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

8134--A

2015-2016 Regular Sessions

I N A S S E M B L Y

June 9, 2015

Introduced by M. of A. SEAWRIGHT, McDONALD, WOERNER -- read once and referred to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to catastrophic or reinsurance coverage issued to certain small groups; and providing for the repeal of such provisions upon the expiration thereof

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

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 read as follows:

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

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

(1) Notwithstanding any other provision of this chapter, no insurer, subsidiary of an insurer, or controlled person of a holding company system may act as an administrator or claims paying agent, as opposed to an insurer, on behalf of small groups which, if they purchased insur-

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

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ance, would be subject to this section. No insurer, subsidiary of an insurer, or controlled person of a holding company may provide stop loss, catastrophic or reinsurance coverage to small groups which, if they purchased insurance, would be subject to this section. PROVIDED, HOWEVER, THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO STOP LOSS, CATASTROPHIC OR REINSURANCE COVERAGE ISSUED AND IN EFFECT ON OR BEFORE JUNE FIRST, TWO THOUSAND FIFTEEN TO SMALL GROUPS COVERING BETWEEN FIFTY-ONE AND ONE HUNDRED EMPLOYEES OR MEMBERS OF THE GROUP.

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

(1) This section shall also apply to policies issued to a group defined in subsection (c) of section four thousand two hundred thirty-five OF THIS CHAPTER, including but not limited to an association or trust of employers, if the group includes one or more member employers or other member groups which have fifty or fewer employees or members exclusive of spouses and dependents. For policies issued or renewed on or after January first, two thousand fourteen, if the group includes one or more member small group employers eligible for coverage subject to this section, then such member employers shall be classified as small groups for rating purposes and the remaining members shall be rated consistent with the rating rules applicable to such remaining members pursuant to paragraph two of this subsection. PROVIDED, HOWEVER THIS SUBSECTION SHALL NOT APPLY TO GROUPS WHICH HAVE BEEN ISSUED A POLICY ON OR BEFORE JULY FIRST, TWO THOUSAND FIFTEEN, AND HAVE MEMBER EMPLOYERS, WHO, ON OR AFTER SUCH DATE, HAVE BETWEEN FIFTY-ONE AND ONE HUNDRED EMPLOYEES, EXCLUSIVE OF SPOUSES AND DEPENDENTS, AND THE GROUP IS EITHER: (I) ORGANIZED PURSUANT TO ARTICLE FIVE-G OF THE GENERAL MUNICIPAL LAW AND IS COMPRISED ENTIRELY OF ONE OR MORE MUNICIPAL CORPORATIONS OR DISTRICTS (AS SUCH TERMS ARE DEFINED IN SECTION ONE HUNDRED NINETEEN-N OF THE GENERAL MUNICIPAL LAW); OR (II) COMPRISED ENTIRELY OF NONPUBLIC SCHOOLS PROVIDING EDUCATION IN ANY GRADE FROM PRE-KINDERGARTEN THROUGH TWELFTH GRADE. FOR SUCH GROUPS WHICH HAVE BEEN ISSUED A POLICY ON OR BEFORE JULY FIRST, TWO THOUSAND FIFTEEN, THE APPLICABILITY OF THIS SUBSECTION SHALL CONTINUE IRRESPECTIVE OF WHETHER THE GROUP SELECTS A POLICY FROM A DIFFERENT INSURER OR IF THE MEMBER EMPLOYER SELECTS A DIFFERENT GROUP FOR SUCH COVERAGE.

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

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

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

S 5. This act shall take effect immediately; and shall be deemed repealed 5 years after it shall have become a law.