

6263--B

2009-2010 Regular Sessions

I N S E N A T E

November 4, 2009

Introduced by Sens. SCHNEIDERMAN, BRESLIN, ADAMS, DIAZ, FOLEY, HASSELL-THOMPSON, HUNTLEY, C. JOHNSON, KRUEGER, MONTGOMERY, ONORATO, PARKER, SAVINO, STAVISKY, STEWART-COUSINS, VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- recommitted to the Committee on Insurance in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to providing enhanced consumer protections in the event of an insurer's discontinuance of coverage

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Short title. This act shall be known and may be cited as
2 "Ian's law".
3 S 2. Paragraph 3 of subsection (p) of section 3221 of the insurance
4 law, as added by chapter 661 of the laws of 1997, is amended to read as
5 follows:
6 (3)(A) In any case in which an insurer decides to discontinue offering
7 a particular class of group or blanket policy of hospital, surgical or
8 medical expense insurance offered in the small or large group market,
9 the policy of such class may be discontinued by the insurer in accordance with this chapter in such market only if:
10 (i) the insurer provides written notice to each policyholder provided
11 coverage of this class in such market (and to all [participants] EMPLOY-
12 EES and [beneficiaries] MEMBER INSUREDS covered under such coverage) of
13 such discontinuance at least ninety days prior to the date of discontinuance of such coverage. THE WRITTEN NOTICE SHALL CONSPICUOUSLY INCLUDE:
14 (I) AN EXPLANATION, IN PLAIN LANGUAGE, OF THE POLICYHOLDER'S AND
15 COVERED EMPLOYEE'S OR MEMBER INSURED'S RIGHTS UNDER THIS PARAGRAPH;
16
17

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

LBD14951-08-0

1 (II) AN EXPLANATION THAT THE INSURER, IN DISCONTINUING OFFERING COVER-
2 AGE, MUST ACT UNIFORMLY WITHOUT REGARD TO THE CLAIMS EXPERIENCE OF THE
3 POLICYHOLDER OR ANY HEALTH STATUS-RELATED FACTOR RELATING TO ANY PARTIC-
4 ULAR COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTICULAR NEW
5 EMPLOYEE, MEMBER INSURED OR DEPENDENT WHO MAY BECOME ELIGIBLE FOR THE
6 COVERAGE; AND THAT THE INSURER MAY NOT DISCONTINUE THE COVERAGE OF THIS
7 CLASS WITH THE INTENT OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF
8 ANY SUCH EMPLOYEE, MEMBER INSURED OR DEPENDENT;

9 (III) AN EXPLANATION AS TO HOW TO CONTACT THE SUPERINTENDENT IF THE
10 POLICYHOLDER, COVERED EMPLOYEE OR MEMBER INSURED BELIEVES THAT THE
11 INSURER IS DISCONTINUING THE COVERAGE OF THIS CLASS WITH THE INTENT OR
12 AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY PARTICULAR COVERED
13 EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTICULAR NEW EMPLOYEE, MEMBER
14 INSURED OR DEPENDENT WHO MAY BECOME ELIGIBLE FOR THE COVERAGE; AND

15 (IV) A STATEMENT THAT, WITHIN NINETY DAYS AFTER THE INSURER MAILES OR
16 DELIVERS THE WRITTEN NOTICE OF DISCONTINUANCE REQUIRED BY THIS ITEM, THE
17 SUPERINTENDENT MAY ISSUE AN ORDER TO THE INSURER TO SUSPEND ITS DISCON-
18 TINUANCE OF THE CLASS OF POLICIES, PENDING A FINAL DETERMINATION OF THE
19 SUPERINTENDENT, IF THE SUPERINTENDENT RECEIVES EVIDENCE FROM A POLICY-
20 HOLDER OR COVERED EMPLOYEE OR MEMBER INSURED, OR OTHERWISE HAS REASON TO
21 BELIEVE, THAT THE INSURER IS SEEKING TO DISCONTINUE COVERAGE WITH THE
22 INTENT OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY PARTICULAR
23 COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT DUE TO THE CLAIMS EXPERI-
24 ENCE OF THE POLICYHOLDER OR ANY HEALTH STATUS-RELATED FACTOR RELATING TO
25 ANY PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTIC-
26 ULAR NEW EMPLOYEE, MEMBER INSURED OR DEPENDENT WHO MAY BECOME ELIGIBLE
27 FOR SUCH COVERAGE;

