



INFORMATIONAL MEMORANDUM

OIR-06-16M

ISSUED

July 7, 2006

Office of Insurance Regulation

Kevin M. McCarty

Commissioner

All Life and Health Insurers

Long-Term Care Insurance Act

Implementation of Chapters 627.94076, 627.9407(7)(b)(c), and changes to 627.9404, Florida Statutes – “Long-Term Care Insurance Act”

The purpose of this memorandum is to notify Florida life and health insurers of changes to Part XVIII, Chapter 627, Long-Term Care Insurance Policies, of the Florida Insurance Code.

During the 2006 Legislative Session, House Bill (HB) 947 was enacted and included the addition of Sections 627.94076, 627.9407(7)(b)(c), and changes to 627.9404, Florida Statutes. The following changes apply to all long-term care insurance policies issued or renewed on or after July 1, 2006.

- All policies must have a two-year contestable period. Any challenges the insurer has to the policy must be raised during the first two years. After two years, the only reason the policy can be cancelled by the insurer is for nonpayment of premium.
- The insurer must make available to the policy holder the option of the contingent benefit upon lapse that is defined in the National Association of Insurance Commissioners Model Act of 2000.
- The insurer cannot charge existing policy holders more than it charges new policy holders for the same benefits.
- The pooling provisions of Section 627.410 are to be determined by pooling the experience of all affiliated insurers.
- Policies no longer need to provide coverage for a minimum of 24 consecutive months of nursing home care.

The full text of Long-Term Care Insurance Act can be found at:

http://www.flSenate.gov/cgi-bin/view_page.pl?Tab=session&Submenu=1&FT=D&File=hb094705er.html&Directory=session/2006/House/bills/billtext/html/

This notice is not intended to be a comprehensive analysis of the bill. You are responsible for reading the bill and taking any necessary steps to be in compliance. If you have any questions about the changes, please contact Monica Rutkowski, Director, Life & Health Product Review, at (850) 413-5110.