

1 State of Arkansas
2 88th General Assembly
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4

A Bill

HOUSE BILL 1814

5 By: Representative Hyde
6 By: Senator Teague
7

For An Act To Be Entitled

9 AN ACT TO ENFORCE THE RULE-MAKING AUTHORITY OF THE
10 INSURANCE COMMISSIONER IN THE CONSTRUCTION OF
11 INSURANCE POLICIES; AND FOR OTHER PURPOSES.
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Subtitle

15 TO ENFORCE THE RULE-MAKING AUTHORITY OF
16 THE INSURANCE COMMISSIONER IN THE
17 CONSTRUCTION OF INSURANCE POLICIES.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 23-79-119 is amended to read as follows:
23 23-79-119. Construction of policies.

24 (a) Every insurance contract shall be construed according to the
25 entirety of its terms and conditions as set forth in the policy and as
26 amplified, extended, or modified by any rider, endorsement, or application
27 made a part of the policy.

28 (b) All insurance contracts ~~which~~ that are issued for specific terms
29 and ~~which~~ that may be renewed for subsequent terms at the option of the
30 insured or the insurer shall be construed from and after their respective
31 dates of renewal as being new contracts to the extent of having incorporated
32 therein all applicable public policy ~~which~~ that by statute or regulation may
33 have become applicable to ~~such~~ those contracts in the interval between:

34 (1) Original issuance or last renewal; and

35 (2) The renewal following the newly applicable statement of
36 public policy.



1 (c)(1) Except as provided in this ~~subsection~~ section, a health
2 insurance issuer that provides individual health insurance coverage for major
3 medical benefits to an individual shall renew or continue in force ~~such that~~
4 coverage at the option of the individual.

5 (2) General Exceptions. A health insurance issuer may nonrenew
6 or discontinue health insurance coverage providing major medical benefits for
7 an individual in the individual market based ~~only~~ on only one (1) or more of
8 the following:

9 (A) Nonpayment of the Premium. The individual has failed
10 to pay premiums or contributions ~~in accordance with~~ under the terms of the
11 health insurance coverage or the issuer has not received timely premium
12 payments;

13 (B) Fraud. The individual has performed an act or
14 practice that constitutes fraud or made an intentional misrepresentation of
15 material fact under the terms of the coverage;

16 (C) Termination of the Plan. The issuer is ceasing to
17 offer major medical coverage in the individual market ~~in accordance with~~
18 under applicable state or federal law;

19 (D) Movement Outside the Service Area. In the case of a
20 health insurance issuer that offers health insurance for major medical
21 coverage in the market through a network plan, the individual no longer
22 resides, lives, or works in the service area, or in an area for which the
23 issuer is authorized to do business, but only if the individual major medical
24 coverage is terminated under this subdivision (c)(2)(D) uniformly without
25 regard to any health-status related factor of covered individuals; and

26 (E) Association Membership Ceases. In the case of health
27 insurance for major medical coverage that is made available in the individual
28 market only through one (1) or more bona fide associations, the membership of
29 the individual in the association, as the basis on which the coverage is
30 provided, ceases but only if ~~such the~~ the major medical coverage is terminated
31 under this subdivision (c)(2)(E) uniformly without regard to any health
32 status-related factor of covered individuals.

33 (3) Requirements for Uniform Termination of Coverage -
34 Particular Type of Coverage Not Offered. In the case in which an insurer
35 decides to discontinue offering a particular type of health insurance
36 providing major medical coverage offered to the individual market, coverage

1 of ~~such~~ this type may be discontinued by the issuer only if:

2 (A) The issuer provides to each covered individual with
3 coverage of this type in the market notice of the discontinuation at least
4 ninety (90) days ~~prior to~~ before the date of the discontinuation of the
5 coverage;

6 (B) The issuer offers to each individual in the individual
7 market with coverage of this type the option to purchase any other individual
8 health ~~insurance~~ insurance coverage currently being offered by the issuer for
9 individuals in the market; and

10 (C) In exercising the option to discontinue coverage of
11 this type, and in offering the option of coverage under subdivision (c)(3)(B)
12 of this section, the issuer acts uniformly without regard to any health
13 status-related factor of enrolled individuals or individuals who may become
14 eligible for the coverage.

15 (4) Discontinuance of Such Coverage - In General. Subject to
16 ~~the provisions of this subsection~~ section, in any case in which a health
17 insurance issuer elects to discontinue offering all health insurance
18 providing major medical coverage in the individual market in this state,
19 health insurance coverage may be discontinued by the issuer only if the
20 issuer provides to the Insurance Commissioner and to each individual notice
21 of ~~such the~~ discontinuance at least one hundred eighty (180) days ~~prior to~~
22 before the date of expiration of the coverage.

23 (5) Prohibition on Market Reentry. In the case of a
24 discontinuation in the individual market under this ~~subsection~~ section, the
25 issuer may not provide for the issuance of any health insurance providing
26 major medical coverage in the market and state involved during the five-year
27 period beginning on the date of the discontinuation of the last health
28 insurance coverage not so renewed.

29 (6) Exception for Uniform Modification of Coverage. At the time
30 of coverage renewal, a health insurance issuer may modify the health
31 insurance providing major medical coverage for a policy form offered to
32 individuals in the individual market so long as the modification is
33 consistent with state law and effective on a uniform basis among all
34 individuals with that policy form.

35 (7) Application to Coverage Offered Only Through Associations.
36 In applying this ~~subsection~~ section in the case of health insurance providing

1 major medical coverage that is made available by a health insurance issuer in
 2 the individual market ~~only~~ through only one (1) or more associations, a
 3 reference to an "individual" ~~is deemed to include~~ includes a reference to
 4 such an association of which the individual is a member.

5 (8) For purposes of this ~~subsection~~ section, the terms or
 6 phrases "health insurance issuer", "health insurance coverage" or "coverage",
 7 "Insurance Commissioner", "network plan", "health status-related factor",
 8 "bona fide association", "individual market", and "eligible individual" shall
 9 ~~be defined pursuant to the definitions contained~~ have the same meaning as
 10 defined in § 23-86-303.

11 (d) The commissioner may promulgate rules that are necessary to
 12 implement and enforce this section for the protection of policyholders.

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