28 (ii) the insurer offers to each policyholder provided coverage of this
29 class in such market, the option to purchase all (or, in the case of the
30 large group market, any) other hospital, surgical and medical expense
31 coverage currently being offered by the insurer to a group in such
32 market; [and]

33 (iii) in exercising the option to discontinue coverage of this class
34 and in offering the option of coverage under item (ii) of this subpara-
35 graph, the insurer acts uniformly without regard to the claims experi-
36 ence of those policyholders or any health status-related factor relating
37 to any [insureds covered or new insureds] PARTICULAR COVERED EMPLOYEE,
38 MEMBER INSURED OR DEPENDENT OR PARTICULAR NEW EMPLOYEE, MEMBER INSURED
39 OR DEPENDENT who may become eligible for such coverage AND THE INSURER
40 IS NOT DISCONTINUING THE COVERAGE OF THIS CLASS WITH THE INTENT OR AS A
41 PRETEXT TO DISCONTINUING THE COVERAGE OF ANY SUCH EMPLOYEE, MEMBER
42 INSURED OR DEPENDENT; AND

43 (IV) AT LEAST NINETY DAYS PRIOR TO THE DATE OF DISCONTINUANCE OF SUCH
44 COVERAGE, THE INSURER PROVIDES WRITTEN NOTICE TO THE SUPERINTENDENT OF
45 SUCH DISCONTINUANCE, AND AN OFFICER OR DIRECTOR OF THE INSURER CERTIFIES
46 TO THE SUPERINTENDENT THAT THE INSURER HAS COMPLIED WITH ITEMS (I), (II)
47 AND (III) OF THIS SUBPARAGRAPH. WITHIN SEVEN DAYS OF THE COMPLETION OF
48 THE MAILING OR DELIVERY OF THE NOTICE REQUIRED BY ITEM (I) OF THIS
49 SUBPARAGRAPH, THE INSURER SHALL NOTIFY THE SUPERINTENDENT OF THE DATE OR
50 DATES THAT THE INSURER MAILED OR DELIVERED THE NOTICE TO ALL POLICYHOLD-
51 ERS, COVERED EMPLOYEES, AND MEMBER INSUREDS.

52 (B) IF, WITHIN NINETY DAYS AFTER THE INSURER MAILES OR DELIVERS THE
53 WRITTEN NOTICE OF DISCONTINUANCE REQUIRED BY ITEM (I) OF SUBPARAGRAPH
54 (A) OF THIS PARAGRAPH, THE SUPERINTENDENT RECEIVES EVIDENCE FROM A POLI-
55 CYHOLDER OR COVERED EMPLOYEE OR MEMBER INSURED, OR OTHERWISE HAS REASON
56 TO BELIEVE, THAT THE INSURER IS SEEKING TO DISCONTINUE COVERAGE WITH THE

1 INTENT OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY PARTICULAR
2 COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT DUE TO THE CLAIMS EXPERI-
3 ENCE OF THE POLICYHOLDER OR ANY HEALTH STATUS-RELATED FACTOR RELATING TO
4 ANY PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTIC-
5 ULAR NEW EMPLOYEE, MEMBER INSURED OR DEPENDENT WHO MAY BECOME ELIGIBLE
6 FOR SUCH COVERAGE:

7 (I) THE SUPERINTENDENT MAY ISSUE AN ORDER TO THE INSURER TO SUSPEND
8 ITS DISCONTINUANCE OF THE CLASS OF POLICIES, PENDING A FINAL DETERMI-
9 NATION OF THE SUPERINTENDENT. IF THE SUPERINTENDENT ISSUES AN ORDER TO
10 SUSPEND ITS DISCONTINUANCE OF THE CLASS OF POLICIES, THEN THE INSURER
11 SHALL PROMPTLY NOTIFY EVERY POLICYHOLDER, COVERED EMPLOYEE AND MEMBER
12 INSURED;

13 (II) THE SUPERINTENDENT SHALL REVIEW AND CONSIDER SUCH INFORMATION AS
14 THE SUPERINTENDENT DEEMS NECESSARY, INCLUDING THE CLAIM HISTORIES AND
15 PREMIUM RATES FOR EACH POLICY IN THE CLASS, THE HISTORICAL PROFITS AND
16 LOSSES FOR THE CLASS OF POLICIES, AND ANY OTHER INFORMATION OR ANALYSIS
17 THE SUPERINTENDENT DEMANDS OR DEEMS RELEVANT;

