

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 999

Insurance Committee Substitute Adopted 6/11/92

House Committee Substitute Favorable 6/24/92

Short Title: Medicare Supplement Ins. Amendments.

(Public)

Sponsors:

Referred to:

May 27, 1992

A BILL TO BE ENTITLED

AN ACT TO AMEND THE MEDICARE SUPPLEMENT INSURANCE STATUTES AS REQUIRED BY FEDERAL LAW.

The General Assembly of North Carolina enacts:

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

"(5) 'Policy' means a Medicare supplement policy, which is a group or individual policy of accident and health insurance under Articles 1 through 64 of this Chapter, a subscriber contract under Articles 65 and 66 of this Chapter, or an evidence of coverage under Article 67 of this Chapter, other than a policy issued pursuant to a contract under section 1876 or section 1833 of the federal Social Security Act (42) U.S.C. § 1395 et seq., or an issued policy under a demonstration project authorized pursuant to amendments to the federal Social Security Act, that is advertised, marketed, or designed primarily as a supplement to reimbursements under Medicare for the hospital, medical, or surgical expenses of persons eligible for Medicare by reason of age. Medicare."

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

"§ 58-54-25. Disclosure standards.

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

1 (b) The Commissioner shall prescribe the format and content of the outline of
2 coverage required by subsection (a) of this section. for purposes of this section, 'format'
3 means style, arrangement, and overall appearance, including such items as the size,
4 color, and prominence of type and arrangement of text and captions. Such outline of
5 coverage shall include:

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

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

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

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

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

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

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

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