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I N S E N A T E

February 21, 2014

Introduced by Sen. GOLDEN -- 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 the designation of third parties to receive notification of cancellation

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

- 1 Section 1. Paragraph 6 of subsection (b) of section 1117 of the insurance law, as added by chapter 572 of the laws of 2008, is amended to read as follows:
- 2 (6) prior to the earlier of the execution of a policy or certificate in connection with a plan providing a home care benefit and/or a nursing home benefit, or the payment of any premium or fee related to such a policy or certificate, the authorized insurer, corporation, health maintenance organization or fraternal benefit society shall provide the prospective insured or his or her representative with a disclosure statement, which contains the following:
- 3 (A) The maximum daily and lifetime benefit levels, if applicable, provided by the policy or certificate for home care services and nursing home services;
- 4 (B) The percentage of coverage provided for home care services and nursing home services, if applicable, and an explanation of the methodology on which the reasonable charge used in conjunction with such percentage amount is based;
- 5 (C) A description of any inflation protection feature included in or available for purchase under the policy or certificate and the additional premium required to purchase such option or options;
- 6 (D) (i) If available and accessible by the insurer or other entity from the department of health, the most recently-published average, statewide rate for care in a nursing home, as well as the average rates for care in nursing homes for both the New York city-metropolitan and upstate regions of the state; or
- 7 (ii) If available and accessible by the insurer or other entity from the department of health, the most recently-published map of the esti-

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

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1 mated average regional rates in New York state for nursing home care;
2 [and]

3 (E) A graphic demonstration of the maximum daily nursing home benefit
4 level provided by the policy or certificate, and the impact that the
5 selection of any inflation protection options would have on such maximum
6 daily nursing home benefit level[.]; AND

7 (F) THE RIGHT OF THE PROSPECTIVE INSURED, UPON ATTAINING THE AGE OF
8 SIXTY-FIVE YEARS, TO DESIGNATE A THIRD PARTY WHO WILL RECEIVE A COPY OF
9 ANY NOTICES OF NONPAYMENT OF PREMIUMS DUE OR NOTICE OF CANCELLATION FOR
10 NONPAYMENT OF PREMIUMS THAT IS SENT TO THE PROSPECTIVE INSURED.

11 For the purpose of this paragraph, "home care services" shall have the
12 same meaning as defined in subdivision one of section thirty-six hundred
13 two of the public health law. The prospective insured, or his or her
14 representative, shall acknowledge that the required disclosure has been
15 made by signing the disclosure statement prior to or contemporaneously
16 with the effective date of the policy or certificate.

17 Failure to provide information required by subparagraph (D) of this
18 paragraph shall not be construed as a violation of this section if such
19 information has not been made available by the department of health.

20 S 2. Subsection (e) of section 3111 of the insurance law, as added by
21 section 30 of part B of chapter 58 of the laws of 2004, is amended to
22 read as follows:

23 (e) Every insurer that has in force a long-term care insurance policy
24 as defined in section one thousand one hundred seventeen of this chapter
25 the premiums for which are paid directly to the insurer by the senior
26 citizen insured, except a policy that qualifies as a long-term care
27 insurance contract as defined in Section 7702B of the Internal Revenue
28 Code, shall permit senior citizen insureds to designate a third party to
29 whom the insurer shall transmit notices of nonpayment of premiums due or
30 notice of cancellation for nonpayment of premiums[, as determined by the
31 insurer]; PROVIDED THAT NOTICE OF CANCELLATION FOR NONPAYMENT OF PREMIUM
32 SHALL BE SENT NO LATER THAN THIRTY DAYS BEFORE THE EFFECTIVE DATE OF
33 SUCH CANCELLATION. The senior [citizens] CITIZEN INSURED shall notify
34 the insurer that a third party has been so designated. Such notification
35 shall be delivered to the insurer EITHER IN THE SAME ENVELOPE AS THE
36 SENIOR CITIZEN INSURED'S PREMIUM PAYMENT OR by certified mail, return
37 receipt requested, and shall be effective not later than ten business
38 days from the date of receipt by the insurer. The notification must
39 contain, in writing, an acceptance by the third party designee to
40 receive such notices of cancellation. Should the third party designee
41 desire to terminate his or her status as a third party designee, such
42 designee shall provide written notice to both the insurer and the senior
43 citizen insured. Should the senior citizen insured desire to terminate
44 the third party designation, the insured shall provide written notice to
45 the insurer. The transmission to the third party designee of any such
46 notice of cancellation shall be in addition to a copy of such document
47 transmitted to the senior citizen insured and when a third party is so
48 designated all such notices shall be mailed in an envelope clearly
49 marked on its face with the following: "IMPORTANT INSURANCE POLICY
50 INFORMATION: OPEN IMMEDIATELY". Designation as a third party shall not
51 constitute acceptance of any liability on the third party for services
52 provided to such senior citizen. The insurer shall notify its senior
53 citizen insureds NOT LESS THAN annually in writing of the availability
54 of the third party designee notice procedure and provide information on
55 how the insured can commence this procedure[; however, such notice need
56 not be provided once a senior citizen has made a designation]. IF A

1 SENIOR CITIZEN INSURED HAS NOT MADE A THIRD PARTY DESIGNATION, THE
2 INSURER SHALL INCLUDE A COPY OF THE THIRD PARTY DESIGNATION FORM WITH
3 EACH PREMIUM STATEMENT SENT TO THE SENIOR CITIZEN INSURED. IF A SENIOR
4 CITIZEN INSURED HAS MADE A DESIGNATION, THE INSURER SHALL CONFIRM WITH
5 THE SENIOR CITIZEN INSURED THAT THE THIRD PARTY DESIGNEE'S CONTACT
6 INFORMATION IS CORRECT. UPON RECEIPT OF A DESIGNATION OR TERMINATION OF
7 A DESIGNATION, THE INSURER SHALL VERIFY THE DESIGNATION OR CANCELLATION
8 OF DESIGNATION WITH THE SENIOR CITIZEN INSURED. SUCH VERIFICATION MAY,
9 BUT IS NOT REQUIRED TO BE, WRITTEN AND THE INSURER MAY USE TELEPHONY TO
10 OBTAIN AN ORAL CONFIRMATION FROM THE SENIOR CITIZEN INSURED SO LONG AS
11 THE INSURER PROVIDES THE SENIOR CITIZEN INSURED WITH WRITTEN CONFIRMA-
12 TION OF THE ORAL VERIFICATION.

13 S 3. This act shall take effect on the sixtieth day after it shall
14 have become a law.