

8125

2015-2016 Regular Sessions

I N A S S E M B L Y

June 9, 2015

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 catastrophic or reinsurance coverage issued to certain small groups

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

1 Section 1. Paragraph 1 of subsection (h) of section 3231 of the insurance law, as added by chapter 501 of the laws of 1992, is amended to
2 read as follows:

3 (1) Notwithstanding any other provision of this chapter, no insurer,
4 subsidiary of an insurer, or controlled person of a holding company
5 system may act as an administrator or claims paying agent, as opposed to
6 an insurer, on behalf of small groups which, if they purchased insurance,
7 would be subject to this section. No insurer, subsidiary of an
8 insurer, or controlled person of a holding company may provide stop
9 loss, catastrophic or reinsurance coverage to small groups which, if
10 they purchased insurance, would be subject to this section. PROVIDED,
11 HOWEVER, THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO STOP LOSS,
12 CATASTROPHIC OR REINSURANCE COVERAGE ISSUED AND IN EFFECT ON OR BEFORE
13 JANUARY FIRST, TWO THOUSAND FIFTEEN TO SMALL GROUPS COVERING BETWEEN
14 FIFTY-ONE AND ONE HUNDRED EMPLOYEES OR MEMBERS OF THE GROUP.

15 S 2. Paragraph 1 of subsection (e) of section 4317 of the insurance
16 law, as amended by section 72 of part D of chapter 56 of the laws of
17 2013, is amended to read as follows:

18 (1) Notwithstanding any other provision of this chapter, no insurer,
19 subsidiary of an insurer, or controlled person of a holding company
20 system may act as an administrator or claims paying agent, as opposed to
21 an insurer, on behalf of small groups which, if they purchased insurance,
22 would be subject to this section. No insurer, subsidiary of an
23 insurer, or controlled person of a holding company may provide stop
24 loss, catastrophic or reinsurance coverage to small groups which, if
25

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

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1 they purchased insurance, would be subject to this section. PROVIDED,
2 HOWEVER, THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO STOP LOSS,
3 CATASTROPHIC OR REINSURANCE COVERAGE ISSUED AND IN EFFECT ON OR BEFORE
4 JANUARY FIRST, TWO THOUSAND FIFTEEN TO SMALL GROUPS COVERING BETWEEN
5 FIFTY-ONE AND ONE HUNDRED EMPLOYEES OR MEMBERS OF THE GROUP.

6 S 3. Paragraph 1 of subsection (g) of section 3231 of the insurance
7 law, as amended by section 70 of part D of chapter 56 of the laws of
8 2013, is amended to read as follows:

9 (1) This section shall also apply to policies issued to a group
10 defined in subsection (c) of section four thousand two hundred thirty-
11 five OF THIS CHAPTER, including but not limited to an association or
12 trust of employers, if the group includes one or more member employers
13 or other member groups which have fifty or fewer employees or members
14 exclusive of spouses and dependents. For policies issued or renewed on
15 or after January first, two thousand fourteen, if the group includes one
16 or more member small group employers eligible for coverage subject to
17 this section, then such member employers shall be classified as small
18 groups for rating purposes and the remaining members shall be rated
19 consistent with the rating rules applicable to such remaining members
20 pursuant to paragraph two of this subsection. PROVIDED, HOWEVER THIS
21 SUBSECTION SHALL NOT APPLY TO GROUPS WHICH HAVE BEEN ISSUED A POLICY ON
22 OR BEFORE JULY FIRST, TWO THOUSAND FIFTEEN, AND HAVE MEMBER EMPLOYERS,
23 WHO, ON OR AFTER SUCH DATE, HAVE BETWEEN FIFTY-ONE AND ONE HUNDRED
24 EMPLOYEES, EXCLUSIVE OF SPOUSES AND DEPENDENTS, AND THE GROUP IS EITHER:

25 (I) ORGANIZED PURSUANT TO ARTICLE FIVE-G OF THE GENERAL MUNICIPAL LAW
26 AND IS COMPRISED ENTIRELY OF ONE OR MORE MUNICIPAL CORPORATIONS OR
27 DISTRICTS (AS SUCH TERMS ARE DEFINED IN SECTION ONE HUNDRED NINETEEN-N
28 OF THE GENERAL MUNICIPAL LAW); OR (II) COMPRISED ENTIRELY OF NONPUBLIC
29 SCHOOLS PROVIDING EDUCATION IN ANY GRADE FROM PRE-KINDERGARTEN THROUGH
30 TWELFTH GRADE. FOR SUCH GROUPS WHICH HAVE BEEN ISSUED A POLICY ON OR
31 BEFORE JULY FIRST, TWO THOUSAND FIFTEEN, THE APPLICABILITY OF THIS
32 SUBSECTION SHALL CONTINUE IRRESPECTIVE OF WHETHER THE GROUP SELECTS A
33 POLICY FROM A DIFFERENT INSURER OR IF THE MEMBER EMPLOYER SELECTS A
34 DIFFERENT GROUP FOR SUCH COVERAGE.

35 S 4. Paragraph 1 of subsection (d) of section 4317 of the insurance
36 law, as amended by section 72 of part D of chapter 56 of the laws of
37 2013, is amended to read as follows:

38 (1) This section shall also apply to a contract issued to a group
39 defined in subsection (c) of section four thousand two hundred thirty-
40 five of this chapter, including but not limited to an association or
41 trust of employers, if the group includes one or more member employers
42 or other member groups which have fifty or fewer employees or members
43 exclusive of spouses and dependents. For contracts issued or renewed on
44 or after January first, two thousand fourteen, if the group includes one
45 or more member small group employers eligible for coverage subject to
46 this section, then such member employers shall be classified as small
47 groups for rating purposes and the remaining members shall be rated
48 consistent with the rating rules applicable to such remaining members
49 pursuant to paragraph two of this subsection. PROVIDED, HOWEVER THIS
50 SUBSECTION SHALL NOT APPLY TO GROUPS WHICH HAVE BEEN ISSUED A POLICY ON
51 OR BEFORE JULY FIRST, TWO THOUSAND FIFTEEN, AND HAVE MEMBER EMPLOYERS,
52 WHO, ON OR AFTER SUCH DATE, HAVE BETWEEN FIFTY-ONE AND ONE HUNDRED
53 EMPLOYEES, EXCLUSIVE OF SPOUSES AND DEPENDENTS, AND THE GROUP IS EITHER:

54 (I) ORGANIZED PURSUANT TO ARTICLE FIVE-G OF THE GENERAL MUNICIPAL LAW
55 AND ARE COMPRISED ENTIRELY OF ONE OR MORE MUNICIPAL CORPORATIONS OR
56 DISTRICTS (AS SUCH TERMS ARE DEFINED IN SECTION ONE HUNDRED NINETEEN-N

1 OF THE GENERAL MUNICIPAL LAW); OR (II) COMPRISED ENTIRELY OF NONPUBLIC
2 SCHOOLS PROVIDING EDUCATION IN ANY GRADE FROM PRE-KINDERGARTEN THROUGH
3 TWELFTH GRADE. FOR SUCH GROUPS WHICH HAVE BEEN ISSUED A POLICY ON OR
4 BEFORE JULY FIRST, TWO THOUSAND FIFTEEN, THE APPLICABILITY OF THIS
5 SUBSECTION SHALL CONTINUE IRRESPECTIVE OF WHETHER THE GROUP SELECTS A
6 POLICY FROM A DIFFERENT INSURER OR IF THE MEMBER EMPLOYER SELECTS A
7 DIFFERENT GROUP FOR SUCH COVERAGE.

8 S 5. This act shall take effect immediately.