

40-2257. Individual policies; renewal or continuation of coverage; exceptions; discontinuance of policy; definitions. (a) Except as provided in this section, an accident and sickness insurer which offers individual policies providing hospital, medical or surgical expense benefits shall renew or continue in force such coverage at the option of the individual.

(b) An accident and sickness insurer may nonrenew or discontinue an individual policy providing hospital, medical or surgical expense benefits based only on one or more of the following:

(1) If the individual has failed to pay premiums or contributions in accordance with the terms of the health insurance coverage or the accident and sickness insurer has not received timely premium payments;

(2) if the individual has performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage;

(3) if the accident and sickness insurer is ceasing to offer individual policies providing hospital, medical or surgical expense benefits in accordance with subsection (c);

(4) in the case of accident and sickness insurer which offers individual policies providing hospital, medical or surgical expense benefits through enrollment area, if the individual no longer resides, lives or works in the medical service enrollment area (or in an area for which the accident and sickness insurer is authorized to do business) but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor of covered individuals; or

(5) if the case of a policy providing hospital, medical or surgical expense benefits that is made available to individuals only through one or more bona fide associations, the membership of the individual in the association (on the basis of which the coverage is provided) ceases but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor of covered individuals.

(c) If the accident and sickness insurer decides to discontinue offering a particular individual policy providing hospital, medical or surgical expense benefits such policy may only be discontinue if:

(1) The accident and sickness insurer provides notice to each covered individual who is provided such policy providing hospital, medical or surgical expense benefits at least 90 days prior to the date of the discontinuation of such coverage;

(2) the accident and sickness insurer offers to each covered individual who is provided such policy providing hospital, medical or surgical expense benefits the option to purchase any other individual policy providing hospital, medical or surgical expense benefits which is being sold by the accident and sickness insurer; and

(3) in exercising the option to discontinue coverage and in offering the option of coverage under subsection (b), the accident and sickness insurer acts uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for coverage under the policy.

(d) Subject to subsection (c), if the accident and sickness insurer elects to discontinue offering any individual policies providing hospital, medical or surgical expense benefits in this state, such insurance coverage may be discontinued only if:

(1) The accident and sickness insurer provides notice to the commissioner and to each individual policyholder of such discontinuation at least 180 days prior to the date of the expiration of such coverage; and

(2) the accident and sickness insurer is prohibited from the issuance of any individual policies providing hospital, medical or surgical expense benefits in the state during a five-year period beginning on the date of the discontinuation of the last individual policy providing hospital, medical or surgical expense benefits which is not renewed.

(e) An accident and sickness insurer may modify the terms and conditions of the individual policy providing hospital, medical or surgical expense benefits so long as such modification is consistent with other provisions of the insurance code and is effective on a uniform basis among all individuals who are covered by such policy.

(f) In applying this section in the case of individual policies providing hospital, medical or surgical expense benefits that are made available by accident and sickness insurer to individuals only through one or more associations, a reference to an "individual" is deemed to include a reference to such an association of which the individual is a member.

(g) As used in this section, "health status-related factor" means: (1) A physical or mental illness medical condition; (2) claims experience; (3) receipt of health care; (4) medical history; (5) genetic information; (6) evidence of insurability including conditions arising out of acts of domestic violence; and (7) disability.

(h) As used in this section, "policies providing hospital, medical or surgical expense benefits" does not include short term, limited duration policies of insurance.

(i) The commissioner is hereby authorized to adopt such rules and regulations as may be necessary to carry out the provisions of this section.

History: L. 1997, ch. 190, § 12; July 1.