

Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session
STAFF MEASURE SUMMARY
House Committee On Consumer Protection and Government Effectiveness

MEASURE: HB 2850 A
CARRIER: Rep. Huffman

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 03/24/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 03/12, 03/24

Vote:

Yeas: 6 - Buehler, Fagan, Holvey, McLain, Nearman, Rayfield

Exc: 1 - Stark

Prepared By: Wendy Simons, Committee Administrator

WHAT THE MEASURE DOES:

Prohibits insurer from issuing individual long term care insurance policy before receiving either written designation of full name and residential address of at least one person, in addition to applicant, to whom insurer may send notice of lapse due to failure to pay premium, or a written waiver that applicant declines to designate another person. Requires insurance policy to provide for reinstatement of coverage within five months after lapse if insurer receives proof that policy holder was cognitively impaired or had loss of functional capacity before end of grace period for premium payments. Provides that notice of lapse of individual life, long term care or disability insurance policy is not effective unless insurer sends written notice to policy owner at least 30 days before lapse date. Becomes operative January 1, 2016. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Length of time between failure to make payment and lapse of policy
- Periods of non-coverage due to late payment of premiums

EFFECT OF COMMITTEE AMENDMENT:

Prohibits insurer from issuing individual long term care insurance policy before receiving either written designation of full name and residential address of at least one person, in addition to applicant, to whom insurer may send notice of lapse due to failure to pay premium, or a written waiver that applicant declines to designate another person. Requires insurance company to notify policy holder of right to change designee at least once every two years. Requires insurance policy to provide for reinstatement of coverage within five months after lapse if insurer receives proof that policy holder was cognitively impaired or had loss of functional capacity before end of grace period for premium payments. Provides that notice of lapse of individual life, long term care or disability insurance policy is not effective unless insurer sends written notice to policy owner at least 30 days before lapse date.

BACKGROUND:

House Bill 2850-A is intended to prevent inadvertent lapses of long term care insurance when the insured suffers from cognitive impairment or a loss of functional capacity that may lead to the failure to make premium payments. The bill is based on model legislation from the National Association of Insurance Commissioners.