



## 2016 Group Benefits Employer Markets Legislative Notice

### Employee Version

**Note:** The purpose of this Notice is to provide an overview of new laws primarily passed in 2016 that may impact your insurance policy. These laws apply to the extent that your policy has the applicable provisions in the contract.

**DISCLAIMER: The Hartford provides this Notice for informational purposes only. This Notice includes information that may impact policies issued by The Hartford, but does not constitute legal advice. You should continue to consult your employer's legal and HR resources for guidance on the application of the law(s) cited in this Notice.**

#### **Dependent Coverage – Children**

**State: Oklahoma House Bill 2761**

**Effective Date: 11/1/2016**

**Summary:** For certain group life insurance policies, Oklahoma changed its definition of a "dependent" child to include an employee's or member's child under 26 (instead of 21) years of age or, if attending an educational institution and relying upon the employee or member for financial support, to 26 years or older (instead of 21) years of age.

#### **Claims**

**State: California Assembly Bill 15**

**Effective Date: 1/1/2016**

**Summary:** California passed the End of Life Option Act, which allows an adult diagnosed with a terminal disease, who meets certain qualifications, to request aid-in-dying drug from their attending physician; therefore, an otherwise valid claim will not be denied as a suicide solely because a qualified individual chose to self-administer an aid-in-dying drug in accordance with the End of Life Option Act.

**State: Colorado Regulation 3 CCR 702 Reg. 4-2-6**

**Effective Date: 2/1/2016**

**Summary:** Colorado revised this insurance regulation to standardize the definition of "complications of pregnancy" as used in sickness and accident insurance policies providing coverage for disability due to sickness. Colorado prohibits such disability contracts from restricting coverage for certain complications of pregnancy more than allowed by this definition.

**State: New York Circular Letter 3**

**Effective Date:** 7/11/2016

**Summary:** New York requires that pregnant and postpartum women diagnosed with depression do not face impermissible barriers in obtaining life insurance and accident and health insurance and that their premiums are not impermissibly higher. Insurers are prohibited from refusing to issue, renew or cancel any insurance policy solely because of any past treatment for a mental disability of the insured. An insurer may refuse to issue, renew or cancel a policy if the insurer relies on sound underwriting and actuarial principles reasonably related to actual or anticipated loss experience.

**Discretionary Clauses**

**State: Minnesota Senate Bill 997**

**Effective Date:** 1/1/2016

**Summary:** Insurers who provide disability income protection coverage in Minnesota are prohibited from using any provision in the policy that reserves discretion to the insurer to interpret the terms of the contract and are prohibited from providing a standard of review in the policy that is less favorable to the insured when a claim is denied than a preponderance of the evidence standard.

**Disclosures**

**State: California Assembly Bill 1515**

**Effective Date:** 1/1/2016

**Summary:** The updated Notice related to Questions/Complaints about Your Coverage now includes the Website address of the California Insurance Department ([www.insurance.ca.gov](http://www.insurance.ca.gov)) in addition to the telephone number and other basic contact information of our company's customer service information.

**State: New Mexico Bulletin 2016-010**

**Effective Date:** 4/13/2016

**Summary:** To provide a general awareness to individuals that certain hospital indemnity and specified disease insurance plans do not qualify as Minimum Essential Coverage as required under the Affordable Care Act, insurers must provide the following disclosure on the application and the cover page of such policy/certificate:

**This type of plan is NOT considered "minimum essential coverage" under the Affordable Care Act and therefore does NOT satisfy the individual mandate that you have health insurance coverage. If you do not have other health insurance coverage, you may be subject to a federal tax penalty.**

**State: Pennsylvania Notice 2016-05**

**Effective Date:** 4/30/2016

**Summary:** The Pennsylvania Insurance Department prohibits discrimination in health insurance policy terms, conditions, and benefits on the basis of race, color, national origin, sex, age or disability, where “on the basis of sex” includes coverage for medically necessary health services regardless of sex assigned at birth, gender identity, or recorded gender; further, the Department requires an insurer to include a notice on the policy and certificate that the insurer does not discriminate.

**State: Oregon Bulletin 2016-1**

**Effective Date:** 9/7/16

**Summary:** The Oregon Insurance Department issued a Bulletin to clarify prohibitions against unfair discrimination in the transaction of any kind of insurance in Oregon and to reiterate expectations about how insurers must address issues related to transgender persons. Although the focus of the bulletin is health insurance, the prohibition against unfair discrimination against transgender persons is equally applicable to other kinds of insurance to the extent necessary to ensure equal access to all types of insurance coverage and medically necessary health care benefits, including benefits for treatment of gender dysphoria, and other insurance services in accordance with Oregon law.

