

By the Committee on Banking and Insurance; and Senator Posey

597-2348-07

1                                   A bill to be entitled

2           An act relating to health insurance policies;

3           amending s. 627.6043, F.S.; providing

4           policyholders with the right to designate at

5           least one secondary addressee to receive a

6           notice of cancellation or nonrenewal for

7           nonpayment of premium; requiring insurers to

8           notify the policyholder of his or her right at

9           least once every 2 years; providing for a

10          designation form; providing for a waiver of the

11          right; requiring the inclusion of specific

12          language in each waiver; providing requirements

13          for the delivery of a notice of cancellation or

14          nonrenewal; providing for policy reinstatement

15          upon a sufficient demonstration of cognitive

16          impairment or loss of functional capacity;

17          defining the term "cognitive impairment";

18          authorizing insurers to require payment of an

19          interest charge on the overdue unpaid premium;

20          providing for the deduction of unpaid premium

21          plus interest from claim settlements under

22          certain circumstances; providing an effective

23          date.

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25   Be It Enacted by the Legislature of the State of Florida:

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27           Section 1. Subsections (4), (5), and (6) are added to

28   section 627.6043, Florida Statutes, to read:

29           627.6043 Notification of cancellation, nonrenewal, or

30   change in rates.--

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1           (4) Each policyholder or applicant has the right to  
2 designate at least one person, in addition to the insured, who  
3 is to receive notice of cancellation or nonrenewal for  
4 nonpayment of premium. For policies issued or renewed on or  
5 after October 1, 2007, the insurer shall notify the  
6 policyholder at least once every 2 years of the policyholder's  
7 right to designate a secondary addressee. Designation does not  
8 constitute acceptance by the insurer of any liability for the  
9 additional parties. The form used for the written designation  
10 must provide space clearly designated for listing at least one  
11 person. The designation shall include each person's full name  
12 and home address. Each policyholder or applicant who elects  
13 not to designate a secondary addressee shall execute a waiver.  
14 The waiver remains effective until the policyholder designates  
15 a secondary addressee on an executed form. The waiver must  
16 state: "Protection against unintended lapse.--I understand  
17 that I have the right to designate at least one person other  
18 than myself to receive notice of cancellation or nonrenewal of  
19 this policy due to nonpayment of premium. I understand that  
20 notice will not be given until (...grace period...) days after  
21 a premium is due and unpaid. I elect NOT to designate any  
22 person to receive such notice."

23           (5) Notice of cancellation or nonrenewal due to  
24 nonpayment of premium shall be given by first-class United  
25 States mail, postage prepaid, and notice may not be given  
26 until the end of the grace period for late payment of premium,  
27 as required by s. 627.608. Notice shall be deemed given on the  
28 5th day after the date on which it is mailed.

29           (6) If a policy is canceled or nonrenewed due to  
30 nonpayment of premium, the policyholder is entitled to have  
31 the policy reinstated if the policyholder or any secondary

1 addressee designated pursuant to subsection (4) demonstrates  
2 within not less than 150 days after the date of cancellation  
3 or nonrenewal that the failure to pay the premium when due was  
4 unintentional and due to the cognitive impairment or loss of  
5 functional capacity of the policyholder. Under these  
6 circumstances, reinstatement of the policy is subject to  
7 payment of overdue premiums. As used in this subsection, the  
8 term "cognitive impairment" means a deficiency in a person's  
9 short-term or long-term memory; orientation as to person,  
10 place, and time; deductive or abstract reasoning; or judgment  
11 as it relates to safety awareness. The insurer may require  
12 payment of an interest charge of not more than 8 percent per  
13 year for the number of days elapsing before the payment of the  
14 premium. During this period, the policy remains in effect if  
15 the claimant or the claimant's representative makes a  
16 sufficient demonstration of cognitive impairment. If a claim  
17 is made under the policy during the grace period for late  
18 payment or the 150-day period after the date of cancellation  
19 or nonrenewal and before the overdue premium is paid, the  
20 amount of the premium or premiums plus any applicable interest  
21 as described in this subsection may be deducted from any  
22 settlement under the policy.

23           Section 2. This act shall take effect October 1, 2007.  
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
COMMITTEE SUBSTITUTE FOR  
Senate Bill 2222

The committee substitute provides the following changes:

1. Clarifies that each policyholder be given the right to designate at least one person, in addition to the insured, to receive notice of cancellation or non-renewal for nonpayment of premium.
2. Provides an effective date of October 1, 2007.
3. Defines "cognitive impairment".
4. Makes the bill consistent with the current requirements for a grace period for late payment on premiums.
5. Provides that if a policyholder makes a written rejection of the option to notify a secondary person, this must only be done one time.