

1989

Session Law 89-222

Florida Senate & House of Representatives

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**S 368 GENERAL BILL/2ND ENG by Ros-Lehtinen and others
(Identical CS/H 338)**

Group Health Insurance Policies; requires individual & group health insurance policies to provide minimum notice of cancellation, nonrenewal, & change in rates; applies to any policy or contract issued or renewed on or after 10/01/89. Amends 627.626,.6645. Effective Date: 10/01/89.

03/07/89 SENATE Prefiled
03/24/89 SENATE Referred to Insurance
04/04/89 SENATE Introduced, referred to Insurance -SJ 38; On Committee agenda—Insurance, 04/06/89, 1:15 pm, Room-A-(LL37)
04/06/89 SENATE Comm. Report: Favorable with 3 amendment(s) by Insurance, placed on Calendar -SJ 117
04/18/89 SENATE Placed on Special Order Calendar -SJ 173
04/25/89 SENATE Placed on Special Order Calendar -SJ 198; Passed as amended; YEAS 40 NAYS 0 -SJ 207
04/27/89 HOUSE In Messages
05/19/89 HOUSE Received, referred to Appropriations -HJ 541
05/24/89 HOUSE Withdrawn from Appropriations -HJ 605; Placed on Calendar
05/26/89 HOUSE Substituted for CS/HB 338 -HJ 682; Read second time; Amendments adopted; Read third time; Passed as amended; YEAS 111 NAYS 0 -HJ 682
05/26/89 SENATE In Messages
05/30/89 SENATE Concurred; Passed as amended; YEAS 39 NAYS 0 -SJ 569
05/30/89 Ordered engrossed, then enrolled -SJ 569
06/12/89 Signed by Officers and presented to Governor
06/28/89 Became Law without Governor's Signature; Chapter No. 89-222

NOTES: Above bill history from Division of Legislative Information's *FINAL LEGISLATIVE BILL INFORMATION, 1989 SESSIONS*. Staff Analyses for bills amended beyond final committee action may not be in accordance with the enacted law. Journal page numbers (HJ & SJ) refer to daily Journals and may not be the same as final bound Journals.

REVISED: April 6, 1989

SB 368

DATE: March 30, 1989.

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SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

<u>ANALYST</u>	<u>STAFF DIRECTOR</u>	<u>REFERENCE</u>	<u>ACTION</u>
1. <u>Andrews</u> <i>KA</i>	<u>Fort</u> <i>FB</i>	1. <u>INS</u>	<u>Fav/3 amend.</u>
2. _____	_____	2. _____	_____
3. _____	_____	3. _____	_____
4. _____	_____	4. _____	_____

SUBJECT:

Health Insurance

BILL NO. AND SPONSOR:

SB 368 by
Senator Ros-Lehtinen

I. SUMMARY:

A. Present Situation:

Currently, there are no clear requirements for a health insurer to notify policyholders of cancellation, nonrenewal or a change in premium. Section 627.626, Florida Statutes, originally enacted in 1959, provides that an individual health policy "may include" a provision allowing the insurer to cancel the policy upon 20 days' notice, but if a policy is renewed beyond its original term, the insured may cancel the policy at any time effective upon receipt of the notice. There are no notice requirements for a change in premium of an individual health policy.

Regarding group health policies, section 627.6645, Florida Statutes, enacted in 1983, presently requires insurers to notify the policyholder when the master policy has expired or been cancelled. However, there is no minimum time requirement for the notice of expiration and cancellation and no requirement for notifying the policyholder of a change in premium. In addition, individual members of the group (certificateholders) may receive notice of cancellation from the policyholder "as soon as practicable." In contrast, section 627.4133, Florida Statutes, provides a 45-day notice requirement in the event of cancellation, nonrenewal, or a change in premium of a property and casualty insurance policy.

B. Effect of Proposed Changes:

This bill requires a 60-day advance notice of cancellation, nonrenewal, or change in premium for both individual and group health insurance policies. If the insurer fails to provide this notice, the coverage remains in effect at the existing premium until 60 days after the notice is given or until replacement coverage is obtained, whichever occurs first. For group policies, the notice may be sent to the group policyholder, unless the insurer bills any member of the group (certificateholder) for premiums directly, in which case the notice must be provided directly to each certificateholder.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Insurers would incur the cost of sending the notice of cancellation, nonrenewal, or change in premium.