18 (III) THE SUPERINTENDENT SHALL ISSUE A FINAL DETERMINATION WITHIN
19 NINETY DAYS OF ISSUING THE ORDER OF SUSPENSION; PROVIDED, HOWEVER, THE
20 SUPERINTENDENT MAY EXTEND THE TIME TO ISSUE THE FINAL DETERMINATION IF
21 THE SUPERINTENDENT EXTENDS THE ORDER OF SUSPENSION UPON GOOD CAUSE; AND
22 PROVIDED FURTHER THAT IF THE SUPERINTENDENT DETERMINES THAT AN INSURER
23 WAS SEEKING TO DISCONTINUE COVERAGE WITH THE INTENT OR PRETEXT DESCRIBED
24 IN SUBPARAGRAPH (A) OF THIS PARAGRAPH, THEN THE INSURER SHALL NOT
25 DISCONTINUE THE CLASS OF POLICIES AND SHALL PROMPTLY NOTIFY EVERY POLI-
26 CYHOLDER, COVERED EMPLOYEE AND MEMBER INSURED; AND

27 (IV) THE SUPERINTENDENT MAY HOLD A HEARING IF THE SUPERINTENDENT DEEMS
28 IT NECESSARY AND SHALL HOLD A HEARING IF THE INSURER REQUESTS A HEARING
29 AT ANY TIME BEFORE THE SUPERINTENDENT ISSUES THE FINAL DETERMINATION.

30 (C) WHERE AN INSURER DISCONTINUES A PARTICULAR CLASS OF GROUP OR BLAN-
31 KET POLICY OF HOSPITAL, SURGICAL OR MEDICAL EXPENSE INSURANCE OFFERED IN
32 THE SMALL OR LARGE GROUP MARKET, OTHER THAN IN THE MANNER PRESCRIBED BY
33 SUBPARAGRAPH (A) OF THIS PARAGRAPH, THE INSURER SHALL BE LIABLE TO THE
34 FORMER POLICYHOLDER OR TO THE COVERED EMPLOYEE, MEMBER INSURED, DEPEND-
35 ENT OR TO THE ESTATE THEREOF, FOR COMPENSATORY DAMAGES ARISING FROM SUCH
36 UNLAWFUL DISCONTINUANCE, PLUS COSTS AND REASONABLE ATTORNEYS' FEES, IN
37 AN ACTION COMMENCED NO LATER THAN TWO YEARS AFTER THE DATE OF SUCH
38 DISCONTINUANCE. IN ANY SUCH ACTION, THE COURT MAY GRANT SUCH INJUNCTIVE
39 RELIEF AS THE COURT MAY DEEM PROPER.

40 (D) In any case in which an insurer elects to discontinue offering all
41 hospital, surgical and medical expense coverage in the small group
42 market or the large group market, or both markets, in this state, health
43 insurance coverage may be discontinued by the insurer only if:

44 (i) the insurer provides written notice to the superintendent and to
45 each policyholder (and [participants and beneficiaries] ALL EMPLOYEES
46 AND MEMBER INSUREDS covered under such coverage) of such discontinuance
47 at least one hundred eighty days prior to the date of the discontinuance
48 of such coverage;

49 (ii) all hospital, surgical and medical expense coverage issued or
50 delivered for issuance in this state in such market (or markets) is
51 discontinued and coverage under such policies in such market (or
52 markets) is not renewed; and

53 (iii) in addition to the notice to the superintendent referred to in
54 item (i) of this subparagraph, the insurer must provide the superinten-
55 dent with a written plan to minimize potential disruption in the market-
56 place occasioned by its withdrawal from the market.

1 [(C)] (E) In the case of a discontinuance under subparagraph [(B)] (D)
2 of this paragraph in a market, the insurer may not provide for the issu-
3 ance of any group or blanket policy of hospital, surgical or medical
4 expense insurance in that market in this state during the five year
5 period beginning on the date of the discontinuance of the last health
6 insurance policy not so renewed.

7 (F) IF AN INSURER DECIDES OR ELECTS TO DISCONTINUE OFFERING COVERAGE
8 PURSUANT TO SUBPARAGRAPH (A) OR (D) OF THIS PARAGRAPH, THEN THE INSURER
9 SHALL PROVIDE AN EXTENDED BENEFIT DURING TOTAL DISABILITY, WITH RESPECT
10 TO THE SICKNESS, INJURY OR PREGNANCY THAT CAUSED THE DISABILITY, OF AT
11 LEAST EIGHTEEN MONTHS SUBSEQUENT TO DISCONTINUANCE OF INSURANCE UNLESS
12 SIMILAR COVERAGE IS AFFORDED FOR THE TOTAL DISABILITY UNDER ANOTHER
13 GROUP OR BLANKET POLICY.

