

Bulletin 240

SMALL GROUP AND INDIVIDUAL HEALTH INSURANCE : GUARANTEE ISSUE AND THE PROHIBITION AGAINST TIE-IN SALES REQUIREMENTS

On September 2, 1993, the Superintendent issued Bulletin 218, which stated in relevant part:

Historically some insurers have refused to sell health insurance unless a small group also purchased the life insurance offered. Because of the guarantee issue requirement for small group health insurance, insurers may no longer make it a requirement to buy the life insurance.

It has come to the Bureau's attention, that some insurers have not understood that policy and certificateholders with coverage in force as of the effective date of the law, who had at initial purchase been subjected to a then-permissible tie-in sales requirement, **MUST BE AFFIRMATIVELY NOTIFIED THAT THE TIE-IN SALE REQUIREMENT IS NO LONGER IN EFFECT AS REGARDS THEIR HEALTH COVERAGE.** If the insured has not been affirmatively notified that the tie-in coverage is no longer required, continuing to issue premium invoices reflecting charges for both the health and tie-in coverage subsequent to a policy or certificate's first renewal after the effective date of the Community Rating Law, constitutes an impermissible misrepresentation of policy terms in violation of 24-A M.R.S.A.

§ 2153. Insurers who have not taken steps to affirmatively notify impacted insureds are advised to immediately do so or face disciplinary action.

DATE: February 23, 1995 _____
BRIAN K. ATCHINSON
Superintendent of Insurance