

**CHAPTER 314**  
**SB 251 - FINAL VERSION**

03/27/2019 1175s  
5Jun2019... 2005h  
06/27/2019 2657EBA

2019 SESSION

19-1060  
01/04

SENATE BILL            ***251***

AN ACT                    relative to the life and health insurance guaranty association and relative to an unfair insurance practice regarding certain prescriptions.

SPONSORS:            Sen. Kahn, Dist 10

COMMITTEE:          Commerce

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AMENDED ANALYSIS

This bill establishes the Life and Health Insurance Guaranty Association of 2019.

This bill also makes it an unfair insurance practice to refuse to insure an applicant who has filled a prescription for certain medications.

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Explanation:          Matter added to current law appears in ***bold italics***.  
                         Matter removed from current law appears ~~[in brackets and struckthrough]~~  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Nineteen*

AN ACT                    relative to the life and health insurance guaranty association and relative to an unfair insurance practice regarding certain prescriptions.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1            314:1 New Chapter; Life and Health Insurance Guaranty Association of 2019. Amend RSA by  
2 inserting after chapter 408-E the following new chapter:

CHAPTER 408-F

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OF 2019

5            408-F:1 Title. This chapter shall be known and may be cited as the New Hampshire Life and  
6 Health Insurance Guaranty Association Act of 2019.

7            408-F:2 Purpose.

8            I. The purpose of this chapter is to protect, subject to certain limitations, the persons  
9 specified in RSA 408-F:5, I against failure in the performance of contractual obligations, under life,  
10 health and annuity policies, plans, or contracts specified in RSA 408-F:5, II, because of the  
11 impairment or insolvency of the member insurer that issued the policies, plans, or contracts.

12            II. To provide this protection, an association of member insurers is created to pay benefits  
13 and to continue coverages as limited herein, and members of the association are subject to  
14 assessment to provide funds to carry out the purpose of this chapter.

15            408-F:3 Construction. This chapter shall be liberally construed to effect the purpose under RSA  
16 408-F:2 which shall constitute an aid and guide to interpretation.

17            408-F:4 Definitions. In this chapter:

18            I. "Account" means either of the 2 accounts created under RSA 408-F:6.

19            II. "Association" means the New Hampshire life and health insurance guaranty association  
20 created under RSA 408-F:6.

21            III. "Commissioner" means the commissioner of insurance.

22            IV. "Contractual obligation" means any obligation under a policy or contract or certificate  
23 under a group policy or contract, or portion thereof for which coverage is provided under RSA 408-  
24 F:5.

25            V. "Covered contract" or "covered policy" means any policy or contract within the scope of  
26 this chapter under RSA 408-F:5.

27            VI. "Health benefit plan" means any hospital or medical expense policy or certificate, or  
28 health maintenance organization subscriber contract or any other similar health contract. "Health

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 2 -**

benefit plan” does not include:

- (a) Accident only insurance.
- (b) Credit insurance.
- (c) Dental only insurance.
- (d) Vision only insurance.
- (e) Medicare supplement insurance.
- (f) Benefits for long-term care, home health care, community-based care, or any combination thereof.
- (g) Disability income insurance.
- (h) Coverage for on-site medical clinics.
- (i) Specified disease, hospital confinement indemnity, or limited benefit health insurance if the types of coverage do not provide coordination of benefits and are provided under separate policies or certificates.

VII. "Impaired insurer" means a member insurer which, on or after January 1, 2020, is not an insolvent insurer; and

- (a) Is deemed by the commissioner to be potentially unable to fulfill its contractual obligations; or
- (b) Is placed under an order of rehabilitation or conservation by a court of competent jurisdiction.

VIII. "Insolvent insurer" means a member insurer which on or after January 1, 2020, is placed under an order of liquidation by a court of competent jurisdiction with a finding of insolvency.

IX. "Member insurer" means any insurer or health maintenance organization licensed or which holds a certificate of authority to transact in this state any kind of insurance or health insurance organization business for which coverage is provided under RSA 408-F:5, and includes any insurer or health maintenance organization whose license or certificate of authority in this state may have been suspended, revoked, not renewed or voluntarily withdrawn, but does not include:

- (a) A nonprofit hospital or medical service organization.
- (b) A fraternal benefit society.
- (c) A mandatory state pooling plan.
- (d) A mutual assessment company or any entity that operates on an assessment basis.
- (e) An insurance exchange.
- (f) An organization that has a certificate or license limited to the issuance of charitable gift annuities under RSA 403-E.
- (g) Any entity similar to any of the above.

X. "Moody's Corporate Bond Yield Average" means the Monthly Average Corporates as published by Moody's Investors Service, Inc., or any successor thereto.

XI. "Person" means any individual, corporation, partnership, association, or voluntary

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 3 -**

1 organization.

2 XII. "Premiums" means amounts received on covered policies or contracts less premiums,  
3 considerations, and deposits returned on such policies or contracts and less dividends and experience  
4 credits on such policies or contracts. "Premiums" does not include any amounts received for any  
5 policies or contracts or for the portions of any policies or contracts for which coverage is not provided  
6 under RSA 408-F:5, II, except that assessable premium shall not be reduced on account of RSA 408-  
7 F:5, II(b)(3) relating to interest limitations and RSA 408-F:5, III(b) relating to limitations with  
8 respect to any one individual, any one participant and any one policy or contract holder; provided  
9 that "premiums" shall not include:

10 (a) Any premiums in excess of \$5,000,000 on any unallocated annuity contract not issued  
11 under a governmental retirement plan established under section 401, 403(b) or 457 of the United  
12 States Internal Revenue Code; or

13 (b) With respect to multiple non-group policies of life insurance owned by one owner,  
14 whether the policy or contract owner is an individual, firm, corporation, or other person, and  
15 whether the persons insured are officers, managers, employees or other persons, premiums in excess  
16 of \$5,000,000 with respect to these policies or contracts, regardless of the number of policies or  
17 contracts held by the owner.

18 XIII. "Resident" means a person to whom a contractual obligation is owed and who resides  
19 in this state at the date of entry of a court order that determines a member insurer to be an impaired  
20 insurer or a court order that determines a member insurer to be an insolvent insurer, whichever  
21 occurs first. A person may be a resident of only one state, which in the case of a person other than a  
22 natural person shall be its principal place of business. Citizens of the United States that are either:  
23 (a) residents of foreign countries or (b) residents of United States possessions, territories or  
24 protectorates that do not have an association similar to the association created by this chapter, shall  
25 be deemed residents of the state of domicile of the member insurer that issued the policies or  
26 contracts.