B. Government:

None.

III. COMMENTS:

None.

IV. AMENDMENTS:

#1 by Insurance:

Changes the proposed requirement of 60 days' advance written notice to 45 days throughout the bill for individual and group health insurance policies.

#2 by Insurance:

Provides that if cancellation is for nonpayment of premiums, the notice requirement does not apply.

#3 by Insurance:

Provides that if the insurer bills any certificateholder directly at his home address, the insurer must directly notify each such certificateholder covered, in order to collect any premiums due.

SB 368

Senate Bill 368 (Chaper 89-) requires a 45-day advance written notice of cancellation, nonrenewal, or change in rates for both individual and group health insurance policies. If the insurer fails to provide this notice, the coverage remains in effect at the existing premium until 45 days after the notice is given or until replacement coverage is obtained, whichever occurs first. For group policies, the notice may be sent to the group policyholder, unless the insurer bills any member of the group (certificateholder) for premiums directly, in which case the notice must be provided directly to each certificateholder.

STORAGE NAME: S0368-f.inj
DATE: June 28, 1989

HOUSE OF REPRESENTATIVES
INSURANCE COMMITTEE
FINAL STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: SB 368

RELATING TO: Group Health Insurance Policies

SPONSOR(S): Senator Ros-Lehtinen

EFFECTIVE DATE: October 1, 1989 and shall apply to any policy or contract issued or renewed on or after that date.

DATE BECAME LAW: June 28, 1989

CHAPTER #: 89-222, Laws of Florida

COMPANION BILL(S): CS/HB 338

OTHER COMMITTEES OF REFERENCE: (1) None
(2)

I. SUMMARY:

This bill requires 45 days advance notice of cancellation, non-renewal or change in rates for both individual and group health insurance policies, with specified exceptions.

A. PRESENT SITUATION:

The Department of Insurance believes present statutory requirements for a health insurer to notify policyholders of cancellation, non-renewal or a change in premium are inadequate. For example, Section 627.626 does not require that an insurer provide notice of a change in premium for an individual health policy. Section 627.6645, governing group health policies, requires insurers to notify the policyholder when the master policy expires or is canceled. However, there is no minimum time for notice nor any requirement for notifying the policyholder of a change in premium.

B. EFFECT OF PROPOSED CHANGES:

This bill requires 45 days advance notice of cancellation, non-renewal or change in rates for individual and group health insurance policies. If the insurer fails to provide notice, the coverage will remain in effect at the existing premium until 60 days after notice is given or until replacement coverage is obtained, whichever occurs first. For group policies, notice may be sent to the group policyholder, unless the insurer bills members of the group for premiums directly, in which case notice must be provided directly to each group member at his home

address. If cancellation is for non-payment of premiums for an individual health insurance policy, the insurer is required to give 10 days written notice. The provisions of this bill do not apply to cancellation of a group health policy due to non-payment of premiums.

C. SECTION-BY-SECTION ANALYSIS:

None

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Appropriations Consequences:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None

2. Direct Private Sector Benefits:

None

3. Effects on Competition, Private Enterprise, and Employment Markets:

See comment section

D. FISCAL COMMENTS:

None

III. LONG RANGE CONSEQUENCES:

This bill comports with the State Comprehensive Plan by constructing a regulatory initiative which should help to contain health care costs by allowing insureds more time to find replacement coverage if their policy has been cancelled.

IV. COMMENTS:

The mission of the Insurance Committee is to construct insurance laws which will require payment of claims when due, promote the availability of affordable insurance, stabilize insurance rates, protect the solvency of insurance institutions, and expand the ability of companies to profit from wise investments. This bill will benefit consumers by requiring advanced notice of health insurance non-renewals and increases in premiums. This better notice will give consumers more time to find affordable alternative coverage. The bill will require health insurers to set their rates and make their underwriting decisions further in advance, which may affect rates and profits.

V. SIGNATURES:

SUBSTANTIVE COMMITTEE:

Prepared by:

Sharon N. Jacobs
Sharon N. Jacobs

Staff Director

John Guthrie
John Guthrie

SECOND COMMITTEE OF REFERENCE:

Prepared by:

Staff Director:

APPROPRIATIONS:

Prepared by:

Staff Director:
