

1 H.2

2 Introduced by Representative Poirier of Barre City

3 Referred to Committee on

4 Date:

5 Subject: Health; health insurance; contracts; discretionary clause

6 Statement of purpose: This bill proposes to ban discretionary clauses in health
7 insurance contracts.

8 An act relating to a ban on discretionary clauses in health insurance
9 contracts

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 8 V.S.A. § 4063 is amended to read:

12 § 4063. FORM AND CONTENTS OF POLICY

13 No policy of individual health insurance shall be delivered or issued for
14 delivery to any person in this state unless:

15 * * *

16 (8) There is prominently printed on the first page thereof or is attached
17 thereto a notice to the effect that during a period of 30 days from the date the
18 policy is delivered to persons eligible for ~~medicare~~ Medicare by reason of age
19 and 10 days from the date of delivery to all other persons, the policy may be
20 surrendered to insurer together with written request for cancellation of the

1 policy, and in such event the insurer will refund any premium paid therefore,
2 including any policy fees or other charges; provided, however, that this
3 subdivision shall not apply to single premium nonrenewable policies insuring
4 against accident only or medical costs or accidental bodily injury only; and

5 (9) It contains no provision purporting to reserve discretion to the
6 insurer to interpret the terms of the policy, to provide standards of
7 interpretation or review that are inconsistent with the laws of this state, or to
8 give rise to a standard of review on appeal other than a de novo review.

9 Sec. 2. EFFECTIVE DATE, APPLICABILITY, AND SEVERABILITY

10 (a) This act shall take effect upon passage.

11 (b) Any provision in any health insurance policy in effect on the effective
12 date of this act purporting to authorize an activity described in Sec. 1 of this act
13 shall be null and void as to that provision. The validity of the remainder of
14 such policy shall be unaffected.