27 XIV. "Structured settlement annuity" means an annuity purchased in order to fund periodic  
28 payments for a plaintiff or other claimant in payment for or with respect to personal injury suffered  
29 by the plaintiff or other claimant.

30 XV. "Supplemental contract" means any agreement entered into for the distribution of policy  
31 or contract proceeds.

32 XVI. "Unallocated annuity contract" means any annuity contract or group annuity  
33 certificate which is not issued to and owned by an individual, except to the extent of any annuity  
34 benefits guaranteed to an individual by an insurer under the contract or certificate.

35 408-F:5 Coverage and Limitations.

36 I. This chapter shall provide coverage for the policies and contracts specified in paragraph  
37 II:

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 4 -**

1           (a) To persons who, regardless of where they reside (except for nonresident certificate  
2 holders under group policies or contracts), are the beneficiaries, assignees, or payees, including  
3 health care providers rendering services covered under health insurance policies or certificates of the  
4 persons covered under subparagraph (b); and

5           (b) To persons who are owners of or certificate holders or enrollees under the policies or  
6 contracts, (other than unallocated annuity contracts and structured settlement annuities) and in  
7 each case who:

8               (1) Are residents; or

9               (2) Are not residents, but only under all of the following conditions:

10               (A) The member insurers that issued the policies or contracts are domiciled in  
11 this state;

12               (B) The states in which the persons reside have associations similar to the  
13 association created by this chapter; and

14               (C) The persons are not eligible for coverage by an association in any other state  
15 because the insurer or health maintenance organization was not licensed in the state at the time  
16 specified in the state's guaranty association law.

17           (c) For unallocated annuity contracts specified in paragraph II, subparagraphs (a) and  
18 (b) shall not apply, and this chapter shall, except as provided in subparagraphs (e) and (f), provide  
19 coverage to:

20               (1) Persons who are the owners of the unallocated annuity contracts if the contracts  
21 are issued to or in connection with a specified benefit plan whose plan sponsor has its principal place  
22 of business in this state; and

23               (2) Persons who are owners of unallocated annuity contracts issued to or in  
24 connection with government lotteries if the owners are residents.

25           (d) For structured settlement annuities specified in paragraph II; subparagraphs (a) and  
26 (b) shall not apply, and this chapter shall, except as provided in subparagraphs (e) and (f), provide  
27 coverage to a person who is a payee under a structured settlement annuity, or beneficiary of a payee  
28 if the payee is deceased, if the payee:

29               (1) Is a resident, regardless of where the contract owner resides; or

30               (2) Is not a resident, but only under both of the following conditions:

31                   (A)(i) The contract owner of the structured settlement annuity is a resident; or

32                   (ii) The contract owner of the structured settlement annuity is not a  
33 resident, but the insurer that issued the structured settlement annuity is domiciled in this state, and  
34 the state in which the contract owner resides has an association similar to the association created by  
35 this chapter; and

36               (B) Neither the payee or beneficiary nor the contract owner is eligible for  
37 coverage by the association of the state in which the payee or contract owner resides.

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 5 -**

1           (e) This chapter shall not provide coverage to:

2                 (1) A person who is a payee or beneficiary of a contract owner resident of this state,  
3 if the payee or beneficiary is afforded any coverage by the association of another state;

4                 (2) A person covered under subparagraph (c), if any coverage is provided by the  
5 association of another state to the person; or

6                 (3) A person who acquires rights to receive payments through a structured  
7 settlement factoring transaction as defined in 26 U.S.C. section 5891(c)(3)(A), regardless of whether  
8 the transaction occurred before or after such section became effective.

9           (f) This chapter is intended to provide coverage to a person who is a resident of this state  
10 and, in special circumstances, to a nonresident. In order to avoid duplicate coverage, if a person who  
11 would otherwise receive coverage under this chapter is provided coverage under the laws of any  
12 other state, the person shall not be provided coverage under this chapter. In determining the  
13 application of the provisions of this paragraph in situations where a person could be covered by the  
14 association of more than one state, whether as an owner, payee, enrollee, beneficiary, or assignee,  
15 this chapter shall be construed in conjunction with other state laws to result in coverage by only one  
16 association.

17           II.(a) This chapter shall provide coverage to the persons specified in paragraph I for policies  
18 and contracts of direct, non-group life insurance, health insurance, including health maintenance  
19 organization subscriber contracts and certificates, or annuities, and supplemental contracts to any of  
20 these, for certificates under direct group policies and contracts, and for supplemental contracts to  
21 any of these, and for unallocated annuity contracts issued by member insurers, except as limited by  
22 this chapter. Annuity contracts and certificates under group annuity contracts include, but are not  
23 limited to, guaranteed investment contracts, deposit administration contracts, unallocated funding  
24 agreements, allocated funding agreements, structured settlement annuities, annuities issued to or in  
25 connection with government lotteries and any immediate or deferred annuity contracts.

26           (b) Except as otherwise provided in subparagraph (c), this chapter shall not provide  
27 coverage for:

28                 (1) A portion of a policy or contract not guaranteed by the member insurer, or under  
29 which the risk is borne by the policy or contract owner;

30                 (2) Any policy or contract of reinsurance, unless assumption certificates have been  
31 issued;

32                 (3) A portion of a policy or contract to the extent that the rate of interest on which it  
33 is based, or the interest rate, crediting rate, or similar factor determined by use of an index or other  
34 external reference stated in the policy or contract employed in calculating returns or change in  
35 value:

36                         (A) Averaged over the period of 4 years prior to the date on which the member  
37 insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier, exceeds a

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 6 -**

1 rate of interest determined by subtracting 2 percentage points from Moody's Corporate Bond Yield  
2 Average averaged for that same 4-year period or for such lesser period if the policy or contract was  
3 issued less than 4 years before the member insurer becomes an impaired or insolvent insurer under  
4 this chapter, whichever is earlier; and

5 (B) On and after the date on which the member insurer becomes an impaired or  
6 insolvent insurer under this chapter, whichever is earlier, exceeds the rate of interest determined by  
7 subtracting 3 percentage points from Moody's Corporate Bond Yield Average as most recently  
8 available;

9 (4) Any plan or program of an employer, association, or similar entity to provide life,  
10 health, or annuity benefits to its employees or members to the extent that the plan or program is  
11 self-funded or uninsured, including, but not limited to, benefits payable by an employer, association,  
12 or similar entity under:

13 (A) A multiple-employer welfare arrangement as defined in 29 U.S.C. section  
14 1002(40);

15 (B) A minimum premium group insurance plan;

16 (C) A stop-loss group insurance plan; or

17 (D) An administrative services only contract;

18 (5) Any portion of a policy or contract to the extent that it provides dividends or  
19 experience rating credits, or provides that any fees or allowances be paid to any person, including  
20 the policy or contract holder, in connection with the service to or administration of the policy or  
21 contract;