**Guaranty Association Notices**

The purpose of the Life and Health Insurance Guaranty Associations is to provide you with a limited benefit in the event that the insurance company becomes insolvent and can no longer pay claims. Generally, each state provides coverage under its Life and Health Insurance Guaranty Association for certificate holders under a group insurance policy. All insurance companies (with limited exceptions) licensed to write life and health insurance or annuities in these states are required, as a condition of doing business in the state, to be members of the Guaranty Association. The Hartford is required by law in certain states to provide the Guaranty Association Notice as a means of informing policyholders of the existence and purpose of the Guaranty Association. Louisiana, Missouri, Ohio and California have made changes to their Guaranty Association Notices and/or coverage limits, summarized in the table below. Indiana revised their contact information.

<b>State</b>	<b>Type of Insurance</b>	<b>Coverage Limit</b>
Missouri	<b>Life Insurance</b>	\$300,000 (death benefits)  \$100,000 (cash surrender <b>and</b> withdrawal values)
	<b>Annuities</b>	\$250,000 (withdrawal and cash values)

	<b>Health Insurance</b>	\$500,000 (hospital, medical, and surgical insurance benefits) \$300,000 (disability insurance benefits) \$300,000 (long-term care insurance benefits) \$100,000 (other types of health insurance benefits)
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The maximum amount of protection for each individual, regardless of the number of policies or contracts, is as follows:

\$300,000 in aggregate for all types of coverage listed above, with the exception of basic hospital, medical, and surgical insurance or major medical insurance

\$500,000 in aggregate for basic hospital, medical, and surgical insurance or major medical insurance

\$5,000,000 to one policy owner of multiple non-group policies of life insurance, whether the policy owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees, or other persons

<b>Louisiana</b>	<b>Life Insurance</b>	\$300,000 (death benefits) \$100,000 (cash surrender and net cash withdrawal)
	<b>Annuities</b>	\$250,000 (present value of annuities, including net cash surrender and net cash withdrawal)
	<b>Health Insurance</b>	\$500,000 (health insurance benefits)

The benefits for which LLHIGA may become liable shall in no event exceed the lesser of the following.

- a. LLHIGA cannot pay more than what the insurance company would owe under a policy or contract if it were not an impaired or an insolvent insurer.
- b. For any one insured life, regardless of the number of policies or contracts there are with the same company, LLHIGA will pay a maximum of \$300,000 in life insurance death benefits, but not more than \$100,000 in net cash surrender and net cash withdrawal values for life insurance.
- c. For any one insured life, regardless of the number of policies or contracts there are with the same company, LLHIGA will pay a maximum of \$500,000 in health insurance benefits, and LLHIGA will pay a maximum of \$250,000 in present value of

annuities, including net cash surrender and net cash withdrawal values.

In no event, regardless of the number of policies and contracts there were with the same company, and no matter how many different types of coverages, LLHIGA shall not be liable to expend more than \$500,000 in the aggregate with respect to any one individual.

<b>Ohio</b>	<b>Life Insurance</b>	\$300,000 (Life insurance death benefits, but not more than \$100,000 in net cash surrender and net cash withdrawal values for life insurance)
	<b>Annuities</b>	\$250,000 (in the present value of annuity benefits, including net cash surrender and net cash withdrawal values)
	<b>Health Insurance</b>	<p>\$100,000 (health insurance benefits other than basic hospital, medical, and surgical insurance, major medical insurance, disability insurance, or long-term care insurance, including any net cash surrender and net cash withdrawal values)</p> <p>\$300,000 (disability insurance)</p> <p>\$300,000 (long-term care insurance)</p> <p>\$500,000 (basic hospital, medical, and surgical insurance or major medical insurance)</p>

With respect to each individual participating in a governmental retirement plan established under section 401, 403(b), or 457 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended, and covered by an unallocated annuity contract, or the beneficiaries of each such individual if deceased, in the aggregate, \$250,000 in present value annuity benefits, including net cash surrender and net cash withdrawal values.

The association is not liable to expend more than \$300,000 in the aggregate with respect to any one individual under certain divisions of this section combined, except with respect to benefits for basic hospital, medical, and surgical insurance and major medical insurance under certain divisions of this section, in which case the aggregate liability of the association shall not exceed \$500,000 with respect to any one individual.

With respect to any one contract holder, covered by any unallocated annuity contract not included in certain divisions of this section, one million dollars in benefits, irrespective of the number of those contracts held by that contract holder.

With respect to each payee of a structured settlement annuity, or the beneficiary or beneficiaries of the payee if the

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payee is deceased, \$250,000 in present value of annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal values, if any.

