§ 5504. Policies. (a) No policy form shall be used by the association unless it has been filed with the superintendent and either he has approved it, or thirty days have elapsed and he has not disapproved it as misleading or violative of public policy.

(b) (1) Except as provided in paragraph two of this subsection, no cancellation notice or nonrenewal notice shall be effective unless the association at least forty-five days prior to the effective date of such cancellation or the end of the policy period, as the case may be, mails or delivers such notice to the insured at the address shown on the policy and to such insured's licensed representative.

(2) Where the cancellation is for nonpayment of premium or loss of license to practice or, if the insured is a hospital, it no longer possesses a valid operating certificate under section twenty-eight hundred one-a of the public health law, such cancellation notice must be mailed or delivered at least fifteen days prior to the effective date of the cancellation.

(3) Upon written request by an insured or such insured's licensed representative, the association shall mail or deliver loss information as provided in subsection (g) of section three thousand four hundred twenty-six of this chapter to such insured or such insured's licensed representative within ten business days of such request.

(4) All cancellation notices or nonrenewal notices shall state the grounds upon which the policy is cancelled or nonrenewed and that, upon written request of an insured or such insured's licensed representative, the association will furnish the facts on which the cancellation or nonrenewal is based. Grounds for nonrenewal shall be limited to the same grounds as for cancellation. All cancellation notices or nonrenewal notices shall also provide or be accompanied by a statement advising the insured of the availability of the loss information specified in subsection (g) of section three thousand four hundred twenty-six of this chapter.

(c) A policy of insurance issued by the association may be terminated other than for non-payment of premiums if the insured:

(1) Is not complying substantially with any term or condition of such contract.

(2) Has knowingly made, or caused to be made, any false statement or misrepresentation of a material fact for use in applying for insurance.

(3) Has failed to pay to the association all stabilization reserve fund charges.

(d) Any termination shall apply to care or services provided after the effective date of termination, except that insurance coverage may continue for up to thirty days after termination with respect to care or services to patients which are a continuation of a treatment begun prior to the effective date of termination.

(e) Policies issued by the association shall provide at the insured's option for deductibles and for co-insurance. An applicant electing an option for a deductible or for co-insurance shall have the right to purchase an option under which the association shall not settle any claim under the policy without the consent of the insured. Any policy issued by the association without a deductible or co-insurance shall provide that the association shall have the sole authority to settle any claim up to policy limits without the consent of the insured.

(f) (1) The association shall issue or renew policies of medical malpractice insurance for physicians on a claims-made or occurrence basis, as prescribed by the superintendent by regulation.

(2) A claims-made policy shall contain the following provisions:

(A) if the insured has purchased a claims-made policy from an admitted insurer or the association for a period of five or more consecutive years and the insured, after attaining the age of sixty-five or older, retires permanently and totally from the practice of medicine or if the insured has purchased a claims-made policy for a period of ten or more consecutive years and the insured, after attaining the age of fifty-five or older, retires permanently and totally from the practice of medicine, the association shall, without charging an additional premium therefor at the time of, or subsequent to, such retirement, also cover all occurrences between the inception date of the first such consecutive policy from such association and such retirement date which, subsequent to the termination date, are reported in accordance with statutory and policy requirements;

(B) if the insured dies or becomes permanently disabled and unable to practice medicine while covered by such policy the association shall, without charging an additional premium therefor at the time of, or subsequent to, such event, also cover all occurrences between the inception date of the first such consecutive policy from such

association and the death or disability of the insured, and

(C) the association shall make available and shall advise the insured of the availability and cost of coverage for occurrences between the inception date of the first such consecutive policy from such association and the termination of such policy which, subsequent to the termination date, are reported in accordance with statutory and policy requirements, pursuant to such terms and conditions as may be specified by the superintendent by regulation. The insured shall have the option of purchasing such coverage either in a single payment or in three annual installments with an additional finance charge.

(3) Such regulation shall also provide that if the coverage of an insured who continues to practice in this state is transferred from an admitted insurer or the association to another admitted insurer or the association without any gap in coverage, the former entity shall pay over to the successor an actuarially appropriate dollar amount to provide for the requirements of paragraph two of this subsection, and the insured shall be entitled to the benefits of this provision as if such insured had been continuously covered by the successor entity during the entire period of consecutive years of coverage.

(4) Such regulation shall also provide that if the coverage of an insured is transferred from the association, if the association is in liquidation, to an admitted insurer not in liquidation without any gap in coverage, then the successor entity shall accept the amounts payable from the property-casualty insurance security fund as provided in subparagraph (G) of paragraph one of subsection (a) of section seven thousand six hundred three of this chapter, to provide for the requirements of paragraphs two and three of this subsection, and the insured shall be entitled to the benefits of such paragraphs as if such insured had been continuously covered by the successor entity during the entire period of consecutive years of coverage.

(5) The association may issue a claims-made policy with more liberal policy provisions than are required in this subsection, subject to the approval of the superintendent. Such liberal policy provisions may include but shall not be limited to a provision which, for all of the policyholders of the association, grants credits toward the cost of coverage provided in paragraph two of this subsection in proportion to the number of years the insured has purchased a claims-made policy.