22 (6) Any policy or contract issued in this state by a member insurer at a time when it  
23 was not licensed or did not have a certificate of authority to issue the policy or contract in this state;

24 (7) Any unallocated annuity contract issued to an employee benefit plan protected  
25 under the federal Pension Benefit Guaranty Corporation;

26 (8) Any portion of any unallocated annuity contract which is not issued to or in  
27 connection with a specific employee, union, or association of natural persons benefit plan or a  
28 government lottery;

29 (9) Any portion of a policy or contract to the extent that the assessments required by  
30 RSA 408-F:9 with respect to the policy or contract are preempted by federal or state law;

31 (10) A portion of a policy or contract to the extent it provides for interest or other  
32 changes in value to be determined by the use of an index or other external reference stated in the  
33 policy or contract, but which have not been credited to the policy or contract, or as to which the  
34 policy or contract owner's rights are subject to forfeiture, as of the date the member insurer becomes  
35 an impaired or insolvent insurer under this chapter, whichever is earlier. If a policy's or contract's  
36 interest or changes in value are credited less frequently than annually, then for purposes of  
37 determining the values that have been credited and are not subject to forfeiture under this

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 7 -**

1 subparagraph, the interest or change in value determined by using the procedures defined in the  
2 policy or contract shall be credited as if the contractual date of the crediting interest or changing  
3 values was the date of impairment or insolvency, whichever is earlier, and shall not be subject to  
4 forfeiture;

5 (11) A policy or contract providing any hospital, medical, prescription drug or other  
6 health care benefits pursuant to Part C or Part D of subchapter XVIII, chapter 7 of Title 42 of the  
7 United States Code, commonly known as Medicare Part C and D, or subchapter XIX, chapter 7 of  
8 Title 42 of the United States Code (commonly known as Medicaid), or any regulations issued  
9 pursuant thereto; and

10 (12) Structured settlement annuity benefits to which a payee or beneficiary has  
11 transferred his or her rights in a structured settlement factoring transaction as defined in 26 U.S.C.  
12 section 5891(c)(3)(A), regardless of whether the transaction occurred before or after such section  
13 became effective.

14 (c) The exclusion from coverage referenced in subparagraph (b)(3) of this section shall  
15 not apply to any portion of a policy or contract, including a rider, that provides long-term care or any  
16 other health insurance benefits.

17 III. The benefits for which the association may become liable shall in no event exceed the  
18 lesser of:

19 (a) The contractual obligations for which the insurer is liable or would have been liable if  
20 it were not an impaired or insolvent insurer; or

21 (b)(1) With respect to any one life, regardless of the number of policies or contracts:

22 (A) \$300,000 in life insurance death benefits, but not more than \$100,000 in net  
23 cash surrender and net cash withdrawal values for life insurance;

24 (B) For health insurance benefits:

25 (i) \$100,000 for coverages not defined as disability income insurance or  
26 health benefit plans or long-term care insurance, as defined in RSA 415-D, including any net cash  
27 surrender and net cash withdrawal values;

28 (ii) \$300,000 for disability income insurance, and \$300,000 for long-term care  
29 insurance, as defined in RSA 415-D; or

30 (iii) \$500,000 for health benefit plans;

31 (C) \$250,000 in the present value of annuity benefits, including net cash  
32 surrender and net cash withdrawal values; or

33 (2) With respect to each individual participating in a governmental retirement plan  
34 established under Section 401, 403(b) or 457 of the United States Internal Revenue Code covered by  
35 an unallocated annuity contract or the beneficiaries of each such individual if deceased, in the  
36 aggregate, \$250,000 in present value annuity benefits, including net cash surrender and net cash  
37 withdrawal values; or



**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 8 -**

1                   (3) With respect to each payee of a structured settlement annuity or beneficiary or  
2 beneficiaries of the payee if deceased, \$250,000 in present value annuity benefits, in the aggregate,  
3 including net cash surrender and net cash withdrawal value, if any.

4                   (4) However, in no event shall the association be obligated to cover more than:

5                         (A) An aggregate of \$300,000 in benefits with respect to any one life under  
6 subparagraphs (b)(1), (2) and (3) except with respect to benefits for health benefit plans under  
7 subparagraph (b)(1)(B)(iii), in which case the aggregate liability of the association shall not exceed  
8 \$500,000 with respect to any one individual; or

9                         (B) With respect to one owner of multiple, non-group policies of life insurance,  
10 whether the policy or contract owner is an individual, firm, corporation or other person, and whether  
11 the persons insured are officers, managers, employees, or other persons, more than \$5,000,000 in  
12 benefits, regardless of the number of policies and contracts held by the owner.

13                   (5) With respect to either one contract owner provided coverage under subparagraph  
14 I(c)(2); or one plan sponsor whose plans own directly or in trust one or more unallocated annuity  
15 contracts not included in subparagraph (b)(2) of this paragraph, \$5,000,000 in benefits, irrespective  
16 of the number of contracts with respect to the contract owner or plan sponsor. However, in the case  
17 where one or more unallocated annuity contracts are covered contracts under this chapter and are  
18 owned by a trust or other entity for the benefit of 2 or more plan sponsors, coverage shall be afforded  
19 by the association if the largest interest in the trust or entity owning the contract or contracts is held  
20 by a plan sponsor whose principal place of business is in this state and in no event shall the  
21 association be obligated to cover more than \$5,000,000 in benefits with respect to all these  
22 unallocated contracts.

23                   (6) The limitations set forth in this paragraph are limitations on the benefits for  
24 which the association is obligated before taking into account either its subrogation and assignments  
25 rights or the extent to which those benefits could be provided out of the assets of the impaired or  
26 insolvent insurer attributable to covered policies. The costs of the association's obligations under  
27 this chapter may be met by the use of assets attributable to covered policies or reimbursed to the  
28 association pursuant to its subrogation and assignment rights.

29                   (7) For purposes of this chapter, benefits provided by a long-term care rider to a life  
30 insurance policy or annuity contract shall be considered the same type of benefits as the base life  
31 insurance policy or annuity contract to which it relates.

32                   (8) In performing its obligations to provide coverage under RSA 408-F:8, the  
33 association shall not be required to guarantee, assume, reinsure, reissue or perform, or cause to be  
34 guaranteed, assumed, reinsured, reissued or performed, the contractual obligations of the insolvent  
35 or impaired insurer under a covered policy or contract that do not materially affect the economic  
36 values or economic benefits of the covered policy or contract.

37                   408-F:6 Creation of the Association.

