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I N   A S S E M B L Y

March 31, 2014

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Introduced by M. of A. CAHILL -- read once and referred 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.

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

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1 S 2. Paragraph 2 of subsection (g) of section 3216 of the insurance  
2 law is amended by adding a new subparagraph (E) to read as follows:

3 (E) THE SUPERINTENDENT MAY, AFTER GIVING DUE CONSIDERATION TO THE  
4 PUBLIC INTEREST, APPROVE A REQUEST MADE BY AN INSURER FOR THE INSURER TO  
5 SATISFY THE REQUIREMENTS OF SUBPARAGRAPH (C) OF THIS PARAGRAPH THROUGH  
6 THE OFFERING OF POLICIES AT EACH LEVEL OF COVERAGE AS DEFINED IN SECTION  
7 1302(D) OF THE AFFORDABLE CARE ACT, 42 U.S.C. S 18022(D) THAT CONTAINS  
8 THE BENEFITS DESCRIBED IN PARAGRAPH ONE OF SUBSECTION (B) OF SECTION  
9 FOUR THOUSAND THREE HUNDRED TWENTY-EIGHT OF THIS CHAPTER BY ANOTHER  
10 INSURER, CORPORATION OR HEALTH MAINTENANCE ORGANIZATION WITHIN THE  
11 INSURER'S SAME HOLDING COMPANY SYSTEM, AS DEFINED IN ARTICLE FIFTEEN OF  
12 THIS CHAPTER.

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

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

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

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

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

52 (1) If any such contract is terminated in accordance with the  
53 provisions of paragraph one of subsection (c) of this section, or any  
54 such contract is terminated because of a default by the remitting agent  
55 in the payment of premiums not cured within the grace period and the  
56 remitting agent has not replaced the contract with similar and contin-

uous coverage for the same group whether insured or self-insured, or any such contract is terminated in accordance with the provisions of subparagraph (E) of paragraph two of subsection (c) of this section, or if an individual other than the contract holder is no longer covered under a "family contract" because the individual is no longer within the definition set forth in the contract, or a spouse is no longer covered under the contract because of divorce from the contract holder or annulment of the marriage, or any such contract is terminated because of the death of the contract holder, then such individual, former spouse, or in the case of the death of the contract holder the surviving spouse or other dependents of the deceased contract holder covered under the contract, as the case may be, shall be entitled to convert, without evidence of insurability, upon application therefor and the making of the first payment thereunder within sixty days after the date of termination of such contract, to a contract that contains the benefits described in paragraph one of subsection (b) of section four thousand three hundred twenty-eight of this chapter. The corporation shall offer one contract at each level of coverage as defined in section 1302(d) of the affordable care act, 42 U.S.C. S 18022(d). The individual may choose any such contract offered by the corporation. PROVIDED, HOWEVER, THE SUPERINTENDENT MAY, AFTER GIVING DUE CONSIDERATION TO THE PUBLIC INTEREST, APPROVE A REQUEST MADE BY A CORPORATION FOR THE CORPORATION TO SATISFY THE REQUIREMENTS OF THIS PARAGRAPH THROUGH THE OFFERING OF CONTRACTS THAT COMPLY WITH THIS PARAGRAPH BY ANOTHER CORPORATION, INSURER OR HEALTH MAINTENANCE ORGANIZATION WITHIN THE CORPORATION'S SAME HOLDING COMPANY SYSTEM, AS DEFINED IN ARTICLE FIFTEEN OF THIS CHAPTER. The effective date of the coverage provided by the converted direct payment contract shall be the date of the termination of coverage under the contract from which conversion was made.

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

(A) A group contract issued pursuant to this section shall contain a provision to the effect that in case of a termination of coverage under such contract of any member of the group because of (i) termination for any reason whatsoever of the member's employment or membership, or (ii) termination for any reason whatsoever of the group contract itself unless the group contract holder has replaced the group contract with similar and continuous coverage for the same group whether insured or self-insured, the member shall be entitled to have issued to the member by the corporation, without evidence of insurability, upon application therefor and payment of the first premium made to the corporation within sixty days after termination of the coverage, an individual direct payment contract, covering such member and the member's eligible dependents who were covered by the group contract, which provides coverage that contains the benefits described in paragraph one of subsection (b) of section four thousand three hundred twenty-eight of this chapter. The corporation shall offer one contract at each level of coverage as defined in section 1302(d) of the affordable care act, 42 U.S.C. S 18022(d). The member may choose any such contract offered by the corporation. PROVIDED, HOWEVER, THE SUPERINTENDENT MAY, AFTER GIVING DUE CONSIDERATION TO THE PUBLIC INTEREST, APPROVE A REQUEST MADE BY A CORPORATION FOR THE CORPORATION TO SATISFY THE REQUIREMENTS OF THIS SUBPARAGRAPH THROUGH THE OFFERING OF CONTRACTS THAT COMPLY WITH THIS SUBPARAGRAPH BY ANOTHER CORPORATION, INSURER OR HEALTH MAINTENANCE ORGANIZATION

1 WITHIN THE CORPORATION'S SAME HOLDING COMPANY SYSTEM, AS DEFINED IN  
2 ARTICLE FIFTEEN OF THIS CHAPTER.  
3 S 7. This act shall take effect immediately.