

April 8, 1977

SUBJECT: INSURANCE

CIRCULAR LETTER NO. 6 (1977)

April 8, 1977

TO: ALL AUTHORIZED ACCIDENT AND HEALTH INSURERS

RE: BLANKET STUDENT HEALTH INSURANCE POLICIES

1. (a) Section 154.1 of the New York Insurance Law provides in part as follows:

"No policy of . . . blanket, accident or health insurance. . . or other evidence of such insurance contract. . . shall be issued or delivered in this State unless a copy of the form thereof shall have been filed with the Superintendent. . . none of the aforementioned policies. . . or other evidence of such insurance contract shall be delivered or issued for delivery in this State. . . unless approved by the Superintendent as conforming to the requirements of this chapter and not inconsistent with law." (emphasis supplied)

(b) Based on this provision of the law, it is the Department's position that an insurance company may not make a binding commitment to issue a blanket insurance policy to any school prior to the approval of such policy and premium rates by the Insurance Department. Not may any solicitation material, brochures, certificates or applications prepared or approved by the insurer be distributed by any person or organization prior to the approval by the Insurance Department of the policy forms and premium rates.

(c) In order to comply with the above requirements, insurance companies who plan to sell blanket student health insurance policies should submit to this Department for approval a basic policy and riders providing a variation of benefits and a premium rate for each benefit before offering to sell any coverage under such policies. Where the premium on transfer or renewal cases is based in part on prior experience, the experience rating formula shall be filed as part of the general rating structure.

(d) It is not practical under our laws for an insurance company to offer for sale any "tailor made" policy until the company has received the Department's approval of the language and rate for each benefit provision of such policy.

(e) For any program not previously approved by the Department, a licensed insurer may bid on the risk subject to the approval of the Insurance Department, but no solicitation or enrollment of students may be made prior to the approval of the program by the Department.

2. Blanket health policies are subject to the requirements of Chapter 843 Laws of 1976 (Mandatory Maternity Coverage). The statutory coverage must be provided for pregnancies which commenced while the insured was covered under the policy, even after all other coverage under the policy is terminated.

3. No payment of any sums of money may be made to the policyholder or to any person designated by the policyholder, as a condition for the purchase of such policy by the policyholder. This does not prohibit an insurer from hiring students or any other persons to assist in the enrollment and servicing of the insurance.

4. The premium charged to the insured may not be greater than the premium approved by the Department. Any additional charge added to the premium and retained by the policyholder might subject the policyholder to the charge of doing an insurance business without a license. Any brochure or certificate must include a complete statement of the premiums to be charged.

5. A blanket student policy shall be deemed mandatory for purposes of Section 52.16(f) of Regulation 62 if 75% of the eligible students and a minimum of 300 students are insured.

This Department is considering additional rules to be applicable to blanket student health insurance dealing with intercollegiate sports coverage exclusions, limitations on pre-existing illness coverage exclusions and minimum terms of coverage as amendments to Department Regulation 62. We plan to solicit comments from all interested parties before these amendments will be promulgated.

Very truly yours,

[SIGNATURE]

THOMAS A. HARNETT

Superintendent of Insurance