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 9 -**

I. There is created a nonprofit legal entity to be known as the New Hampshire life and health insurance guaranty association, which shall be the same association created under RSA 404-D:6. All member insurers shall be and remain members of the association as a condition of their authority to transact insurance or a health maintenance organization business in this state. The association shall perform its functions under the plan of operation established and approved under RSA 408-F:10 and shall exercise its powers through a board of directors established under RSA 408-F:7. For purposes of administration and assessment, the association shall maintain 2 accounts:

(a) The life insurance and annuity account which includes the following subaccounts:

(1) Life insurance account;

(2) Annuity account, which shall include annuity contracts owned by a governmental retirement plan (or its trustee) established under section 401, 403(b) or 457 of the United States Internal Revenue Code, but shall otherwise excluded unallocated annuities; and

(3) Unallocated annuity account which shall exclude contracts owned by a governmental retirement benefit plan, or its trustee established under section 401, 403(b), or 457 of the United States Internal Revenue Code.

(b) The health account.

II. The association shall come under the immediate supervision of the commissioner and shall be subject to the applicable provisions of the insurance laws of this state. Meetings or records of the association may be opened to the public upon majority vote of the board of directors of the association.

408-F:7 Board of Directors.

I. The board of directors of the association shall consist of not less than 7 nor more than 11 member insurers serving terms as established in the plan of operation. The members of the board shall be selected by member insurers subject to the approval of the commissioner. Vacancies on the board shall be filled for the remaining period of the term by a majority vote of the remaining board members, subject to the approval of the commissioner.

II. In approving selections or in appointing members to the board, the commissioner shall consider, among other things, whether all member insurers are fairly represented.

III. Members of the board may be reimbursed from the assets of the association for expense incurred by them as members of the board of directors but members of the board shall not otherwise be compensated by the association for their services.

408-F:8 Powers and Duties of the Association.

I. If a member insurer is an impaired domestic insurer, the association may, in its discretion, and subject to any conditions imposed by the association that do not impair the contractual obligations of the impaired insurer, that are approved by the commissioner, and that are, except in cases of court-ordered conservation or rehabilitation, also approved by the impaired insurer:

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 10 -**

1           (a) Guarantee, assume, reissue or reinsure, or cause to be guaranteed, assumed,  
2   reissued, or reinsured, any or all of the policies or contracts of the impaired insurer;

3           (b) Provide such moneys, pledges, notes, guarantees, or other means as are proper to  
4   effectuate subparagraph (a) and assure payment of the contractual obligations of the impaired  
5   insurer pending action under subparagraph (a); and

6           (c) Loan money to the impaired insurer.

7           II.(a) If a member insurer is an impaired insurer and the insurer is not paying claims  
8   timely, then subject to the preconditions specified in subparagraph (b), the association shall, in its  
9   discretion, either:

10           (1) Take any of the actions specified in paragraph I, subject to the conditions in such  
11   paragraph; or

12           (2) Provide substitute benefits in lieu of the contractual obligations of the impaired  
13   insurer solely for health claims, periodic annuity benefit payments, death benefits, supplemental  
14   benefits, and cash withdrawals for policy or contract owners who petition therefor under claims of  
15   emergency or hardship in accordance with standards proposed by the association and approved by  
16   the commissioner.

17           (b) The association shall be subject to the requirements of subparagraph (a) only if:

18           (1) The laws of its state of domicile provide that until all payments of or on account  
19   of the impaired insurer's contractual obligations by all guaranty associations, along with all  
20   expenses thereof and interest on all such payments and expenses, shall have been repaid to the  
21   guaranty associations or a plan of repayment by the impaired insurer shall have been approved by  
22   the guaranty associations:

23                   (A) The delinquency proceeding shall not be dismissed;

24                   (B) Neither the impaired insurer nor its assets shall be returned to the control of  
25   its shareholders or private management;

26                   (C) It shall not be permitted to solicit or accept new business or have any  
27   suspended or revoked license restored; and

28           (2)(A) The impaired insurer is a domestic insurer, and it has been placed under an  
29   order of rehabilitation by a court of competent jurisdiction in this state; or

30                   (B) The impaired insurer is a foreign insurer; and

31                           (i) It has been prohibited from soliciting or accepting new business in this  
32   state;

33                           (ii) Its certificate of authority has been suspended or revoked in this state;

34   and

35                           (iii) A petition for rehabilitation or liquidation has been filed in a court of  
36   competent jurisdiction in its state of domicile by the commissioner of the state.

37           III. If a member insurer is an insolvent insurer, the association shall, in its discretion,

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 11 -**

1 either:

2 (a)(1) Guarantee, assume, reissue, or reinsure, or cause to be guaranteed, assumed,  
3 reissued, or reinsured, the policies or contracts of the insolvent insurer; or

4 (2) Assure payment of the contractual obligations of the insolvent insurer; and

5 (3) Provide such monies, pledges, guarantees, or other means as are reasonably  
6 necessary to discharge such duties; or

7 (b) With respect only to policies and contracts, provide benefits and coverages in  
8 accordance with paragraph IV.

9 IV. When proceeding under paragraph II(a)(2) or III(b), the association shall, with respect to  
10 policies and contracts:

11 (a) Assure payment of benefits that would have been payable under the policies or  
12 contracts of the insolvent insurer, for claims incurred:

13 (1) With respect to group policies and contracts, not later than the earlier of the next  
14 renewal date under such policies or contracts or 45 days, but in no event less than 30 days, after the  
15 date on which the association becomes obligated with respect to the policies and contracts.

16 (2) With respect to individual policies, contracts and annuities, not later than the  
17 earlier of the next renewal date (if any) under the policies or contracts or one year, but in no event  
18 less than 30 days, from the date on which the association becomes obligated with respect to the  
19 policies or contracts.

20 (b) Make diligent efforts to provide all known insureds, enrollees or annuitants or group  
21 policyholders or contract owners with respect to group policies and contracts 30 days notice of the  
22 termination of the benefits provided.

23 (c) With respect to individual policies and contracts covered by the association, make  
24 available to each known insured, enrollee, or annuitant or owner if other than the insured, and with  
25 respect to an individual formerly an insured, enrollee, or annuitant under a group policy or contract  
26 who is not eligible for replacement group coverage, make available substitute coverage on an  
27 individual basis in accordance with the provisions of subparagraph (d), if the insureds, enrollees, or  
28 annuitants had a right under law or the terminated policy, contract or annuity to convert coverage to  
29 individual coverage or to continue an individual policy, contract, or annuity in force until a specified  
30 age or for a specified time, during which the insurer or health maintenance organization had no  
31 right unilaterally to make changes in any provision of the policy, contract, or annuity or had a right  
32 only to make changes in premium by class.

