

CHAPTER 54

HB 1280-FN – FINAL VERSION

03/31/10 1156s

2010 SESSION

10-2401

01/04

HOUSE BILL ***1280-FN***

AN ACT relative to life and health guaranty limits.

SPONSORS: Rep. D. Flanders, Belk 4

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill clarifies the benefits the New Hampshire life and health insurance guaranty association may become responsible for if an insurer becomes insolvent.

This bill is a request of the insurance department.

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Explanation: Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struckthrough.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

03/31/10 1156s

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01/04

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Ten*

AN ACT relative to life and health guaranty limits.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

54:1 New Hampshire Life and Health Insurance Guaranty Association; Coverage Limits. Amend RSA 408-B:5, III(b) to read as follows:

(b)(1) With respect to any one life, regardless of the number of policies or contracts:

(A) \$300,000 in life insurance death benefits, but not more than \$100,000 in net cash surrender and net cash withdrawal values for life insurance;

(B) \$100,000 in health insurance benefits, *except long-term care insurance benefits*, including any net cash surrender and net cash withdrawal values;

(C) \$100,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values;

**(D) \$300,000 in long-term care insurance benefits;**

54:2 Effective Date. This act shall take effect upon its passage.

Approved: May 18, 2010

Effective Date: May 18, 2010

LBAO

10-2401

Amended 04/02/10

### HB 1280-FN - FISCAL NOTE

AN ACT relative to life and health guaranty limits.

#### FISCAL IMPACT:

The Insurance Department states this bill, **as amended by the Senate (Amendment #2010-1156s)**, may have an indeterminable fiscal impact on state revenue, county expenditures and local expenditures in FY 2010 and each year thereafter. There is no fiscal impact on county and local revenue or state expenditures.

#### METHODOLOGY:

The Insurance Department states this bill establishes that consumers purchasing long-term care insurance from a company that becomes insolvent would receive benefits up to \$300,000. The Department states when a company becomes insolvent, the NH Life and Health Insurance Guarantee Association makes a determination of how much is needed to fund the Association for the insolvent insurer and applies a pro rata assessment on all insurers licensed in the State to write that specific line of business. In the case of this bill it would be long-term care insurance. The insurers that have to pay a pro rata assessment are able to offset this assessment against their premium tax liability per RSA 408-B:13.

To the extent an insurer becomes insolvent and other insurers are required to contribute the pro rata assessment, premium tax revenue may be impacted by the insurers offsetting their premium tax liability with the pro rata assessment and any impact on premiums as a result of insurers recouping the pro rata assessment cost in future premium rates. To the extent county and local employers purchase long-term care insurance, they may have an increase in their premium if an insurer makes the decision to include the pro rata assessment cost as part of future premium rates for long term-care insurance.