

10653

I N A S S E M B L Y

April 13, 2010

Introduced by M. of A. MONTESANO -- read once and referred to the
Committee on Insurance

AN ACT to amend the insurance law, in relation to requiring insurance
carriers to provide persons under a group health insurance policy with
thirty days notice of the termination of such policy

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

1 Section 1. Subsection (a) of section 3221 of the insurance law is
2 amended by adding a new paragraph 16 to read as follows:
3 (16) (A) THAT THE INSURER UPON TERMINATION OF A GROUP POLICY OR
4 CONTRACT OF HEALTH, OR ACCIDENT AND HEALTH INSURANCE ISSUED TO A POLICY-
5 HOLDER, COVERING INDIVIDUALS WHO BECAUSE OF THEIR EMPLOYEE OR MEMBERSHIP
6 STATUS ARE CERTIFICATE HOLDERS UNDER A GROUP POLICY, SHALL PROVIDE EACH
7 CERTIFICATE HOLDER WITH WRITTEN NOTICE OF SUCH TERMINATION OF COVERAGE
8 THIRTY DAYS PRIOR TO SUCH TERMINATION, AND NO SUCH TERMINATION SHALL
9 BECOME EFFECTIVE UNTIL THIRTY DAYS AFTER SUCH NOTICE OF TERMINATION.
10 (B) IN ITS NOTICE OF TERMINATION OF COVERAGE, THE INSURER SHALL SET
11 FORTH, IN FULL, THE RIGHTS OF THE CERTIFICATE HOLDER UNDER THE TERMINAT-
12 ING POLICY AS TO COVERAGE FOR ILLNESS, ACCIDENT AND TREATMENT OCCURRING
13 PRIOR TO AND SUBSEQUENT TO THE TERMINATION DATE, AND SUCH OTHER RIGHTS
14 OF CERTIFICATE HOLDERS AS MAY EXIST UNDER THE CONTRACT OR POLICY OR
15 PURSUANT TO PARAGRAPH ONE OF SUBSECTION (E) OF THIS SECTION.
16 (C) NOTICE OF TERMINATION OF COVERAGE SHALL BE MAILED BY THE INSURER
17 TO EACH CERTIFICATE HOLDER'S LAST KNOWN RESIDENTIAL ADDRESS.
18 S 2. Paragraph 1 of subsection (e) of section 3221 of the insurance
19 law, as amended by chapter 306 of the laws of 1987, is amended to read
20 as follows:
21 (1) A group policy providing hospital or surgical expense insurance
22 for other than specific diseases or accident only, shall provide that if
23 the insurance on an employee or member insured under the group policy
24 ceases because of termination of (I) employment or of membership in the
25 class or classes eligible for coverage under the policy or (II) the
26 policy, for any reason whatsoever, unless the policyholder has replaced
27 the group policy with similar and continuous coverage for the same group

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

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1 whether insured or self-insured, such employee or member who has been
2 insured under the group policy for at least three months shall be enti-
3 tled to have issued to him by the insurer without evidence of insurabil-
4 ity upon application made to the insurer within forty-five days after
5 such termination OF EMPLOYMENT OR MEMBERSHIP IN THE CLASS OR CLASSES
6 ELIGIBLE FOR COVERAGE UNDER THE POLICY OR WITHIN FORTY-FIVE DAYS OF
7 NOTIFICATION BY THE INSURANCE CARRIER TO THE EMPLOYEE OR MEMBER OF
8 TERMINATION OF THE POLICY, and payment of the quarterly, or, at the
9 option of the employee or member, a less frequent premium applicable to
10 the class of risk to which the person belongs, the age of such person,
11 and the form and amount of insurance, an individual policy of insurance.
12 The insurer may, at its option elect to provide the insurance coverage
13 under a group insurance policy, delivered in this state, in lieu of the
14 issuance of a converted individual policy of insurance. Such individual
15 policy, or group policy, as the case may be is hereafter referred to as
16 the converted policy. The benefits provided under the converted policy
17 shall be those required by subsection (f), (g), (h) or (i) [hereof] OF
18 THIS SECTION, whichever is applicable and, in the event of termination
19 of the converted group policy of insurance, each insured thereunder
20 shall have a right of conversion to a converted individual policy of
21 insurance.

22 S 3. This act shall take effect immediately.