33 (d)(1) In providing the substitute coverage required under subparagraph (c), the  
34 association may offer either to reissue the terminated coverage or to issue an alternative policy or  
35 contract at actuarially justified rates, subject to the approval of the commissioner.

36 (2) Alternative or reissued policies or contracts shall be offered without requiring  
37 evidence of insurability, and shall not provide for any waiting period or exclusion that would not

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 12 -**

1 have applied under the terminated policy or contract.

2 (3) The association may reinsure any alternative or reissued policy or contract.

3 (e)(1) Alternative policies or contracts adopted by the association shall be subject to the  
4 approval of the commissioner. The association may adopt alternative policies or contracts of various  
5 types for future issuance without regard to any particular impairment or insolvency.

6 (2) Alternative policies or contracts shall contain at least the minimum statutory  
7 provisions required in this state and provide benefits that shall not be unreasonable in relation to  
8 the premium charged. The association shall set the premium in accordance with a table of rates  
9 which it shall adopt. The premium shall reflect the amount of insurance to be provided and the age  
10 and class of risk of each insured, but shall not reflect any changes in the health of the insured after  
11 the original policy or contract was last underwritten.

12 (3) Any alternative policy or contract issued by the association shall provide  
13 coverage of a type similar to that of the policy or contract issued by the impaired or insolvent  
14 insurer, as determined by the association.

15 (f) If the association elects to reissue terminated coverage at a premium rate different  
16 from that charged under the terminated policy or contract, the premium shall be actuarially justified  
17 and set by the association in accordance with the amount of insurance or coverage provided and the  
18 age and class of risk, subject to prior approval of the commissioner.

19 (g) The association's obligations with respect to coverage under any policy or contract of  
20 the impaired or insolvent insurer or under any reissued or alternative policy or contract shall cease  
21 on the date such coverage or policy or contract is replaced by another similar policy or contract by  
22 the policy or contract owner, the insured, the enrollee, or the association.

23 V. When proceeding under paragraphs II(a)(2) or III with respect to any policy or contract  
24 carrying guaranteed minimum interest rates, the association shall assure the payment or crediting  
25 of a rate of interest consistent with RSA 408-F:5, II(b)(3).

26 VI. Nonpayment of premiums within 31 days after the date required under the terms of any  
27 guaranteed, assumed, alternative or reissued policy or contract or substitute coverage shall  
28 terminate the association's obligations under the policy or contract, or coverage under this chapter  
29 with respect to the policy, contract, or coverage, except with respect to any claims incurred or any  
30 net cash surrender value which may be due in accordance with the provisions of this chapter.

31 VII. Premiums due for coverage after entry of an order of liquidation of an insolvent insurer  
32 shall belong to and be payable at the direction of the association, and the association shall be liable  
33 for unearned premiums due to policy or contract owners arising after the entry of the order.

34 VIII. The protection provided by this chapter shall not apply where any guaranty protection  
35 is provided to residents of this state by the laws of the domiciliary state or jurisdiction of the  
36 impaired or insolvent insurer other than this state.

37 IX. In carrying out its duties under paragraphs II and III, the association may, subject to

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 13 -**

1 approval by the court:

2 (a) Impose permanent policy or contract liens in connection with any guarantee,  
3 assumption, or reinsurance agreement, if the association finds that the amounts which can be  
4 assessed under this chapter are less than the amounts needed to assure full and prompt  
5 performance of the association's duties under this chapter, or that the economic or financial  
6 conditions as they affect member insurers are sufficiently adverse to render the imposition of such  
7 permanent policy or contract liens, to be in the public interest.

8 (b) Impose temporary moratoriums or liens on payments of cash values and policy loans,  
9 or any other right to withdraw funds held in conjunction with policies or contracts, in addition to any  
10 contractual provisions for deferral of cash or policy loan value.

11 X. If the association fails to act within a reasonable period of time as provided in paragraphs  
12 II(a)(2), III, and IV, the commissioner shall have the powers and duties of the association under this  
13 chapter with respect to impaired or insolvent insurers.

14 XI. The association may render assistance and advice to the commissioner, upon the  
15 commissioner's request, concerning rehabilitation, payment of claims, continuance of coverage, or  
16 the performance of other contractual obligations of any impaired or insolvent insurer.

17 XII. The association shall have standing to appear before any court in this state with  
18 jurisdiction over an impaired or insolvent insurer concerning which the association is or may become  
19 obligated under this chapter. Such standing shall extend to all matters germane to the powers and  
20 duties of the association, including, but not limited to, proposals for reinsuring, reissuing, modifying,  
21 or guaranteeing the policies or contracts of the impaired or insolvent insurer and the determination  
22 of the policies or contracts and contractual obligations. The association shall also have the right to  
23 appear or intervene before a court in another state with jurisdiction over an impaired or insolvent  
24 insurer for which the association is or may become obligated or with jurisdiction over a third party  
25 against whom the association may have rights through subrogation of the insurer's policyholders.

26 XIII.(a) Any person receiving benefits under this chapter shall be deemed to have  
27 assigned the rights under, and any causes of action relating to, the covered policy or contract to the  
28 association to the extent of the benefits received because of this chapter, whether the benefits are  
29 payments of or on account of contractual obligations, continuation of coverage, or provision of  
30 substitute or alternative policies, contracts, or coverages. The association may require an  
31 assignment to it of such rights and cause of action by any enrollee, payee, policy or contract owner,  
32 beneficiary, insured or annuitant, as a condition precedent to the receipt of any right or benefits  
33 conferred by this chapter upon such person.

34 (b) The subrogation rights of the association under this paragraph shall have the same  
35 priority against the assets of the impaired or insolvent insurer as that possessed by the person  
36 entitled to receive benefits under this chapter.

37 (c) In addition to subparagraphs (a) and (b), the association shall have all common law

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 14 -**

1 rights of subrogation and any other equitable or legal remedy which would have been available to  
2 the impaired or insolvent insurer or owner, beneficiary, enrollee, or payee of a policy or contract with  
3 respect to such policy or contracts.

4 XIV. The association may:

5 (a) Enter into such contracts as are necessary or proper to carry out the provisions and  
6 purposes of this chapter.

7 (b) Sue or be sued, including taking any legal actions necessary or proper to recover any  
8 unpaid assessments under RSA 408-F:9 and to settle claims or potential claims against it.

9 (c) Borrow money to effect the purposes of this chapter; any notes or other evidence of  
10 indebtedness of the association not in default shall be legal investments for domestic member  
11 insurers and may be carried as admitted assets.

12 (d) Employ or retain such persons as are necessary to handle the financial transactions  
13 of the association, and to perform such other functions as become necessary or proper under this  
14 chapter.