14 S 3. Paragraph 3 of subsection (j) of section 4305 of the insurance
15 law, as added by chapter 661 of the laws of 1997, is amended to read as
16 follows:

17 (3)(A) In any case in which a corporation decides to discontinue
18 offering a particular class of group or blanket contract of hospital,
19 surgical or medical expense insurance offered in the small or large
20 group market, the contract of such class may be discontinued by the
21 corporation in accordance with this chapter in such market only if:

22 (i) the corporation provides written notice to each contract holder
23 provided coverage of this class in such market (and to all [partic-
24 ipants] EMPLOYEES and [beneficiaries] MEMBER INSUREDS covered under such
25 coverage) of such discontinuance at least ninety days prior to the date
26 of discontinuance of such coverage. THE WRITTEN NOTICE SHALL CONSPICU-
27 OUSLY INCLUDE:

28 (I) AN EXPLANATION, IN PLAIN LANGUAGE, OF THE CONTRACT HOLDER'S AND
29 COVERED EMPLOYEE'S OR MEMBER INSURED'S RIGHTS UNDER THIS PARAGRAPH;

30 (II) AN EXPLANATION THAT THE CORPORATION, IN DISCONTINUING OFFERING
31 COVERAGE, MUST ACT UNIFORMLY WITHOUT REGARD TO THE CLAIMS EXPERIENCE OF
32 THE CONTRACT HOLDER OR ANY HEALTH STATUS-RELATED FACTOR RELATING TO ANY
33 PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTICULAR
34 NEW EMPLOYEE, MEMBER INSURED OR DEPENDENT WHO MAY BECOME ELIGIBLE FOR
35 THE COVERAGE; AND THAT THE CORPORATION MAY NOT DISCONTINUE THE COVERAGE
36 OF THIS CLASS WITH THE INTENT OR AS A PRETEXT TO DISCONTINUING THE
37 COVERAGE OF ANY SUCH EMPLOYEE, MEMBER INSURED OR DEPENDENT;

38 (III) AN EXPLANATION AS TO HOW TO CONTACT THE SUPERINTENDENT IF THE
39 CONTRACT HOLDER, COVERED EMPLOYEE OR MEMBER INSURED BELIEVES THAT THE
40 CORPORATION IS DISCONTINUING THE COVERAGE OF THIS CLASS WITH THE INTENT
41 OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY PARTICULAR COVERED
42 EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTICULAR NEW EMPLOYEE, MEMBER
43 INSURED OR DEPENDENT WHO MAY BECOME ELIGIBLE FOR THE COVERAGE; AND

44 (IV) A STATEMENT THAT, WITHIN NINETY DAYS AFTER THE CORPORATION MAILS
45 OR DELIVERS THE WRITTEN NOTICE OF DISCONTINUANCE REQUIRED BY THIS ITEM,
46 THE SUPERINTENDENT MAY ISSUE AN ORDER TO THE CORPORATION TO SUSPEND ITS
47 DISCONTINUANCE OF THE CLASS OF CONTRACTS, PENDING A FINAL DETERMINATION
48 OF THE SUPERINTENDENT, IF THE SUPERINTENDENT RECEIVES EVIDENCE FROM A
49 CONTRACT HOLDER OR COVERED EMPLOYEE OR MEMBER INSURED, OR OTHERWISE HAS
50 REASON TO BELIEVE, THAT THE CORPORATION IS SEEKING TO DISCONTINUE COVER-
51 AGE WITH THE INTENT OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY
52 PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT DUE TO THE
53 CLAIMS EXPERIENCE OF THE CONTRACT HOLDER OR ANY HEALTH STATUS-RELATED
54 FACTOR RELATING TO ANY PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR
55 DEPENDENT OR PARTICULAR NEW EMPLOYEE, MEMBER INSURED OR DEPENDENT WHO
56 MAY BECOME ELIGIBLE FOR SUCH COVERAGE;

1 (ii) the corporation offers to each contract holder provided coverage
2 of this class in such market, the option to purchase all (or, in the
3 case of the large group market, any) other hospital, surgical and
4 medical expense coverage currently being offered by the corporation to a
5 group in such market; [and]

