

304.18-127 Transfer of liability when policy replaced by that of succeeding insurer.

- (1) This section shall indicate the insurer responsible for liability in those instances in which one (1) insurer's group policy replaces the group policy of another insurer.
- (2) The prior insurer shall remain liable only to the extent of its accrued liabilities, extension of benefits, and for persons who are under continued group health insurance coverage pursuant to KRS 304.18-110 at the time the group policy terminates. The position of the prior insurer shall be the same whether the group policyholder secures replacement coverage from a new insurer, self insures, or forgoes the provision of a group policy, except that termination of continued group health insurance coverage shall occur in accordance with KRS 304.18-110 and 304.18-114.
- (3) The liability of a succeeding insurer shall be as follows:
 - (a) Each person who is eligible for coverage shall be covered by that insurer's plan on the effective date of coverage and in accordance with KRS 304.17A-200.
 - (b) If a person, who is eligible for coverage, is confined as of the effective date of coverage under the succeeding insurer's plan and the succeeding insurer has a nonconfinement rule, the succeeding insurer is not responsible for the cost of the person's confinement to the extent that the confinement is covered by a prior insurer's extension of benefits provision, in accordance with KRS 304.18-126.
 - (c) The succeeding insurer, in applying any deductibles or waiting periods in its plan, shall give credit for the satisfaction or partial satisfaction of the same or similar provisions under a prior group policy. In the case of deductible provisions, the credit shall apply for the same or overlapping benefit periods and shall be given for expenses actually incurred and applied against the deductible provisions of the prior insurer's group policy during the ninety (90) days preceding the effective date of the succeeding insurer's group policy, but only to the extent these expenses are recognized under the terms of the succeeding insurer's group policy and are subject to similar deductible provisions.
 - (d) If a determination of the prior insurer's benefit is required by the succeeding insurer, at the succeeding insurer's request the prior insurer shall furnish a statement of the benefits available or pertinent information sufficient to permit verification of the benefit determination or the determination itself by the succeeding insurer. For purposes of this section, benefits of the prior insurer's group policy shall be determined in accordance with all of the definitions, conditions, and covered expense provisions of the prior insurer's group policy rather than those of the succeeding insurer's group policy. The benefit determination shall be made as if coverage had not been replaced by the succeeding insurer.

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History: Amended 2002 Ky. Acts ch. 351, sec. 12, effective July 15, 2002. -- Amended 1998 Ky. Acts ch. 483, sec. 22, effective July 15, 1998. -- Created 1990 Ky. Acts ch. 119, sec. 4, effective July 13, 1990.

