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

2799

2009-2010 Regular Sessions

I N A S S E M B L Y

January 21, 2009

Introduced by M. of A. O'DONNELL -- Multi-Sponsored by -- M. of A. ALFANO, PHEFFER, WALKER -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to prohibiting misleading statements regarding benefit maximums and limitations of benefits, either orally or in writing and requiring such benefit maximums and limitations to be stated in clear and plain language in the insurance contract or certificate

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

Section 1. Paragraph 1 of subsection (a) of section 2123 of the insurance law, as amended by chapter 540 of the laws of 1996, is amended to read as follows:

(1) No agent or representative of any insurer or health maintenance organization authorized to transact life, accident or health insurance or health maintenance organization business in this state and no insurance broker, and no other person, firm, association or corporation, shall issue or circulate or cause or permit to be issued or circulated, any illustration, circular, statement or memorandum misrepresenting the terms, benefits or advantages of any policy or contract of life, accident or health insurance, any annuity contract or any health maintenance organization contract, delivered or issued for delivery or to be delivered or issued for delivery, in this state, OR SHALL MAKE ANY MISLEADING STATEMENT ORALLY OR IN WRITING AS TO THE TERMS OF COVERAGE OF SUCH POLICY INCLUDING BUT NOT LIMITED TO BENEFIT MAXIMUMS AND LIMITATIONS OF BENEFITS, or shall make any misleading estimate as to the dividends or share of surplus or additional amounts to be received in the future on such policy or contract, or shall make any false or misleading statement as to the dividends or share of surplus or additional amounts previously paid by any such insurer or health maintenance organization on similar policies or contracts, or shall make any misleading representation, or

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

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any misrepresentation, as to the financial condition of any such insurer or health maintenance organization, or as to the legal reserve system upon which such insurer or health maintenance organization operates.

S 2. Paragraph 1 of subsection (a) of section 3217-a of the insurance law, as added by chapter 705 of the laws of 1996, is amended to read as follows:

(1) a description of coverage provisions; health care benefits; benefit maximums, including benefit limitations, AND ANY SUCH BENEFIT MAXIMUMS AND LIMITATIONS SHALL BE DESCRIBED IN CLEAR AND PLAIN LANGUAGE AND PRINTED IN A FONT SIZE AND TYPE STYLE TO MAKE THEM CLEARLY VISIBLE TO THE CONSUMER; and exclusions of coverage, including the definition of medical necessity used in determining whether benefits will be covered;

S 3. This act shall take effect immediately; provided, however that section two of this act shall take effect on the one hundred eightieth day after it shall have become a law.