



Ohio Miscellaneous Regulatory Material
DEPARTMENT OF INSURANCE
BULLETINS

**Bulletin 14 Health, accident and
hospitalization insurance**

Effective Date
November 19, 1957

This bulletin is applicable only to individual sickness and accident policies, riders and endorsements issued or delivered after July 1, 1956 in the State of Ohio.

Section 1: (a) As used herein the word "shall" is mandatory, and the word "may" is permissive.

(b) The words "policy" or "policies" as used herein include riders and endorsements.

Section 2: Sections 3923.03 to 3923.07, inclusive, Revised Code, do not apply to sickness and accident group and blanket insurance as defined in Section 3923.12 and 3923.13 except as provided in Section 3923.20.

Section 3: All individual policies issued on the Industrial basis shall comply with the requirements of Sections 3923.01 to 3923.22, inclusive and with this bulletin.

Section 4: any policy now in use subject to the provisions of Sections 3923.011 to 3923.09 as effective July 1, 1956, heretofore filed by or on behalf of an insurer and approved by the Department of Insurance need not solely on account of this bulletin, be refiled; however, policies which do not conform with the applicable provisions of such sections as effective July 1, 1956, and which are issued after July 1, 1956, shall be brought into compliance with the requirements of such sections, as amended, and with this bulletin by the use of rider or endorsement duly filed and approved by the Department of Insurance.

Section 5: A policy may contain language to the effect that its renewal is subject to timely payment of premiums when due.

Section 6: The certificates referred to in the last sentence of the second paragraph of Section 3923.02 are those which are used in the State of Ohio in connection with or pursuant to the provisions of any group sickness and accident insurance policy which is not delivered or issued in the State of Ohio but which insures residents of Ohio. The purpose of such sentence is to provide a method whereby the Superintendent of Insurance may request the filing of a particular form of certificate for informational purposes. When the Superintendent desires such information he will request it.

Section 7: The second paragraph of Division (A) of Section 3923.04 need not be made a part of the required "Entire Contract; Changes" policy provision and may be omitted therefrom.

Section 8: The last paragraph of Division (B)(2) of Section 3923.04 which provides that no chronic disease or chronic physical condition may be excluded from the coverage except by

name or specific description need not be made a part of the required policy provision. The purpose of this last paragraph in Division (B) is to make it clear that the words "chronic disease" or "chronic physical condition" are not terms sufficiently descriptive to constitute exceptions to the policy coverage.

Section 9: (a) The last paragraph of Division (C) of Section 3923.04 does not apply to a policy in which the insured has the right to continue the policy in force subject to its terms by the timely payment of premiums until (1) at least age 50, or (2), in case of a policy issued after age 44, for a period of at least five years from its date of issue; except that, if the insurer in such policy provides that the policy may continue in force after the specified age or specified period of time but that the insurer may refuse to renew the policy after such age or such period, a rider or endorsement shall be issued on the date when such policy becomes renewable at the option of the insurer and the rider or endorsement shall comply with Division (C) of Section 3923.04.

(b) The last paragraph of Division (C) of Section 3923.04 applies only to a policy issued to an individual on an individual basis in which the insurer reserves the right to refuse to renew. It does not apply to individual policies issued to members of an association, labor union, or to employees of an employer when (1) the policy provides that the insurer shall not refuse to renew any individual policyholder in a particular group unless the insurer gives at least 60 days notice of intention to non-renew all policyholders in that group, or (2) the policy provides that the insurer may terminate or refuse to renew an individual after the individual attains a specified age, retires, or ceases to engage in the duties of his profession or occupation (except by reason of disability covered under the terms of the policy), or ceases to be a member of the association, labor union or to be an employee of the employer. If, after the occurrence of one of the conditions on which individual termination or refusal to renew is permitted by the terms of the policy, the insurer elects to keep such policy in force but reserves the right to refuse to renew the policy on its anniversary date thereafter, a rider or endorsement shall be issued to the insured individual on the date the insurer so elects to keep such policy in force. The rider or endorsement shall not be attached to the policy until such date unless such rider or endorsement specifically provides that it shall not become effective until after the occurrence of the conditions on which individual termination or refusal to renew is permitted by the terms of the policy. The rider or endorsement shall comply with Division (C) of Section 3923.04.

(c) The word "anniversary" as used in the last paragraph of Division (C) of Section 3923.04 means that date which is one year after the effective date of the policy. All subsequent anniversary dates shall be measured from the effective date of the policy.

