

6960

I N S E N A T E

April 9, 2014

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to allowing for the use of an affiliate company to meet certain obligations of an insurer

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

1 Section 1. Subparagraph (A) of paragraph 5 of subsection (c) of
2 section 3216 of the insurance law, as amended by section 46-b of part D
3 of chapter 56 of the laws of 2013, is amended to read as follows:
4 (A) Any family policy providing hospital or surgical expense insurance
5 (but not including such insurance against accidental injury only) shall
6 provide that, in the event such insurance on any person, other than the
7 policyholder, is terminated because the person is no longer within the
8 definition of the family as set forth in the policy but before such
9 person has attained the limiting age, if any, for coverage of adults
10 specified in the policy, such person shall be entitled to have issued to
11 that person by the insurer, without evidence of insurability, upon
12 application therefor and payment of the first premium, within sixty days
13 after such insurance shall have terminated, an individual conversion
14 policy that contains the benefits described in paragraph one of
15 subsection (b) of section four thousand three hundred twenty-eight of
16 this chapter. The insurer shall offer one policy at each level of cover-
17 age as defined in section 1302(d) of the affordable care act, 42 U.S.C.
18 S 18022(d). The individual may choose any such policy offered by the
19 insurer. PROVIDED, HOWEVER, THE SUPERINTENDENT MAY, AFTER GIVING DUE
20 CONSIDERATION TO THE PUBLIC INTEREST, APPROVE A REQUEST MADE BY AN
21 INSURER FOR THE INSURER TO SATISFY THE REQUIREMENTS OF THIS SUBPARAGRAPH
22 THROUGH THE OFFERING OF POLICIES THAT COMPLY WITH THIS SUBPARAGRAPH BY
23 ANOTHER INSURER, CORPORATION OR HEALTH MAINTENANCE ORGANIZATION WITHIN
24 THE INSURER'S HOLDING COMPANY SYSTEM, AS DEFINED IN ARTICLE FIFTEEN OF
25 THIS CHAPTER. The conversion privilege afforded herein shall also be
26 available upon the divorce or annulment of the marriage of the policy-
27 holder to the former spouse of such policyholder.
28 S 2. Paragraph 2 of subsection (g) of section 3216 of the insurance
29 law is amended by adding a new subparagraph (E) to read as follows:
30 (E) THE SUPERINTENDENT MAY, AFTER GIVING DUE CONSIDERATION TO THE
31 PUBLIC INTEREST, APPROVE A REQUEST MADE BY AN INSURER FOR THE INSURER TO

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

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1 SATISFY THE REQUIREMENTS OF SUBPARAGRAPH (C) OF THIS PARAGRAPH THROUGH
2 THE OFFERING OF POLICIES AT EACH LEVEL OF COVERAGE AS DEFINED IN SECTION
3 1302(D) OF THE AFFORDABLE CARE ACT, 42 U.S.C. S 18022(D) THAT CONTAINS
4 THE BENEFITS DESCRIBED IN PARAGRAPH ONE OF SUBSECTION (B) OF SECTION
5 FOUR THOUSAND THREE HUNDRED TWENTY-EIGHT OF THIS CHAPTER BY ANOTHER
6 INSURER, CORPORATION OR HEALTH MAINTENANCE ORGANIZATION WITHIN THE
7 INSURER'S SAME HOLDING COMPANY SYSTEM, AS DEFINED IN ARTICLE FIFTEEN OF
8 THIS CHAPTER.

9 S 3. Subsection (g) of section 3221 of the insurance law, as added by
10 section 49 of part D of chapter 56 of the laws of 2013, is amended to
11 read as follows:

12 (g) For conversion purposes, an insurer shall offer to the employee or
13 member a policy at each level of coverage as defined in section 1302(d)
14 of the affordable care act, 42 U.S.C. S 18022(d) that contains the bene-
15 fits described in paragraph one of subsection (b) of section four thou-
16 sand three hundred twenty-eight of this chapter. PROVIDED, HOWEVER, THE
17 SUPERINTENDENT MAY, AFTER GIVING DUE CONSIDERATION TO THE PUBLIC INTER-
18 EST, APPROVE A REQUEST MADE BY AN INSURER FOR THE INSURER TO SATISFY THE
19 REQUIREMENTS OF THIS SUBSECTION AND SUBSECTIONS (E) AND (F) OF THIS
20 SECTION THROUGH THE OFFERING OF POLICIES THAT COMPLY WITH THIS
21 SUBSECTION BY ANOTHER INSURER, CORPORATION OR HEALTH MAINTENANCE ORGAN-
22 IZATION WITHIN THE INSURER'S HOLDING COMPANY SYSTEM, AS DEFINED IN ARTI-
23 CLE FIFTEEN OF THIS CHAPTER.

24 S 4. Item (i) of subparagraph (C) of paragraph 2 of subsection (c) of
25 section 4304 of the insurance law, as amended by section 43-a of part D
26 of chapter 56 of the laws of 2013, is amended to read as follows:

