

2014 -- H 7646

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO INSURANCE -- CANCELLATION OF POLICIES

Introduced By: Representatives Lima, Azzinaro, Fellela, Ucci, and Messier

Date Introduced: February 27, 2014

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-18 of the General Laws entitled "Accident and Sickness
2 Insurance Policies" is hereby amended by adding thereto the following section:

3 **27-18-82. Notice of cancellation -- Certified mail. --** Any individual, partnership,
4 corporation, or unincorporated association providing health insurance coverage under this chapter
5 for its employees shall furnish each insured employee, upon cancellation or discontinuation of
6 such health insurance, notice of the cancellation or discontinuation of such insurance. The notice
7 shall be sent by certified mail to the insured employee not less than fifteen (15) days next
8 preceding the effective date of cancellation or discontinuation. Any individual or any such entity
9 which fails to provide timely notice shall be fined not more than one thousand dollars (\$1,000)
10 for each violation. This section shall apply to any such individual, partnership, corporation or
11 unincorporated association which substitutes one policy providing such group health insurance
12 coverage for another such policy with no interruption in coverage.

13 SECTION 2. Chapter 27-19 of the General Laws entitled "Nonprofit Hospital Service
14 Corporations" is hereby amended by adding thereto the following section:

15 **27-19-73. Notice of cancellation -- Certified mail. --** Any individual, partnership,
16 corporation, or unincorporated association providing health insurance coverage under this chapter
17 for its employees shall furnish each insured employee, upon cancellation or discontinuation of
18 such health insurance, notice of the cancellation or discontinuation of such insurance. The notice
19 shall be sent by certified mail to the insured employee not less than fifteen (15) days next

1 preceding the effective date of cancellation or discontinuation. Any individual or any such entity
2 which fails to provide timely notice shall be fined not more than one thousand dollars (\$1,000)
3 for each violation. This section shall apply to any such individual, partnership, corporation or
4 unincorporated association which substitutes one policy providing such group health insurance
5 coverage for another such policy with no interruption in coverage.

6 SECTION 3. Chapter 27-20 of the General Laws entitled "Nonprofit Medical Service
7 Corporations" is hereby amended by adding thereto the following section:

8 **27-20-69. Notice of cancellation -- Certified mail. --** Any individual, partnership,
9 corporation, or unincorporated association providing health insurance coverage under this chapter
10 for its employees shall furnish each insured employee, upon cancellation or discontinuation of
11 such health insurance, notice of the cancellation or discontinuation of such insurance. The notice
12 shall be sent by certified mail to the insured employee not less than fifteen (15) days next
13 preceding the effective date of cancellation or discontinuation. Any individual or any such entity
14 which fails to provide timely notice shall be fined not more than one thousand dollars (\$1,000)
15 for each violation. This section shall apply to any such individual, partnership, corporation or
16 unincorporated association which substitutes one policy providing such group health insurance
17 coverage for another such policy with no interruption in coverage.

18 SECTION 4. Chapter 27-20.1 of the General Laws entitled "Nonprofit Dental Service
19 Corporations" is hereby amended by adding thereto the following section:

20 **27-20.1-23. Notice of cancellation -- Certified mail. --** Any individual, partnership,
21 corporation, or unincorporated association providing health insurance coverage under this chapter
22 for its employees shall furnish each insured employee, upon cancellation or discontinuation of
23 such health insurance, notice of the cancellation or discontinuation of such insurance. The notice
24 shall be sent by certified mail to the insured employee not less than fifteen (15) days next
25 preceding the effective date of cancellation or discontinuation. Any individual or any such entity
26 which fails to provide timely notice shall be fined not more than one thousand dollars (\$1,000)
27 for each violation. This section shall apply to any such individual, partnership, corporation or
28 unincorporated association which substitutes one policy providing such group health insurance
29 coverage for another such policy with no interruption in coverage.

30 SECTION 5. Chapter 27-41 of the General Laws entitled "Health Maintenance
31 Organizations" is hereby amended by adding thereto the following section:

32 **27-41-86. Notice of cancellation -- Certified mail. --** Any individual, partnership,
33 corporation, or unincorporated association providing health insurance coverage under this chapter
34 for its employees shall furnish each insured employee, upon cancellation or discontinuation of

1 such health insurance, notice of the cancellation or discontinuation of such insurance. The notice
2 shall be sent by certified mail to the insured employee not less than fifteen (15) days next
3 preceding the effective date of cancellation or discontinuation. Any individual or any such entity
4 which fails to provide timely notice shall be fined not more than one thousand dollars (\$1,000)
5 for each violation. This section shall apply to any such individual, partnership, corporation or
6 unincorporated association which substitutes one policy providing such group health insurance
7 coverage for another such policy with no interruption in coverage.

8 SECTION 6. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE -- CANCELLATION OF POLICIES

1 This act would require employers to furnish employees notice of cancellation or
2 discontinuation of health insurance by certified mail and would also establish a fine of one
3 thousand dollars (\$1,000) for each violation.

4 This act would take effect upon passage.

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