

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 999
Insurance Committee Substitute Adopted 6/11/92

Short Title: Medicare Supplement Ins. Amendments.

(Public)

Sponsors:

Referred to:

May 27, 1992

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE MEDICARE SUPPLEMENT INSURANCE STATUTES
3 AS REQUIRED BY FEDERAL LAW.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 58-54-1(5) reads as rewritten:

6 "(5) 'Policy' means a Medicare supplement policy, which is a group or
7 individual policy of accident and health insurance under Articles 1
8 through 64 of this Chapter, a subscriber contract under Articles 65 and
9 66 of this Chapter, or an evidence of coverage under Article 67 of this
10 Chapter, that is advertised, marketed, or designed primarily as a
11 supplement to reimbursements under Medicare for the hospital,
12 medical, or surgical expenses of persons eligible for Medicare by reason
13 of age-Medicare."

14 Sec. 2. G.S. 58-54-25 reads as rewritten:

15 "**§ 58-54-25. Disclosure standards.**

16 (a) In order to provide for full and fair disclosure in the sale of policies, no policy
17 or certificate shall be delivered in this State unless an outline of coverage is delivered to
18 the applicant at the time application is made.

19 (b) The Commissioner shall prescribe the format and content of the outline of
20 coverage required by subsection (a) of this section. For purposes of this section,
21 'format' means style, arrangement, and overall appearance, including such items as the
22 size, color, and prominence of type and arrangement of text and captions. Such outline
23 of coverage shall include:

- 1 (1) A description of the principal benefits and coverage provided in the
2 policy;
3 (2) A statement of the exceptions, reductions, and limitations contained in
4 the policy;
5 (3) A statement of the renewal provisions, including any reservation by
6 the insurer of a right to change premiums; and
7 (4) A statement that the outline of coverage is a summary of the policy
8 issued or applied for and that the policy should be consulted to
9 determine governing contractual provisions.

10 (c) The Commissioner may prescribe by rule a standard form and the contents of
11 an informational brochure for persons eligible for ~~Medicare by reason of age, Medicare,~~
12 which is intended to improve the buyer's ability to select the most appropriate coverage
13 and improve the buyer's understanding of Medicare. Except in the case of direct
14 response insurance policies, the Commissioner may require by rule that the information
15 brochure be provided to any prospective insured eligible for Medicare concurrently with
16 delivery of the outline of coverage. With respect to direct response insurance policies,
17 the Commissioner may require by rule that the prescribed brochure be provided upon
18 request to any prospective insured eligible for ~~Medicare by reason of age, Medicare,~~ but in
19 no event later than the time of policy delivery.

20 (d) The Commissioner may adopt rules for captions or notice requirements,
21 determined to be in the public interest and designed to inform prospective insureds that
22 particular insurance coverages are not Medicare supplement coverages, for all accident
23 and health insurance policies sold to persons eligible for ~~Medicare by reason of age,~~
24 Medicare, other than: Medicare supplement policies; disability income policies; basic,
25 catastrophic, or major medical expense policies; or single premium, nonrenewable
26 policies.

27 (e) The Commissioner may further adopt rules to govern the full and fair
28 disclosure of the information in connection with the replacement of accident and health
29 insurance policies, subscriber contracts, or certificates by persons eligible for ~~Medicare~~
30 ~~by reason of age. Medicare.~~"

31 Sec. 3. G.S. 58-54-10(e) is repealed.

32 Sec. 4. G.S. 58-54-20(a) reads as rewritten:

33 "(a) Every insurer providing group Medicare supplement insurance benefits to a
34 resident of this State pursuant to G.S. 58-54-5 shall file a copy of the master policy and
35 any certificate used in this State in accordance with the filing requirements and
36 procedures applicable to group policies issued in this State: ~~Provided, however, that no~~
37 ~~insurer is required to make a filing earlier than 30 days after insurance is provided to a resident~~
38 ~~of this State under a master policy issued for delivery outside this State."~~

39 Sec. 5. This act is effective upon ratification.