

**304.17A-245 Required notice of cancellation -- Procedure -- Refund of unearned premium.**

- (1) Except as provided in subsection (2) of this section, an insurer delivering or issuing a health benefit plan subject to this subtitle shall give the policyholder or contract holder at least thirty (30) days' advance written notice of cancellation. The notice shall be mailed by regular United States first class mail to the policyholder's or contract holder's last address as shown by the records of the insurer. If premium has been paid, the insurer shall pay all claims through the conclusion of the thirty (30) day notice period, except for as provided in KRS 304.14-110.
- (2) If cancellation is for nonpayment of premium, the insurer shall give the policyholder or contract holder at least thirty (30) days' written notice of cancellation. The cancellation shall be mailed by regular United States first class mail. If premium is not paid at the conclusion of the thirty (30) day grace period, the policy automatically terminates to the last date through which premium was paid. The insurer shall clearly state, in the thirty (30) day notice of termination, that if premium is not received by the end of the thirty (30) day grace period, the policy automatically terminates to the last date through which premium was paid.
- (3) If the group policy has been canceled, the insurer shall notify each group member of his right to conversion pursuant to KRS 304.18-110 within fifteen (15) business days after the end of the grace period. On and after January 1, 2001, every insurer offering group health insurance coverage in the Commonwealth shall include in its contract with group policyholders or contract holders, regardless of the situs of the contract, a provision requiring the group policyholder or contract holder to mail promptly to each person covered under the group policy or contract a legible, true copy of any notice of cancellation of the group coverage which may be received from the insurer and to provide promptly to the insurer proof of that mailing and the date thereof. The notice of cancellation mailed by the group policyholder or contract holder to each person covered under the group policy or contract shall include information regarding the conversion rights of covered persons upon termination of the group policy or contract. This information shall be in clear and easily understandable language.
- (4) All group contracts shall include an automatic termination provision if premium amounts are not received by the end of the grace period.
- (5) In the event of cancellation, the insurer shall return promptly the unearned portion of any premium paid. Cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation.
- (6) If the insurer fails to provide the thirty (30) days' notice required by this section, the coverage shall remain in effect at the existing premium until thirty (30) days after the notice is given or until the effective date of replacement coverage obtained by the insured, whichever occurs first.
- (7) In the case of nonpayment of premium, all group contracts shall include an insurer's reinstatement policy for a contract holder or policyholder. An insurer shall not deny a contract holder or policyholder reinstatement based on any health-related factor listed in KRS 304.17A-200 or consideration of medical loss ratio.

**Effective:** July 13, 2004

**History:** Amended 2004 Ky. Acts ch. 157, sec. 2, effective July 13, 2004. -- Amended 2002 Ky. Acts ch. 249, sec. 1, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 500, sec. 10, effective July 14, 2000.