27 (i) Discontinuance of a class of contract upon not less than five
28 months' prior written notice. In exercising the option to discontinue
29 coverage pursuant to this item, the corporation must act uniformly with-
30 out regard to any health status-related factor of enrolled individuals
31 or individuals who may become eligible for such coverage and must offer
32 to subscribers or group remitting agents, as may be appropriate, the
33 option to purchase all other individual health insurance coverage
34 currently being offered by the corporation to applicants in that market.
35 PROVIDED, HOWEVER, THE SUPERINTENDENT MAY, AFTER GIVING DUE CONSIDER-
36 ATION TO THE PUBLIC INTEREST, APPROVE A REQUEST MADE BY A CORPORATION
37 FOR THE CORPORATION TO SATISFY THE REQUIREMENTS OF THIS ITEM THROUGH THE
38 OFFERING OF CONTRACTS AT EACH LEVEL OF COVERAGE AS DEFINED IN SECTION
39 1302(D) OF THE AFFORDABLE CARE ACT, 42 U.S.C. S 18022(D) THAT CONTAINS
40 THE BENEFITS DESCRIBED IN PARAGRAPH ONE OF SUBSECTION (B) OF SECTION
41 FOUR THOUSAND THREE HUNDRED TWENTY-EIGHT OF THIS CHAPTER BY ANOTHER
42 CORPORATION, INSURER OR HEALTH MAINTENANCE ORGANIZATION WITHIN THE
43 CORPORATION'S SAME HOLDING COMPANY SYSTEM, AS DEFINED IN ARTICLE FIFTEEN
44 OF THIS CHAPTER.

45 S 5. Paragraph 1 of subsection (e) of section 4304 of the insurance
46 law, as amended by section 51 of part D of chapter 56 of the laws of
47 2013, is amended to read as follows:

48 (1) If any such contract is terminated in accordance with the
49 provisions of paragraph one of subsection (c) of this section, or any
50 such contract is terminated because of a default by the remitting agent
51 in the payment of premiums not cured within the grace period and the
52 remitting agent has not replaced the contract with similar and contin-
53 uous coverage for the same group whether insured or self-insured, or any
54 such contract is terminated in accordance with the provisions of subpar-
55 agraph (E) of paragraph two of subsection (c) of this section, or if an
56 individual other than the contract holder is no longer covered under a

1 "family contract" because the individual is no longer within the defi-
2 nition set forth in the contract, or a spouse is no longer covered under
3 the contract because of divorce from the contract holder or annulment of
4 the marriage, or any such contract is terminated because of the death of
5 the contract holder, then such individual, former spouse, or in the case
6 of the death of the contract holder the surviving spouse or other depen-
7 dents of the deceased contract holder covered under the contract, as the
8 case may be, shall be entitled to convert, without evidence of insura-
9 bility, upon application therefor and the making of the first payment
10 thereunder within sixty days after the date of termination of such
11 contract, to a contract that contains the benefits described in para-
12 graph one of subsection (b) of section four thousand three hundred twen-
13 ty-eight of this chapter. The corporation shall offer one contract at
14 each level of coverage as defined in section 1302(d) of the affordable
15 care act, 42 U.S.C. S 18022(d). The individual may choose any such
16 contract offered by the corporation. PROVIDED, HOWEVER, THE SUPERINTEN-
17 DENT MAY, AFTER GIVING DUE CONSIDERATION TO THE PUBLIC INTEREST, APPROVE
18 A REQUEST MADE BY A CORPORATION FOR THE CORPORATION TO SATISFY THE
19 REQUIREMENTS OF THIS PARAGRAPH THROUGH THE OFFERING OF CONTRACTS THAT
20 COMPLY WITH THIS PARAGRAPH BY ANOTHER CORPORATION, INSURER OR HEALTH
21 MAINTENANCE ORGANIZATION WITHIN THE CORPORATION'S SAME HOLDING COMPANY
22 SYSTEM, AS DEFINED IN ARTICLE FIFTEEN OF THIS CHAPTER. The effective
23 date of the coverage provided by the converted direct payment contract
24 shall be the date of the termination of coverage under the contract from
25 which conversion was made.

26 S 6. Subparagraph (A) of paragraph 1 of subsection (d) of section 4305
27 of the insurance law, as amended by section 52 of part D of chapter 56
28 of the laws of 2013, is amended to read as follows:

29 (A) A group contract issued pursuant to this section shall contain a
30 provision to the effect that in case of a termination of coverage under
31 such contract of any member of the group because of (i) termination for
32 any reason whatsoever of the member's employment or membership, or (ii)
33 termination for any reason whatsoever of the group contract itself
34 unless the group contract holder has replaced the group contract with
35 similar and continuous coverage for the same group whether insured or
36 self-insured, the member shall be entitled to have issued to the member
37 by the corporation, without evidence of insurability, upon application
38 therefor and payment of the first premium made to the corporation within
39 sixty days after termination of the coverage, an individual direct
40 payment contract, covering such member and the member's eligible depen-
41 dents who were covered by the group contract, which provides coverage
42 that contains the benefits described in paragraph one of subsection (b)
43 of section four thousand three hundred twenty-eight of this chapter. The
44 corporation shall offer one contract at each level of coverage as
45 defined in section 1302(d) of the affordable care act, 42 U.S.C. S
46 18022(d). The member may choose any such contract offered by the corpo-
47 ration. PROVIDED, HOWEVER, THE SUPERINTENDENT MAY, AFTER GIVING DUE
48 CONSIDERATION TO THE PUBLIC INTEREST, APPROVE A REQUEST MADE BY A CORPO-
49 RATION FOR THE CORPORATION TO SATISFY THE REQUIREMENTS OF THIS SUBPARA-
50 GRAPH THROUGH THE OFFERING OF CONTRACTS THAT COMPLY WITH THIS SUBPARA-
51 GRAPH BY ANOTHER CORPORATION, INSURER OR HEALTH MAINTENANCE ORGANIZATION
52 WITHIN THE CORPORATION'S SAME HOLDING COMPANY SYSTEM, AS DEFINED IN
53 ARTICLE FIFTEEN OF THIS CHAPTER.

54 S 7. This act shall take effect immediately.