## California

### NOTICE OF PROTECTION PROVIDED BY CALIFORNIA LIFE AND HEALTH INSURANCE GUARANTEE ASSOCIATION

This notice provides a brief summary regarding the protections provided to policyholders by the California Life and Health Insurance Guarantee Association (“the Association”). The purpose of the Association is to assure that policyholders will be protected, within certain limits, in the unlikely event that a member insurer of the Association becomes financially unable to meet its obligations. Insurance companies licensed in California to sell life insurance, health insurance, annuities and structured settlement annuities are members of the Association. The protection provided by the Association is not unlimited and is not a substitute for consumers' care in selecting insurers. This protection was created under California law, which determines who and what is covered and the amounts of coverage.

Below is a brief summary of the coverages, exclusions and limits provided by the Association. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations or the rights or obligations of the Association.

#### COVERAGE

- Persons Covered

Generally, an individual is covered by the Association if the insurer was a member of the Association and the individual lives in California at the time the insurer is determined by a court to be insolvent. Coverage is also provided to policy beneficiaries, payees or assignees, whether or not they live in California.

- Amounts of Coverage

The basic coverage protections provided by the Association are as follows.

- Life Insurance, Annuities and Structured Settlement Annuities

For life insurance policies, annuities and structured settlement annuities, the Association will provide the following:

- Life Insurance

80% of death benefits but not to exceed \$300,000

80% of cash surrender or withdrawal values but not to exceed \$100,000

- Annuities and Structured Settlement Annuities

80% of the present value of annuity benefits, including net cash withdrawal and net cash surrender values but not to

exceed \$250,000

The maximum amount of protection provided by the Association to an individual, for all life insurance, annuities and structured settlement annuities is \$300,000, regardless of the number of policies or contracts covering the individual.

- Health Insurance

The maximum amount of protection provided by the Association to an individual, as of July 1, 2016, is \$546,741. This amount will increase or decrease based upon changes in the health care cost component of the consumer price index to the date on which an insurer becomes an insolvent insurer. Changes to this amount will be posted on the Association's website [www.califega.org](http://www.califega.org).

#### COVERAGE LIMITATIONS AND EXCLUSIONS FROM COVERAGE

The Association may not provide coverage for this policy. Coverage by the Association generally requires residency in California. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.

The following policies and persons are among those that are excluded from Association coverage:

- A policy or contract issued by an insurer that was not authorized to do business in California when it issued the policy or contract
- A policy issued by a health care service plan (HMO), a hospital or medical service organization, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society
- If the person is provided coverage by the guaranty association of another state
- Unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which do not guaranty annuity benefits to an individual
- Employer and association plans, to the extent they are self-funded or uninsured
- A policy or contract providing any health care benefits under Medicare Part C or Part D
- An annuity issued by an organization that is only licensed to issue charitable gift annuities
- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as certain investment elements of a variable life insurance policy or a variable annuity contract
- Any policy of reinsurance unless an assumption certificate was issued
- Interest rate yields (including implied yields) that exceed limits that are specified in Insurance Code Section 1067.02(b)(2)(C)

NOTICES

Insurance companies or their agents are required by law to give or send you this notice. Policyholders with additional questions should first contact their insurer or agent. To learn more about coverages provided by the Association, please visit the Association's website at <a href="http://www.califega.org">www.califega.org</a> , or contact either of the following: California Life and Health Insurance Guarantee Association	California Department of Insurance Consumer Communications Bureau
P.O. Box 16860 Beverly Hills, CA 90209-3319	300 South Spring Street Los Angeles, CA 90013
(323) 782-0182	(800) 927- 4357

**Guaranty Association Contact Information Changes**

**State: Indiana Bulletin 231**

**Effective Date: 8/4/2016**

**Summary:** The Indiana Life and Health Guaranty Association updated the Notice to reflect its new office address.

Indiana Life & Health Insurance Guaranty Association

3502 Woodview Trace Suite 100

Indianapolis, IN 46268

317-636-8204

**Other Notices**

**State: Oregon House Bill 2850**

**Effective Date: 1/1/2016**

**Summary:** The Department of Insurance requires that Insurers send a notice to those insureds whose individual life policy is about to lapse due to failure to pay premium. The insurers must send a written notice at least 30 days before the date of the lapse and accompany the notice with an explanation of the reason for the lapse. The notice must be sent by first-class mail, postage prepaid, to the last-known address of the policy owner and designee (if any). ALTERNATIVELY, the insurer can send the notice via e-mail to the last-known e-mail address for the policy owner and designee (if any) that is in the insurer's records, provided that the policy owner and designee (if any) consent to receive notices related to the policy owner's insurance policy electronically. However, these provisions do not apply to individual life policies that require a premium payment each month or at more frequent intervals.