



**House
Legislative
Analysis
Section**

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**LIFE INSURANCE: CONVERT TO
LONG-TERM CARE**

House Bill 4313

Sponsor: Rep. Terry London

Committee: Insurance

Complete to 5-1-95

A SUMMARY OF HOUSE BILL 4313 AS INTRODUCED 2-7-95

The bill would amend the Insurance Code to permit a life insurance company to offer the holder of a life insurance policy that accumulates cash value a one-time option at the age of 65 to place the cash value of the policy into a long-term care insurance pool. The pool would have to be established by the insurance company to pay premiums for long-term care policies for all of the company's policyholders who exercise the option of cashing out their life insurance policies and placing the proceeds into the pool.

The bill specifies that all of the following would apply to such an option.

-- Exercising the option and placing the cash value of the policy into the pool would be irrevocable.

-- Upon the insured's death, money in the pool that had not been expended would remain in the pool for the benefit of other policyholders and would not be paid to the insured's estate or any beneficiary under the original policy.

-- If all of the proceeds of the cashed-out policy were expended, the pool would continue to pay the long-term care insurance premium for the insured.

If a life insurance company offered this option, it would have to notify policyholders 30 days prior to their 65th birthdays of all of the above provisions and notify them that the policyholder would have to exercise the option by his or her 65th birthday.

House Bill 4313 (5-1-95)