(d) The use of words "first anniversary, or between anniversaries, of its date of issue" which appear in the last paragraph of Division (c) of Section 3923.04, mean that the insurer may issue a policy, rider or endorsement containing language providing for a premium renewal date which occurs on, or after and nearest, but not before, the anniversary date of the policy. Certain policies are issued wherein the premium renewal date does not coincide with but does not precede the anniversary date. If the premium renewal date coincides with the anniversary date, a reference in the policy to the anniversary date occurring "after and nearest each anniversary date of issue," is not required and, in such case, a reference to the right to refuse to renew on each anniversary is sufficient. Policy or rider language more favorable to the insured may be used at the option of the insurer. For example, establishing the premium due date in such manner as to provide coverage for a few days or a few weeks longer than the required one year, would be more favorable to the insured and, therefore,

permissible.

(e) In the event of reinstatement after lapse the policy shall retain its original anniversary date, unless by rider or endorsement the insurer elects to establish a new anniversary date.

Section 10: (a) Division (M) of Section 3923.04 requires a provision for cancellation by the insured. Each policy issued to an individual on an individual basis, except those described in paragraph (d) of this section of this bulletin, shall contain such a cancellation provision.

(b) In the event of cancellation by the insured of any policy, other than policies specified in paragraph (d) of this section of this bulletin, the insurer shall return promptly the unearned portions of any premium paid. Section 3923.04 provides that the earned premium shall be computed by the use of the short rate table last filed with the state official having supervision of insurance in the state where the insured resided when the policy was issued. An insurer, however, may use the pro rata method of returning premiums, if it desires to do so. This department will accept for filing the short rate table commonly in use by fire and casualty companies, or any other table which is more favorable to the insured.

(c) The last sentence of Division (M) of Section 3923.04, which nullifies any other cancellation provision, may be omitted from a policy which does not contain any provision permitting cancellation by the insurer or permitting the insurer to refuse to renew.

(d) Division (M) of Section 3923.04 does not apply to travel or trip accident-only policies which are issued for a single premium on a non-renewable basis for a term not to exceed 180 days covering a hazardous period of time selected by the insured.

Section 11: Under the provisions of Section 3923.07, and with the approval of the Superintendent of Insurance, the caption or wording of the text of any provision of any policy designed to comply with either Division (C) or (M) of Section 3923.04 may be drafted in a manner which varies from the wording used in the statute, if the wording of the policy is not less favorable to the insured or the beneficiary than the statutory wording, and clarifies the meaning of either the caption or text of the policy.

Section 12: (a) Section 3923.12(A)(3) and Section 3923.13(E) of the Revised Code provides that the Superintendent of Insurance may approve a policy for issuance to any group which is substantially similar to the groups listed in said sections.

(b) Under Section 3923.12 employees or members of associations may be covered, whether such employees are members of the association or not.

(c) A blanket policy issued under Section 3923.13 may be issued to a school board or a school district to cover one or more schools. Such blanket school policies may provide coverage for all bona fide employees of the school, school board and school district. (These examples are not intended to be exclusive, but are only an indication of permissible eligible groups substantially similar to the groups listed in Sections 3923.12 and 3923.13.) Policies submitted under the "substantially similar" portions of Sections 3923.12 and 3923.13 shall be considered by the department of Insurance only when submitted in exactly the same language and form in which they will be issued.

Section 13: As used in Sickness and Accident policies in this State, unless otherwise clearly

defined in the policy, the word "hospital" shall mean: any institution which maintains an establishment for the medical or surgical care of bed patients for a continuous period longer than twenty-four hours, which is open to the general public twenty-four hours each day for emergency care, which has a minimum of ten patient beds, which has an average of two thousand patient days per annum, and which has on duty a registered nurse twenty-four hours each day.

Section 14: All policies submitted to the Department of Insurance for approval must be completed in "John Doe" fashion. Only one copy of each form need be filed.

CROSS REFERENCE 3923.03; 3923.07; 3923.12; 3923.13; 3923.20; 3923.01; 3923.22; 3923.011; 3923.09; 3923.02; 3923.04

Arthur I. Vorys
Director of Insurance

SUBJECT CATEGORY 060 - Health insurance / insurers 080 - Group insurance (all lines)
300 - The policy 360 - Filing and reporting requirements

DEFINITIONS Anniversary; First anniversary, or between anniversaries, of its date of issue; Hospital

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