15 (e) Take such legal action as may be necessary to avoid payment of improper claims.

16 (f) Exercise, for the purposes of this chapter and to the extent approved by the  
17 commissioner, the powers of a domestic life insurer, health insurer, or health maintenance  
18 organization, but in no case may the association issue policies or contracts other than those issued to  
19 perform its obligations under this chapter.

20 (g) Unless prohibited by law, in accordance with the terms and conditions of the policy or  
21 contract, file for actuarially justified rate or premium increases for any policy or contract for which it  
22 provided coverage under this chapter.

23 XV. The association may join an organization of one or more other state associations of  
24 similar purposes, to further the purposes and administer the powers and duties of the association.

25 XVI. In carrying out its duties in connection with guaranteeing, assuming, reissuing or  
26 reinsuring policies or contracts under paragraph I or II, the association may issue substitute  
27 coverage for a policy or contract that provides an interest rate, crediting rate, or similar factor  
28 determined by use of an index or other external reference stated in the policy or contract employed  
29 in calculating returns or changes in value by issuing an alternative policy or contract in accordance  
30 with the following provisions:

31 (a) In lieu of the index or other external reference provided for in the original policy or  
32 contract, the alternative policy or contracts provides for:

33 (1) A fixed interest rate; or

34 (2) Payment of dividends with minimum guarantees; or

35 (3) A different method for calculating interest or changes in value;

36 (b) There is no requirement for evidence of insurability, waiting period or other  
37 exclusion that would not have applied under the replaced policy or contract; and

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 15 -**

1 (c) The alternative policy or contract is substantially similar to the replaced policy or  
2 contract in all other material terms.

3 408-F:9 Assessments.

4 I. For the purpose of providing the funds necessary to carry out the powers and duties of the  
5 association, the board of directors shall assess the member insurers, separately for each account, at  
6 such time and for such amounts as the board finds necessary. Assessments shall be due not less  
7 than 30 days after prior written notice to the member insurers.

8 II. There shall be 2 assessments, as follows:

9 (a) Class A assessments shall be made for the purpose of meeting administrative and  
10 legal costs and other expenses and examinations conducted under the authority of RSA 408-F:12, V.  
11 Class A assessments may be made whether or not related to a particular impaired or insolvent  
12 insurer.

13 (b) Class B assessments shall be made to the extent necessary to carry out the powers  
14 and duties of the association under RSA 408-F:8 with regard to an impaired or an insolvent insurer.

15 III.(a) The amount of any Class A assessment shall be determined by the board and may be  
16 made on a pro rata or non-pro rata basis. If pro rata, the board may provide that it be credited  
17 against future Class B assessments.

18 (b) The amount of any Class B assessment, except for assessments related to long-term  
19 care insurance, shall be allocated for assessment purposes between the accounts and among the  
20 subaccounts of the life insurance and annuity account pursuant to an allocation formula which may  
21 be based on the premiums or reserves of the impaired or insolvent insurer or any other standard  
22 deemed by the board in its sole discretion as being fair and reasonable under the circumstances.

23 (c) The amount of the Class B assessment for long-term care insurance written by the  
24 impaired or insolvent insurer shall be allocated according to a methodology included in the plan of  
25 operation and approved by the commissioner. The methodology shall provide for 50 percent of the  
26 assessment to be allocated to accident and health member insurers and 50 percent to be allocated to  
27 life and annuity member insurers.

28 (d) Class B assessments against member insurers for each account and subaccount shall  
29 be in the proportion that the premiums received on business in this state by each assessed member  
30 insurer or policies or contracts covered by each account for the 3 most recent calendar years for  
31 which information is available preceding the year in which the member insurer became impaired or  
32 insolvent, as the case may be, bears to such premiums received on business in this state for such  
33 calendar years by all assessed member insurers.

34 (e) Assessments for funds to meet the requirements of the association with respect to an  
35 impaired or insolvent insurer shall not be made until necessary to implement the purposes of this  
36 chapter. Classification of assessments under paragraph II and computation of assessments under  
37 this paragraph shall be made with a reasonable degree of accuracy, recognizing that exact



**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 16 -**

1 determinations may not always be possible.

2 IV. The association may abate or defer, in whole or in part, the assessment of a member  
3 insurer if, in the opinion of the board, payment of the assessment would endanger the ability of the  
4 member insurer to fulfill its contractual obligations. In the event an assessment against a member  
5 insurer is abated, or deferred in whole or in part, the amount by which the assessment is abated or  
6 deferred may be assessed against the other member insurers in a manner consistent with the basis  
7 for assessments set forth in this section.

8 V.(a) Subject to the provisions of subparagraph (b), the total of all assessments authorized  
9 by the association with respect to a member insurer for each subaccount of the life insurance and  
10 annuity account and for the health account shall not in any one calendar year exceed 2 percent of  
11 that member insurer's average annual premiums received in this state on the policies and contracts  
12 covered by the subaccount or account during the 3 calendar years preceding the year in which the  
13 member insurer became an impaired or insolvent insurer. If the maximum assessment, together  
14 with the other assets of the association in any account, does not provide in any one year in either  
15 account an amount sufficient to carry out the responsibilities of the association, the necessary  
16 additional funds shall be assessed as soon thereafter as permitted by this chapter.

17 (b) The board may provide in the plan of operation a method of allocating funds among  
18 claims, whether relating to one or more impaired or insolvent insurers, when the maximum  
19 assessment will be insufficient to cover anticipated claims.

20 (c) If a one percent assessment for any subaccount of the life and annuity account in any  
21 one year does not provide an amount sufficient to carry out the responsibilities of the association,  
22 then pursuant to subparagraph III(b), the board shall access all subaccounts of the life and annuity  
23 account for the necessary additional amount, subject to the maximum stated in subparagraph V(a).

24 VI. The board may, by an equitable method as established in the plan of operation, refund to  
25 member insurers, in proportion to the contribution of each member insurer to that account, the  
26 amount by which the assets of the account exceed the amount the board finds is necessary to carry  
27 out during the coming year the obligations of the association with regard to that account, including  
28 assets accruing from assignment, subrogation, net realized gains, and income from investments. A  
29 reasonable amount may be retained in any account to provide funds for the continuing expenses of  
30 the association and for future losses.

31 VII. It shall be proper for any member insurer, in determining its premium rates and policy  
32 owner dividends as to any kind of insurance or health maintenance organization business within the  
33 scope of this chapter, to consider the amount reasonably necessary to meet its assessment  
34 obligations under this chapter.

