

5928--A

2015-2016 Regular Sessions

I N S E N A T E

June 12, 2015

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- 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:

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

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

16 S 2. Paragraph 1 of subsection (e) of section 4317 of the insurance
17 law, as amended by section 72 of part D of chapter 56 of the laws of
18 2013, is amended to read as follows:

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

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

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2 insurer, or controlled person of a holding company may provide stop
3 loss, catastrophic or reinsurance coverage to small groups which, if
4 they purchased insurance, would be subject to this section. PROVIDED,
5 HOWEVER, THE PROVISIONS OF THIS PARAGRAPH SHALL NOT APPLY TO STOP LOSS,
6 CATASTROPHIC OR REINSURANCE COVERAGE ISSUED AND IN EFFECT ON OR BEFORE
7 JUNE FIRST, TWO THOUSAND FIFTEEN TO SMALL GROUPS COVERING BETWEEN
8 FIFTY-ONE AND ONE HUNDRED EMPLOYEES OR MEMBERS OF THE GROUP.

9 S 3. Paragraph 1 of subsection (g) of section 3231 of the insurance
10 law, as amended by section 70 of part D of chapter 56 of the laws of
11 2013, is amended to read as follows:

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

38 S 4. Paragraph 1 of subsection (d) of section 4317 of the insurance
39 law, as amended by section 72 of part D of chapter 56 of the laws of
40 2013, is amended to read as follows:

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

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

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