**§ 217. Employee notification and remittance of premiums; group policies of accident and health insurance.** 1. Statement of public policy. The legislature finds that in today's society health and accident insurance coverage for medical care and treatment is of prime importance to all employees and their dependents within the state of New York. Adequate and prospective planning is necessary to insure that such coverage is in effect at the time of commencement of the need for medical and health care. Many employees and their dependents in New York State are covered through group policies issued to their employers, employee organizations or trustees of employee welfare funds and no statutory provision has heretofore afforded these employees and their dependents the right as certificate holders of a group accident or group health policy to receive notification of the intended termination or substitution of the group policy and to have premiums remitted to insurers on their behalf should they choose to exercise continuation privileges available under law.

Accordingly, it is the declared public policy of the state of New York that sufficient and timely notice be afforded each employee covered under a group accident or group health policy of the intended termination or substitution of such policy and that employers be required to remit premiums to insurers on behalf of individuals exercising their right to continuation coverage under the law.

2. Definitions. As used in this section:

(a) "Policyholder" shall mean any person, co-partnership, corporation, trade association, joint stock association, incorporated or unincorporated association, trustees or labor organization as defined in subsections (c) and (g), respectively, of section four thousand four hundred two of the insurance law or any other entity to whom a policy or contract of group accident, group health or group accident and health insurance has been issued.

For the purpose of this section, "policyholder" shall also include any group remitting agent.

(b) "Certificate holder" shall mean any person insured, on either a contributory or non-contributory basis, by a policy or contract of group

accident, group health or group accident and health insurance, as well as persons covered by group remittance policies.

3. Notification. A policyholder shall, subsequent to receipt from the insurer of notice of termination pursuant to subsection (k) of section four thousand two hundred thirty-five of the insurance law provide written notice to the certificate holders of such policy of such termination. In any case where the policyholder is substituting such policy with another policy providing similar coverage for the same certificate holders, the policyholder shall provide certificate holders with a written notice including therein the name of the substituted insurer. Where the employees are represented by a labor organization, such notice shall be given to the representative of that labor organization. Such written notice shall be in accordance with the rules and regulations of the superintendent of financial services, promulgated pursuant to subsection (l) of section four thousand two hundred thirty-five of the insurance law.

4. Exception. The provisions of subdivision three of this section shall not be deemed to apply if, within ten days subsequent to receipt of notice of termination from the insurer, the policyholder has taken necessary steps whereby the intended termination is rendered null and void.

5. Where the policyholder has contracted with another insurer to replace the existing insurer for the providing of similar and continuous coverage for the same certificate holders he shall file an affidavit with the commissioner of labor and superintendent of financial services to that effect.

6. Remittance of premiums. Any policyholder who receives notification from an individual entitled to exercise a right to continuation of coverage by the policyholder's insurer pursuant to section three thousand two hundred twenty-one of the insurance law, shall, no later than thirty days subsequent to receipt of premiums from such individual, remit such premiums to the insurer on behalf of such individual and provide evidence to the individual that the premium has been remitted.

6-a. Residence location to accompany enrollment data. When a policyholder provides information to an insurer or health maintenance organization certified under article forty-four of the public health law or licensed pursuant to the insurance law regarding the initial or continued enrollment eligibility of a certificate holder, the policy holder must include the current united states postal service zip code and state in which the certificate holder currently resides.

7. Penalties. (a) Any policyholder who fails to comply with this section, shall forfeit to the people of the State a sum up to five thousand dollars, to be recovered by the commissioner in a civil action. Where the policyholder is a corporation, trade association, joint stock association, incorporated or unincorporated association, the president, secretary and treasurer thereof shall be liable for any forfeiture.

(b) In addition to such penalty, where the failure to comply involves the failure to notify an employee of the termination of a group accident or group health policy pursuant to subdivision three of this section or the failure to remit premiums pursuant to subdivision six of this section, or the failure to provide an individual with notice of termination pursuant to subdivision six of section one hundred ninety-five of this chapter, the policy holder shall also be liable, in a civil action brought by the individual entitled to receive the notice of termination or exercise the right to continuation of coverage in a court of competent jurisdiction, to appropriate damages which shall include reimbursement for medical expenses which were not covered by the policyholder's insurer by virtue of his termination of the policy or failure to remit such premiums.