35 VIII. The association shall issue to each member insurer paying an assessment under this  
36 chapter, other than Class A assessment, a certificate of contribution, in a form prescribed by the  
37 commissioner, for the amount of the assessment so paid. All outstanding certificates shall be of

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 17 -**

1 equal dignity and priority without reference to amounts or dates of issue. A certificate of  
2 contribution may be shown by the member insurer in its financial statement as an asset in such  
3 form and for such amount, if any, and period of time as the commissioner may approve.

4 408-F:10 Plan of Operation.

5 I.(a) The association shall submit to the commissioner a plan of operation and any  
6 amendments thereto necessary or suitable to assure the fair, reasonable and equitable  
7 administration of the association. The plan of operation and any amendments thereto shall become  
8 effective upon the commissioner's written approval or unless the commissioner has not disapproved  
9 it within 30 days.

10 (b) If the association fails to submit a suitable plan of operation within 120 days after  
11 January 1, 2020, or if at any time thereafter the association fails to submit suitable amendments to  
12 the plan, the commissioner shall, after notice and hearing, adopt such reasonable rules under RSA  
13 541-A as are necessary or advisable to effectuate the provisions of this chapter. The rules shall  
14 continue in force until modified by the commissioner or superseded by a plan submitted by the  
15 association and approved by the commissioner.

16 II. All member insurers shall comply with the plan of operation.

17 III. The plan of operation shall, in addition to requirements enumerated elsewhere in this  
18 chapter:

19 (a) Establish procedures for handling the assets of the association.

20 (b) Establish the amount and method of reimbursing members of the board of directors  
21 under RSA 408-F:7.

22 (c) Establish regular places and times for meetings including telephone conference calls  
23 of the board of directors.

24 (d) Establish procedures for records to be kept of all financial transactions of the  
25 association, its agents, and the board of directors.

26 (e) Establish the procedures whereby selections for the board of directors will be made  
27 and submitted to the commissioner.

28 (f) Establish any additional procedure for assessments under RSA 408-F:9.

29 (g) Contain additional provisions necessary or proper for the execution of the powers and  
30 duties of the association.

31 IV. The plan of operation may provide that any or all powers and duties of the association,  
32 except those under RSA 408-F:8, XIII(c) and RSA 408-F:9, are delegated to a corporation, association  
33 or other organization which performs or will perform functions similar to those of this association, or  
34 its equivalent, in 2 or more states. Such a corporation, association, or organization shall be  
35 reimbursed for any payments made on behalf of the association and shall be paid for its performance  
36 of any function of the association. A delegation under this paragraph shall take effect only with the  
37 approval of both the board of directors and the commissioner, and may be made only to a

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 18 -**

1 corporation, association, or organization which extends protection not substantially less favorable  
2 and effective than that provided by this chapter.

3 408-F:11 Duties and Powers of the Commissioner. In addition to the duties and powers  
4 enumerated elsewhere in this chapter:

5 I. The commissioner shall:

6 (a) Upon request of the board of directors, provide the association with a statement of  
7 the premiums in this and any other appropriate states for each member insurer.

8 (b) When an impairment is declared and the amount of the impairment is determined,  
9 serve a demand upon the impaired insurer to make good the impairment within a reasonable time;  
10 notice to the impaired insurer shall constitute notice to its shareholders, if any; the failure of the  
11 impaired insurer to promptly comply with such demand shall not excuse the association from the  
12 performance of its powers and duties under this chapter.

13 (c) In any liquidation or rehabilitation proceeding involving a domestic insurer, be  
14 appointed as the liquidator or rehabilitator.

15 II. The commissioner may suspend or revoke, after notice and hearing, the certificate of  
16 authority to transact business in this state of any member insurer which fails to pay an assessment  
17 when due or fails to comply with the plan of operation. As an alternative, the commissioner may  
18 levy a forfeiture on any member insurer which fails to pay an assessment when due. Such forfeiture  
19 shall not exceed 5 percent of the unpaid assessment per month, but no forfeiture shall be less than  
20 \$100 per month.

21 III. Any action of the board of directors or the association may be appealed to the  
22 commissioner by any member insurer if the appeal is taken within 60 days of the final action being  
23 appealed. If a member company is appealing an assessment, the amount assessed shall be paid to  
24 the association and available to meet association obligations during the pendency of an appeal. If  
25 the appeal on the assessment is upheld, the amount paid in error or excess shall be returned to the  
26 member company. Any final action or order of the commissioner shall be subject to judicial review in  
27 a court of competent jurisdiction.

28 IV. The liquidator, rehabilitator, or conservator of any impaired insurer may notify all  
29 interested persons of the effect of this chapter.

30 408-F:12 Prevention of Insolvencies. To aid in the detection and prevention of member insurer  
31 insolvencies or impairments:

32 I. It shall be the duty of the commissioner:

33 (a) To notify the commissioners of all the other states, territories of the United States,  
34 and the District of Columbia when the commissioner takes any of the following actions against a  
35 member insurer:

36 (1) Revocation of license;

37 (2) Suspension of license; or

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 19 -**

(3) Makes any formal order that such member insurer restrict its premium writing, obtain additional contributions to surplus, withdraw from the state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policy owners, contract owners, certificate holders, or creditors. The notice shall be mailed to all commissioners within 30 days following the action taken or the date on which such action occurs.

(b) To report to the board of directors when the commissioner has taken any of the actions set forth in subparagraph (a) or has received a report from any other commissioner indicating that any such action has been taken in another state. The report to the board of directors shall contain all significant details of the action taken or the report received from another commissioner.

(c) To report to the board of directors when the commissioner has reasonable cause to believe from any examination, whether completed or in process, of any member company that the company may be an impaired or insolvent insurer.

(d) To furnish to the board of directors the NAIC Insurance Regulatory Information System (IRIS) ratios and listings of companies not included in the ratios developed by the National Association of Insurance Commissioners, and the board may use the information contained therein in carrying out its duties and responsibilities under this section. The report and the information contained therein shall be kept confidential by the board of directors until such time as made public by the commissioner or other lawful authority.

II. The commissioner may seek the advice and recommendations of the board of directors concerning any matter affecting the duties and responsibilities of the commissioner regarding the financial condition of member insurers and insurers and health maintenance organizations seeking admission to transact business in this state.

III. The board of directors may, upon majority vote, make reports and recommendations to the commissioner upon any matter germane to the solvency, liquidation, rehabilitation, or conservation of any member insurer or germane to the solvency of any insurer or health maintenance organization seeking to do business in this state. Such reports and recommendations shall not be considered public documents.

IV. It shall be the duty of the board of directors, upon majority vote, to notify the commissioner of any information indicating any member insurer may be an impaired or insolvent insurer.

