

Regular Session, 2006  
HOUSE BILL NO. 792

# ACT No. 396

BY REPRESENTATIVE K. CARTER

1 AN ACT

2 To amend and reenact R.S. 22:213.3, 221(B), 2027(C), and 2059, relative to health and  
3 accident insurance policies and health maintenance organization contracts; to provide  
4 for a thirty-day grace period prior to cancellation for failure to pay premiums or  
5 prepaid charges; to provide for a fifteen-day notice to policyholders, subscribers, or  
6 enrollees prior to expiration of the grace period; to provide for applicability; and to  
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:213.3, 221(B), 2027(C), and 2059 are hereby amended and  
10 reenacted to read as follows:

11 §213.3. Cancellation by insurer and grace period; individual health and accident  
12 policies

13 A. Every insurer, including a trust subject to the provisions of R.S. 22:2041  
14 et seq., issuing a policy of individual, group, family group, blanket, or association  
15 health and accident insurance shall include in such policy a provision providing the  
16 policyholder a grace period of thirty days from the date the premium was due. If the  
17 premium is paid during the grace period, then coverage shall remain in effect  
18 pursuant to the provisions of the policy.

19 B. Whenever an insurer which issues an individual accident and health  
20 policy does not receive a premium payment fifteen days prior to the end of the grace  
21 period, the insurer shall mail, by first class mail, a notice to the policyholder. The  
22 notice shall state that if the premium has not been paid by the end of the grace  
23 period, the policy will lapse as provided by the provisions of the policy. The notice  
24 shall also state that the policy will be reinstated with no penalties whatsoever to the

1           insured if the full premium payment is received within the period allowed for  
 2           reinstatement. Nothing in this ~~code~~ Code shall mandate a separate lapse notice for  
 3           nonpayment of premiums on a policy issued by an insurance company whose  
 4           products are marketed on the home service distribution method and which issues a  
 5           majority of these policies on a monthly or weekly basis.

6   \*           \*           \*

7           §221. Nonapplication to certain policies

8   \*           \*           \*

9                           B. The provisions of R.S. 22:212 through ~~214.1~~ 213.2 and 213.4 through  
 10                           213.7 shall not apply to group or blanket health and accident insurance policies, or  
 11                           to group or blanket policies providing only benefits to cover the cost of legal services  
 12                           and expenses related thereto, including but not limited to counsel's fees, court costs,  
 13                           investigative fees, and expenses incurred by counsel in the investigation of matters,  
 14                           their preparation for trial, and trial, provided that no such policy shall contain any  
 15                           provision relative to notice or proof of loss, or to the time for paying benefits, or to  
 16                           the time in which suit may be brought upon the policy, which in the opinion of the  
 17                           commissioner of insurance is less favorable to the individuals insured than would be  
 18                           permitted by the standard provisions required for individual health and accident  
 19                           policies, or individual policies to cover legal services, as the case may be.

20   \*           \*           \*

21           §2027. Notice required for certain prepaid charge rate increases, cancellation, or  
 22                           nonrenewal of service agreements; other requirements

23   \*           \*           \*

24                           C.(1) The notice provisions of Subsections A and B of this Section shall not  
 25                           apply to cancellations due to nonpayment on a timely basis of the prepaid charges.

26                           (2) Every health maintenance organization issuing a contract for health care  
 27                           services shall include in such contract a provision providing the subscriber or  
 28                           enrollee a grace period of thirty days from the date the prepaid charge was due. If the  
 29                           prepaid charge is paid during the grace period, then coverage shall remain in effect  
 30                           pursuant to the provisions of the contract.

1                   (3) Whenever a health maintenance organization does not receive a prepaid  
 2                   charge payment fifteen days prior to the end of the grace period, the health  
 3                   maintenance organization shall mail, by first class mail, a notice to the subscriber or  
 4                   enrollee. The notice shall state that if the prepaid charge has not been paid by the  
 5                   end of the grace period, the contract will lapse as provided by the provisions of the  
 6                   contract. The notice shall also state that the contract will be reinstated with no  
 7                   penalties whatsoever to the subscriber or enrollee if the full payment is received  
 8                   within the period allowed for reinstatement.

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§2059. Trust funds not insurance

11                   A trust fund established under this Part shall not be considered an insurance  
 12                   company or to be in the business of insurance, nor shall it be subject to regulation by  
 13                   the commissioner, except as provided for in this Part and in R.S. 22:213.3 and 215.9.

14                   Section 2. This Act shall become effective on January 1, 2007.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_