

Chapter 508

(House Bill 946)

AN ACT concerning

**Long-Term Care Insurance – ~~Nonforfeiture Benefits~~ Contingent Benefit Upon Lapse**

FOR the purpose of requiring a carrier to provide to an insured under a policy or contract of long-term care insurance a certain ~~nonforfeiture benefit~~ contingent benefit upon lapse under certain circumstances; providing that certain benefits of a certain policy or contract of long-term care insurance shall remain unchanged and may not be increased after a certain date; providing for the application of this Act; and generally relating to long-term care insurance.

BY adding to  
Article – Insurance  
Section 18-116.1  
Annotated Code of Maryland  
(2017 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Insurance**

**18-116.1.**

**(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A CARRIER SHALL PROVIDE TO AN INSURED UNDER A POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE A ~~NONFORFEITURE BENEFIT~~ CONTINGENT BENEFIT UPON LAPSE IF:**

**(1) THE CARRIER INCREASES THE PREMIUM RATE FOR THE INSURED;**

**~~(1)~~ (2) THE INSURED HAS MAINTAINED THE POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE THROUGH THE CARRIER FOR AT LEAST ~~10~~ 20 YEARS; AND**

**~~(2) THE INSURED HAS PAID IN FULL ALL PREMIUMS FOR THE POLICY OR CONTRACT OF LONG TERM CARE INSURANCE; AND~~**

**~~(3) THE POLICY OR CONTRACT OF LONG TERM CARE INSURANCE IS TERMINATED BY THE INSURED WITHIN 12 MONTHS AFTER RECEIVING NOTICE OF AN INCREASE OF THE INSURED'S PREMIUM UNDER THE POLICY OR CONTRACT OF~~**

~~LONG TERM CARE INSURANCE~~ THE INSURED TERMINATES THE POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE WITHIN 120 DAYS AFTER THE DATE THE PREMIUM RATE INCREASE BECOMES EFFECTIVE FOR THE POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE MAINTAINED BY THE INSURED.

(B) (1) THE ~~NONFORFEITURE BENEFIT~~ CONTINGENT BENEFIT UPON LAPSE REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL BE A PAID-UP COVERAGE:

~~(1) EQUIVALENT TO AT LEAST THE ACCUMULATED VALUE OF ALL PREMIUMS PAID BY THE INSURED UNDER THE POLICY OR CONTRACT OF LONG TERM CARE INSURANCE; AND~~

~~(2) ADJUSTED FOR INFLATION BASED ON THE CONSUMER PRICE INDEX FOR THE WASHINGTON-BALTIMORE METROPOLITAN AREA, AS COMPUTED BY THE U.S. DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS.~~

(I) WITH NO ADDITIONAL PREMIUMS DUE; AND

(II) WITH A REDUCED LIFETIME MAXIMUM BENEFIT EQUAL TO THE SUM OF ALL PREMIUMS PAID MINUS ANY CLAIMS PAID.

(2) EXCEPT FOR THE MAXIMUM LIFETIME BENEFIT CALCULATED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION, ALL OTHER BENEFITS OF THE POLICY OR CONTRACT OF LONG-TERM CARE INSURANCE IN EFFECT ON THE DATE OF THE LAPSE OF THE POLICY OR CONTRACT SHALL REMAIN UNCHANGED AND MAY NOT BE INCREASED AFTER THE DATE OF THE LAPSE OF THE POLICY OR CONTRACT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all:

(1) policies, contracts, or certificates of long-term care insurance issued, or delivered, ~~or in effect~~ in the State on or after the effective date of this Act; and

(2) rate increase filings submitted to approved by the Maryland Insurance Commissioner on or after the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2018.

Approved by the Governor, May 8, 2018.