

HB 2205 -- FUNDS HELD IN RESERVE FOR LIFE CARE CONTRACTS

SPONSOR: Bondon

This bill specifies that the entire amount of entrance fee funds held in reserve for a life care contract shall be earned by and available for release to the care provider, rather than the reserve being amortized and earned by the care provider at a rate of 1% per month. The requirement to hold reserve funds may be met in whole or in part by other reserve funds held for the purpose of meeting loan obligations, provided that the total amount equals or exceeds the amount otherwise required.

Facility reserve funds held for move-out refunds are not required to be held in liquid assets consisting of federal or other marketable securities, deposits, or accounts insured by the federal government.

Reserve funds, if invested, shall be invested only as permitted under the requirements for the reserves of life insurance companies, or in other investments as the director may permit. Such investment shall not diminish the entrance fee funds held in reserve below the amount required by law.

This bill is the same as SB 804 (2020).