6 (iii) in exercising the option to discontinue coverage of this class
7 and in offering the option of coverage under item (ii) of this subpara-
8 graph, the corporation acts uniformly without regard to the claims expe-
9 rience of those contract holders or any health status-related factor
10 relating to any [subscribers covered or new subscribers] PARTICULAR
11 COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT OR PARTICULAR NEW EMPLOY-
12 EE, MEMBER INSURED OR DEPENDENT who may become eligible for such cover-
13 age AND THE CORPORATION IS NOT DISCONTINUING THE COVERAGE OF THIS CLASS
14 WITH THE INTENT OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY
15 SUCH EMPLOYEE, MEMBER INSURED OR DEPENDENT; AND

16 (IV) AT LEAST NINETY DAYS PRIOR TO THE DATE OF DISCONTINUANCE OF SUCH
17 COVERAGE, THE CORPORATION PROVIDES WRITTEN NOTICE TO THE SUPERINTENDENT
18 OF SUCH DISCONTINUANCE, AND AN OFFICER OR DIRECTOR OF THE CORPORATION
19 CERTIFIES TO THE SUPERINTENDENT THAT THE CORPORATION HAS COMPLIED WITH
20 ITEMS (I), (II) AND (III) OF THIS SUBPARAGRAPH. WITHIN SEVEN DAYS OF THE
21 COMPLETION OF THE MAILING OR DELIVERY OF THE NOTICE REQUIRED BY ITEM (I)
22 OF THIS SUBPARAGRAPH, THE CORPORATION SHALL NOTIFY THE SUPERINTENDENT OF
23 THE DATE OR DATES THAT THE CORPORATION MAILED OR DELIVERED THE NOTICE TO
24 ALL CONTRACT HOLDERS, COVERED EMPLOYEES, AND MEMBER INSUREDS.

25 (B) IF, WITHIN NINETY DAYS AFTER THE CORPORATION MAILES OR DELIVERS THE
26 WRITTEN NOTICE OF DISCONTINUANCE REQUIRED BY ITEM (I) OF SUBPARAGRAPH
27 (A) OF THIS PARAGRAPH, THE SUPERINTENDENT RECEIVES EVIDENCE FROM A
28 CONTRACT HOLDER OR COVERED EMPLOYEE OR MEMBER INSURED, OR OTHERWISE HAS
29 REASON TO BELIEVE, THAT THE CORPORATION IS SEEKING TO DISCONTINUE COVER-
30 AGE WITH THE INTENT OR AS A PRETEXT TO DISCONTINUING THE COVERAGE OF ANY
31 PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR DEPENDENT DUE TO THE
32 CLAIMS EXPERIENCE OF THE CONTRACT HOLDER OR ANY HEALTH STATUS-RELATED
33 FACTOR RELATING TO ANY PARTICULAR COVERED EMPLOYEE, MEMBER INSURED OR
34 DEPENDENT OR PARTICULAR NEW EMPLOYEE, MEMBER INSURED OR DEPENDENT WHO
35 MAY BECOME ELIGIBLE FOR SUCH COVERAGE:

36 (I) THE SUPERINTENDENT MAY ISSUE AN ORDER TO THE CORPORATION TO
37 SUSPEND ITS DISCONTINUANCE OF THE CLASS OF CONTRACTS, PENDING A FINAL
38 DETERMINATION OF THE SUPERINTENDENT. IF THE SUPERINTENDENT ISSUES AN
39 ORDER TO SUSPEND ITS DISCONTINUANCE OF THE CLASS OF CONTRACTS, THEN THE
40 CORPORATION SHALL PROMPTLY NOTIFY EVERY CONTRACT HOLDER, COVERED EMPLOY-
41 EE AND MEMBER INSURED;

42 (II) THE SUPERINTENDENT SHALL REVIEW AND CONSIDER SUCH INFORMATION AS
43 THE SUPERINTENDENT DEEMS NECESSARY, INCLUDING THE CLAIM HISTORIES AND
44 PREMIUM RATES FOR EACH CONTRACT IN THE CLASS, THE HISTORICAL PROFITS AND
45 LOSSES FOR THE CLASS OF CONTRACTS, AND ANY OTHER INFORMATION OR ANALYSIS
46 THE SUPERINTENDENT DEMANDS OR DEEMS RELEVANT;

