  
1.20 for disability income protection coverage may contain a provision purporting to reserve  
1.21 discretion to the insurer to interpret the terms of the contract or provide a standard of  
1.22 review that is inconsistent with the laws of this state, or less favorable to the enrollee when  
1.23 a claim is denied than a preponderance of the evidence standard.

1.24 **EFFECTIVE DATE.** This section is effective January 1, 2016, and applies to  
1.25 policies issued or renewed on or after that date.

1.26 Sec. 2. Minnesota Statutes 2014, section 62S.23, subdivision 1, is amended to read:

1.27 Subdivision 1. **Inflation protection feature.** (a) No insurer may offer a long-term  
1.28 care insurance policy unless the insurer also offers to the policyholder, in addition to any

2.1 other inflation protection, the option to purchase a policy that provides for benefit levels to  
2.2 increase with benefit maximums or reasonable durations which are meaningful to account  
2.3 for reasonably anticipated increases in the costs of long-term care services covered by  
2.4 the policy. In addition to other options that may be offered, insurers must offer to each  
2.5 policyholder, at the time of purchase, the option to purchase a policy with an inflation  
2.6 protection feature no less favorable than one of the following:

2.7 (1) increases benefit levels annually in a manner so that the increases are  
2.8 compounded annually at a rate not less than five percent;

2.9 (2) guarantees the insured individual the right to periodically increase benefit levels  
2.10 without providing evidence of insurability or health status so long as the option for the  
2.11 previous period has not been declined. The amount of the additional benefit shall be no  
2.12 less than the difference between the existing policy benefit and that benefit compounded  
2.13 annually at a rate of at least five percent for the period beginning with the purchase of the  
2.14 existing benefit and extending until the year in which the offer is made; or

2.15 (3) covers a specified percentage of actual or reasonable charges and does not  
2.16 include a maximum specified indemnity amount or limit.

2.17 (b) A long-term care partnership policy must provide the inflation protection  
2.18 described in this subdivision. If the policy is sold to an individual who:

2.19 (1) has not attained age 61 as of the date of purchase, the policy must provide  
2.20 compound annual inflation protection;

2.21 (2) has attained age 61, but has not attained age 76 as of such date, the policy must  
2.22 provide some level of inflation protection; and

2.23 (3) has attained the age of 76 as of such date, the policy may, but is not required to,  
2.24 provide some level of inflation protection.

2.25 Inflation protection for a long-term care partnership policy may not be less than  
2.26 ~~three~~ one percent per year or a rate based on changes in the Consumer Price Index. The  
2.27 commissioner, however, may approve other types of inflation protection that comply with  
2.28 this section and further the goals of the partnership program.

2.29 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to coverage  
2.30 sold on or after that date.

2.31 Sec. 3. Minnesota Statutes 2014, section 62S.24, is amended by adding a subdivision  
2.32 to read:

2.33 **Subd. 9. Certain pre-July 1, 2006 policies.** (a) Notwithstanding section  
2.34 256B.0571, subdivision 6, a long-term care insurance policy issued before July 1, 2006,

3.1 that otherwise meets all requirements for partnership policy status shall be qualified as a  
3.2 partnership policy, provided that benefits have not yet been paid out on the policy.

3.3 (b) An insured may make written inquiry to the issuer of the long-term care  
3.4 insurance policy as to whether the policy meets the requirements for partnership policy  
3.5 status. The issuer of the policy must reply to the inquiry within 30 days, and if the policy  
3.6 does so qualify, must add a rider, amendment, or disclosure statement to the policy as  
3.7 documentation of the partnership policy status.

3.8 **EFFECTIVE DATE.** This section is effective July 1, 2015.

3.9 **Sec. 4. RATE APPROVAL; RECOMMENDATIONS.**

3.10 (a) The commissioner of commerce may make recommendations to the chairs and  
3.11 ranking minority members of the house and senate committees having jurisdiction over  
3.12 commerce for standards governing the approval of actuarially justified rate increases for  
3.13 long-term care insurance policies issued prior to January 1, 2002. The recommendations  
3.14 may include rate-increase mitigation options, including contingent nonforfeiture benefits  
3.15 and optional benefit changes to protect policy holders that may receive rate increases.

3.16 (b) In developing these recommendations, the commissioner may consult with  
3.17 the National Association of Insurance Commissioners, the Society of Actuaries and the  
3.18 Academy of Actuaries, representatives of the long-term insurance industry, and the house  
3.19 and senate committee chairs and ranking minority members for the committees having  
3.20 jurisdiction over commerce. The commissioner may submit progress reports to the chairs  
3.21 and ranking minority members of the house and senate committees having jurisdiction  
3.22 over commerce on October 15, 2015, and February 1, 2016."

3.23 Delete the title and insert:

3.24 "A bill for an act  
3.25 relating to insurance; regulating disability income coverage; reducing the  
3.26 minimum permitted inflation protection for a long-term care insurance  
3.27 partnership policy; continuing to permit other types of inflation protection for  
3.28 long-term care policies; authorizing the commissioner of commerce to make  
3.29 certain long-term care policy rate recommendations; amending Minnesota  
3.30 Statutes 2014, sections 62S.23, subdivision 1; 62S.24, by adding a subdivision;  
3.31 proposing coding for new law in Minnesota Statutes, chapter 62A."

4.1 We request the adoption of this report and repassage of the bill.

4.2 Senate Conferees:

4.3 .....  
4.4 Vicki Jensen James P. Metzen

4.5 .....  
4.6 Paul E. Gazelka

4.7 House Conferees:

4.8 .....  
4.9 Joe Schomacker Joe Hoppe

4.10 .....  
4.11 Joe Atkins