

SENATE BILL No. 242

By Committee on Ways and Means

3-22

1 AN ACT concerning insurance; relating to accident and sickness
2 insurance; requiring insurers to provide an applicant a copy of the
3 policy or contract before payment of any premium; amending K.S.A.
4 40-2218 and 40-2219 and repealing the existing sections.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 40-2218 is hereby amended to read as follows: 40-
8 2218. (a) The commissioner of insurance shall issue rules and regulations
9 to establish standards for benefits under each of the following categories of
10 coverage in individual policies, other than conversion policies issued
11 pursuant to a contractual conversion privilege under a group policy, of
12 accident and sickness insurance or subscriber contracts:

- 13 (1) Basic hospital expense coverage;
- 14 (2) basic medical-surgical expense coverage;
- 15 (3) hospital confinement indemnity coverage;
- 16 (4) major medical expense coverage;
- 17 (5) disability income protection coverage;
- 18 (6) accident only coverage; and
- 19 (7) specified disease or specified accident coverage.

20 (b) Nothing in this section shall preclude the issuance of any policy
21 or contract which combines two (2) or more of the categories of coverage
22 enumerated in paragraphs (1) through (6) of subsection (a).

23 (c) No policy or contract shall be delivered or issued for delivery in
24 this state which does not meet the prescribed standards for the categories
25 of coverage listed in paragraphs (1) through (7) of subsection (a) which are
26 contained within the policy or contract unless the commissioner finds such
27 policy or contract, including those affording supplemental coverage, will
28 fulfill a reasonable public need and such policy or contract meets the
29 requirements set forth in K.S.A. 40-2215, *and amendments thereto*, or
30 unless the *policy or contract* or outline of coverage ~~required by K.S.A. 40-~~
31 ~~2219~~ clearly sets forth wherein such *policy or contract* does not provide
32 the standards for benefits promulgated by the commissioner.

33 (d) The commissioner shall prescribe the method of identification of
34 policies and contracts based upon coverages provided.

35 Sec. 2. K.S.A. 40-2219 is hereby amended to read as follows: 40-
36 2219. (a) In order to provide for full and fair disclosure in the sale of

1 individual accident and sickness insurance policies or subscriber contracts
2 of a non-profit hospital, medical or dental service corporation, no such
3 policy or contract shall be delivered or issued for delivery in this state
4 unless: ~~(1) The outline of coverage described in subsection (b) either~~
5 ~~accompanies the policy; or (2) in all other cases, the outline of coverage~~
6 ~~described in subsection (b) is delivered to the applicant at the time~~
7 ~~application is made and an acknowledgment of receipt or certificate of~~
8 ~~delivery of such outline~~ a copy of the policy or contract is provided by the
9 insurer with the application. In the event the policy is issued on a basis
10 other than that applied for, the outline of coverage properly describing the
11 policy or contract must accompany the policy or contract when it is *shall*
12 *be delivered to the applicant before any premium is assessed* and clearly
13 state that it is not the policy or contract for which application was made.

14 (b) *In addition to a copy of the policy or contract, an insurer also*
15 *may provide an outline of coverage.* The commissioner shall prescribe the
16 format and content of the outline of coverage ~~required by subsection (a).~~
17 "Format" means style, arrangement and overall appearance, including such
18 items as the size, color, and prominence of type and the arrangement of
19 text and captions. Such outline of coverage shall include:

20 (1) A statement identifying the applicable category or categories of
21 coverage provided by the policy or contract as prescribed in K.S.A. 40-
22 2218, *and amendments thereto;*

23 (2) a description of the principal benefits and coverage provided in
24 the policy or contract;

25 (3) a statement of the exceptions, reductions and limitations contained
26 in the policy or contract;

27 (4) a statement of the renewal provisions including any reservation by
28 the insurer or non-profit hospital, medical, or dental service corporation of
29 a right to change premiums;

30 (5) a statement that the outline is a summary of the policy or contract
31 issued or applied for and that the policy or contract should be consulted to
32 determine governing contractual provisions.

33 Sec. 3. K.S.A. 40-2218 and 40-2219 are hereby repealed.

34 Sec. 4. This act shall take effect and be in force from and after its
35 publication in the statute book.