47 (III) THE SUPERINTENDENT SHALL ISSUE A FINAL DETERMINATION WITHIN
48 NINETY DAYS OF ISSUING THE ORDER OF SUSPENSION; PROVIDED, HOWEVER, THE
49 SUPERINTENDENT MAY EXTEND THE TIME TO ISSUE THE FINAL DETERMINATION IF
50 THE SUPERINTENDENT EXTENDS THE ORDER OF SUSPENSION UPON GOOD CAUSE; AND
51 PROVIDED FURTHER THAT IF THE SUPERINTENDENT DETERMINES THAT A CORPO-
52 RATION WAS SEEKING TO DISCONTINUE COVERAGE WITH THE INTENT OR PRETEXT
53 DESCRIBED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH, THEN THE CORPORATION
54 SHALL NOT DISCONTINUE THE CLASS OF CONTRACTS AND SHALL PROMPTLY NOTIFY
55 EVERY CONTRACT HOLDER, COVERED EMPLOYEE AND MEMBER INSURED; AND

(IV) THE SUPERINTENDENT MAY HOLD A HEARING IF THE SUPERINTENDENT DEEMS IT NECESSARY AND SHALL HOLD A HEARING IF THE CORPORATION REQUESTS A HEARING AT ANY TIME BEFORE THE SUPERINTENDENT ISSUES THE FINAL DETERMINATION.

(C) WHERE A CORPORATION DISCONTINUES A PARTICULAR CLASS OF GROUP OR BLANKET CONTRACT OF HOSPITAL, SURGICAL OR MEDICAL EXPENSE INSURANCE OFFERED IN THE SMALL OR LARGE GROUP MARKET, OTHER THAN IN THE MANNER PRESCRIBED BY SUBPARAGRAPH (A) OF THIS PARAGRAPH, THE CORPORATION SHALL BE LIABLE TO THE FORMER CONTRACT HOLDER OR TO THE COVERED EMPLOYEE, MEMBER INSURED, DEPENDENT OR TO THE ESTATE THEREOF, FOR COMPENSATORY DAMAGES ARISING FROM SUCH UNLAWFUL DISCONTINUANCE, PLUS COSTS AND REASONABLE ATTORNEYS' FEES, IN AN ACTION COMMENCED NO LATER THAN TWO YEARS AFTER THE DATE OF SUCH DISCONTINUANCE. IN ANY SUCH ACTION, THE COURT MAY GRANT SUCH INJUNCTIVE RELIEF AS THE COURT MAY DEEM PROPER.

(D) In any case in which a corporation elects to discontinue offering all hospital, surgical and medical expense coverage in the small group market or the large group market, or both markets, in this state, health insurance coverage may be discontinued by the corporation only if:

(i) the corporation provides written notice to the superintendent and to each contract holder (and [participants and beneficiaries] ALL EMPLOYEES AND MEMBER INSUREDS covered under such coverage) of such discontinuance at least one hundred eighty days prior to the date of the discontinuance of such coverage;

(ii) all hospital, surgical and medical expense coverage issued or delivered for issuance in this state in such market or markets is discontinued and coverage under such contracts in such market or markets is not renewed; and

(iii) in addition to the notice to the superintendent referred to in item (i) of this subparagraph, the corporation must provide the superintendent with a written plan to minimize potential disruption in the marketplace occasioned by its withdrawal from the market.

[(C)] (E) In the case of a discontinuance under subparagraph [(B)] (D) of this paragraph in a market, the corporation may not provide for the issuance of any group or blanket contract of hospital, surgical or medical expense insurance in that market in this state during the five-year period beginning on the date of the discontinuance of the last health insurance contract not so renewed.

(F) IF A CORPORATION DECIDES OR ELECTS TO DISCONTINUE OFFERING COVERAGE PURSUANT TO SUBPARAGRAPH (A) OR (D) OF THIS PARAGRAPH, THEN THE CORPORATION SHALL PROVIDE AN EXTENDED BENEFIT DURING TOTAL DISABILITY, WITH RESPECT TO THE SICKNESS, INJURY OR PREGNANCY THAT CAUSED THE DISABILITY, OF AT LEAST EIGHTEEN MONTHS SUBSEQUENT TO DISCONTINUANCE OF INSURANCE UNLESS SIMILAR COVERAGE IS AFFORDED FOR THE TOTAL DISABILITY UNDER ANOTHER GROUP OR BLANKET CONTRACT.

S 4. This act shall take effect on the first of January next succeeding the date on which it shall have become a law and shall apply to all policies and contracts issued, renewed, modified, altered or amended on or after such effective date.