

Postclaims Underwriting

This Act restricts health insurers and HMOs from rescinding or limiting coverage based on information submitted with or omitted from an insurance application if the insurer or HMO did not perform a thorough medical underwriting process before issuing the policy, contract, or certificate. However, the legislation also directs the state insurance commissioner to establish a process to enable insurers to apply to the commissioner to rescind a policy holder's coverage and a method to appeal the commissioner's decision if the application to rescind is not approved by the commissioner.

Submitted as:

Connecticut

[Public Act No. 07-113](#)

Status: Enacted into law in 2007.

Suggested State Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This Act shall be cited as “An Act to Limit Health Insurers from
2 Rescinding Coverage Under Certain Conditions.”

3
4 Section 2. [*Rescinding, Cancelling or Limiting Insurance Policies or Contracts.*]

5 (a) Unless approval is granted pursuant to subsection (b) of this section, no insurer or
6 health care center may rescind, cancel or limit any policy of insurance contract, evidence of
7 coverage or certificate that provides coverage of the type specified in [insert citation] on the basis
8 of written information submitted on, with or omitted from an insurance application by the insured
9 if the insurer or health care center failed to complete medical underwriting and resolve all
10 reasonable medical questions related to the written information submitted on, with or omitted from
11 the insurance application before issuing the policy, contract, evidence of coverage or certificate.

12 (b) No insurer or health care center may rescind, cancel or limit any such policy, contract,
13 evidence of coverage or certificate more than [two years] after the effective date of the policy,
14 contract, evidence of coverage or certificate.

15 (c) An insurer or health care center shall apply for approval of such rescission, cancellation
16 or limitation by submitting such written information to the [Insurance Commissioner] on an
17 application in such form as the [commissioner] prescribes. Such insurer or health care center shall
18 provide a copy of the application for such approval to the insured or the insured's representative.

19 (d) Not later than [seven business days] after receipt of the application for such approval,
20 the insured or the insured's representative shall have an opportunity to review such application and
21 respond and submit relevant information to the [commissioner] with respect to such application.

22 (e) Not later than [fifteen] business days after the submission of information by the insured
23 or the insured's representative, the [commissioner] shall issue a written decision on such
24 application.

25 (f) The [commissioner] may approve such rescission, cancellation or limitation if the
26 commissioner finds:

27 (1) the written information submitted on or with the insurance application was false
28 at the time such application was made and the insured or such insured's representative knew or

29 should have known of the falsity therein, and such submission materially affects the risk or the
30 hazard assumed by the insurer or health care center, or

31 (2) the information omitted from the insurance application was knowingly omitted
32 by the insured or such insured's representative, or the insured or such insured's representative
33 should have known of such omission, and such omission materially affects the risk or the hazard
34 assumed by the insurer or health care center. Such decision shall be mailed to the insured, the
35 insured's representative, if any, and the insurer or health care center.

36 (g) Notwithstanding the provisions of [insert citation], any insurer or insured aggrieved by
37 any decision by the [commissioner] under this Act may, within [thirty] days after notice of the
38 [commissioner's] decision is mailed to such insurer and insured, take an appeal therefrom to the
39 [superior court for the judicial district] of [insert location], which shall be accompanied by a
40 citation to the [commissioner] to appear before said court. Such citation shall be signed by the
41 same authority, and such appeal shall be returnable at the same time and served and returned in the
42 same manner, as is required in case of a summons in a civil action. Said court may grant such
43 relief as may be equitable.

44 (h) The [Insurance Commissioner] may adopt regulations, in accordance with [insert
45 citation], to implement the provisions of this section.

46
47 Section 3. [*Severability.*] [Insert severability clause.]

48
49 Section 4. [*Repealer.*] [Insert repealer clause.]

50
51 Section 5. [*Effective Date.*] [Insert effective date.]