

5928

2015-2016 Regular Sessions

I N   S E N A T E

June 12, 2015

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

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 read as follows:

2     (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 JANUARY FIRST, TWO THOUSAND FIFTEEN TO SMALL GROUPS COVERING BETWEEN FIFTY-ONE AND ONE HUNDRED EMPLOYEES OR MEMBERS OF THE GROUP.

3     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:

4     (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

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.