S T A T E O F N E W Y O R K

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 ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subsection (a) of section 3221 of the insurance law is amended by adding a new paragraph 16 to read as follows:

(16) (A) THAT THE INSURER UPON TERMINATION OF A GROUP POLICY OR CONTRACT OF HEALTH, OR ACCIDENT AND HEALTH INSURANCE ISSUED TO A POLICYHOLDER, COVERING INDIVIDUALS WHO BECAUSE OF THEIR EMPLOYEE OR MEMBERSHIP STATUS ARE CERTIFICATE HOLDERS UNDER A GROUP POLICY, SHALL PROVIDE EACH CERTIFICATE HOLDER WITH WRITTEN NOTICE OF SUCH TERMINATION OF COVERAGE THIRTY DAYS PRIOR TO SUCH TERMINATION, AND NO SUCH TERMINATION SHALL BECOME EFFECTIVE UNTIL THIRTY DAYS AFTER SUCH NOTICE OF TERMINATION.

(B) IN ITS NOTICE OF TERMINATION OF COVERAGE, THE INSURER SHALL SET FORTH, IN FULL, THE RIGHTS OF THE CERTIFICATE HOLDER UNDER THE TERMINATING POLICY AS TO COVERAGE FOR ILLNESS, ACCIDENT AND TREATMENT OCCURRING PRIOR TO AND SUBSEQUENT TO THE TERMINATION DATE, AND SUCH OTHER RIGHTS OF CERTIFICATE HOLDERS AS MAY EXIST UNDER THE CONTRACT OR POLICY OR PURSUANT TO PARAGRAPH ONE OF SUBSECTION (E) OF THIS SECTION.

(C) NOTICE OF TERMINATION OF COVERAGE SHALL BE MAILED BY THE INSURER TO EACH CERTIFICATE HOLDER'S LAST KNOWN RESIDENTIAL ADDRESS.

S 2. Paragraph 1 of subsection (e) of section 3221 of the insurance law, as amended by chapter 306 of the laws of 1987, is amended to read as follows:

(1) A group policy providing hospital or surgical expense insurance for other than specific diseases or accident only, shall provide that if the insurance on an employee or member insured under the group policy ceases because of termination of (I) employment or of membership in the class or classes eligible for coverage under the policy or (II) the policy, for any reason whatsoever, unless the policyholder has replaced 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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whether insured or self-insured, such employee or member who has been insured under the group policy for at least three months shall be entitled to have issued to him by the insurer without evidence of insurability upon application made to the insurer within forty-five days after such termination OF EMPLOYMENT OR MEMBERSHIP IN THE CLASS OR CLASSES ELIGIBLE FOR COVERAGE UNDER THE POLICY OR WITHIN FORTY-FIVE DAYS OF NOTIFICATION BY THE INSURANCE CARRIER TO THE EMPLOYEE OR MEMBER OF TERMINATION OF THE POLICY, and payment of the quarterly, or, at the option of the employee or member, a less frequent premium applicable to the class of risk to which the person belongs, the age of such person, and the form and amount of insurance, an individual policy of insurance. The insurer may, at its option elect to provide the insurance coverage under a group insurance policy, delivered in this state, in lieu of the issuance of a converted individual policy of insurance. Such individual policy, or group policy, as the case may be is hereafter referred to as the converted policy. The benefits provided under the converted policy shall be those required by subsection (f), (g), (h) or (i) [hereof] OF THIS SECTION, whichever is applicable and, in the event of termination of the converted group policy of insurance, each insured thereunder shall have a right of conversion to a converted individual policy of insurance.

S 3. This act shall take effect immediately.