V. The board of directors may, upon majority vote, request that the commissioner order an examination of any member insurer which the board in good faith believes may be an impaired or insolvent insurer. Within 30 days of the receipt of such request, the commissioner shall begin an examination. The examination may be conducted as a National Association of Insurance Commissioners examination or may be conducted by such persons as the commissioner designates. The cost of the examination shall be paid by the association and the examination report shall be

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 20 -**

1 treated as are other examination reports. In no event shall the examination report be released to  
2 the board of directors prior to its release to the public, but this shall not preclude the commissioner  
3 from complying with paragraph I. The commissioner shall notify the board of directors when the  
4 examination is completed. The request for an examination shall be kept on file by the commissioner,  
5 but it shall not be open to public inspection prior to the release of the examination report to the  
6 public.

7 VI. The board of directors may, upon majority vote, make recommendations to the  
8 commissioner for the detection and prevention of member insurer insolvencies.

9 VII. The board of directors shall, at the conclusion of any insurer insolvency in which the  
10 association was obligated to pay covered claims, prepare a report to the commissioner containing  
11 such information as it may have in its possession bearing on the history and causes of the  
12 insolvency. The board shall cooperate with the boards of directors of guaranty associations in other  
13 states in preparing a report on the history and causes of insolvency of a particular insurer, and may  
14 adopt by reference any report prepared by such other associations.

15 408-F:13 Credits for Assessments Paid.

16 I. A member insurer may offset against its tax liability under RSA 400-A any assessment  
17 described in RSA 408-F:9, II(b) for the life insurance and annuity account, and for the health account  
18 for guaranteeing the performance of contractual obligations of an impaired or insolvent insurer in  
19 regard to disability income coverages only, to the extent of 20 percent of the amount of the  
20 assessment for each of the 5 calendar years following the year in which the assessment was paid. If  
21 a member insurer ceases doing business, all uncredited assessments described above may be  
22 credited against its tax liability under RSA 400-A for the year it ceases doing business.

23 II. Any sums acquired by refund from the association by member insurers, as stated in RSA  
24 408-F:9, VI, and which were previously offset against taxes as described in paragraph I, shall be paid  
25 by these member insurers to the state of New Hampshire in the manner required by the  
26 commissioner. The association shall notify the commissioner that refunds have been made.

27 408-F:14 Miscellaneous Provisions.

28 I. Nothing in this chapter shall be construed to reduce the liability for unpaid assessments  
29 of the insureds of an impaired or insolvent insurer operating under a plan with assessment liability.

30 II. Records shall be kept of all negotiations and meetings in which the association or its  
31 representatives are involved to discuss the activities of the association in carrying out its powers and  
32 duties under RSA 408-F:8. Records of the negotiations or meetings shall be made public only upon  
33 the termination of a liquidation, rehabilitation, or conservation proceeding involving the impaired or  
34 insolvent insurer, upon the termination of the impairment or insolvency of the insurer, or upon the  
35 order of a court of competent jurisdiction. Nothing in this paragraph shall limit the duty of the  
36 association or render a report of its activities under this section.

37 III. For the purpose of carrying out its obligations under this chapter, the association shall

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 21 -**

1 be deemed to be a creditor of the impaired or insolvent insurer to the extent of assets attributable to  
2 covered policies reduced by any amounts to which the association is entitled as subrogee, pursuant to  
3 RSA 408-F:8, XIII. Assets of the impaired or insolvent insurer attributable to covered policies shall  
4 be used to continue all covered policies and pay all contractual obligations of the impaired or  
5 insolvent insurer as required by this chapter. Assets attributable to covered policies or contracts, as  
6 used in this subsection, are that proportion of the assets which the reserves that should have been  
7 established for such policies or contracts bear to the reserves that should have been established for  
8 all policies of insurance or health benefit plans written by the impaired or insolvent insurer.

9 IV.(a) Prior to the termination of any liquidation, rehabilitation or conservation proceeding,  
10 the court may take into consideration the contributions of the respective parties, including the  
11 association, the shareholders, contract owners, certificate holders, enrollees and policy owners of the  
12 insolvent insurer, and any other party with a bona fide interest, in making an equitable distribution  
13 of the ownership rights of the insolvent insurer. In such a determination, consideration shall be  
14 given to the welfare of the policy owners, contract owners, certificate holders, and enrollees of the  
15 continuing or successor member insurer.

16 (b) No distribution to stockholders, if any, of an impaired or insolvent insurer shall be  
17 made until and unless the total amount of valid claims of the association with interest thereon for  
18 funds expended in carrying out its powers and duties under RSA 408-F:8 with respect to the member  
19 insurer have been fully recovered by the association.

20 V.(a) If an order for liquidation or rehabilitation of a member insurer domiciled in this state  
21 has been entered, the receiver appointed under the order shall have a right to recover on behalf of  
22 the member insurer, from any affiliate that controlled it, the amount of distributions, other than  
23 stock dividends paid by the member insurer on its capital stock, made at any time during the 5 years  
24 preceding the petition for liquidation or rehabilitation subject to the limitations of subparagraphs  
25 (b)-(d).

26 (b) No such distribution shall be recoverable if the member insurer shows that when  
27 paid the distribution was lawful and reasonable, and that the member insurer did not know and  
28 could not reasonably have known that the distribution might adversely affect the ability of the  
29 member insurer to fulfill its contractual obligations.

30 (c) Any person who was an affiliate that controlled the member insurer at the time the  
31 distributions were paid shall be liable up to the amount of distributions received. Any person who  
32 was an affiliate that controlled the member insurer at the time the distributions were declared, shall  
33 be liable up to the amount of distributions which would have been received if they had been paid  
34 immediately. If 2 or more persons are liable with respect to the same distributions, they shall be  
35 jointly and severally liable.

36 (d) The maximum amount recoverable under this paragraph shall be the amount needed  
37 in excess of all other available assets of the insolvent insurer to pay the contractual obligations of the

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 22 -**

1 insolvent insurer.

2 (e) If any person liable under subparagraph (c) is insolvent, all its affiliates that  
3 controlled it at the time the distribution was paid, shall be jointly and severally liable for any  
4 resulting deficiency in the amount recovered from the insolvent affiliate.

5 408-F:15 Examination of the Association; Annual Report. The association shall be subject to  
6 examination and regulation by the commissioner. The board of directors shall submit to the  
7 commissioner each year, not later than 120 days after the association's fiscal year, a financial report  
8 in a form approved by the commissioner and a report of its activities during the preceding fiscal  
9 year.

10 408-F:16 Tax Exemptions. The association shall be exempt from payment of all fees and all  
11 taxes levied by this state or any of its subdivisions, except taxes levied on real property.

12 408-F:17 Immunity. There shall be no liability on the part of and no cause of action of any  
13 nature shall arise against any member insurer or its agents or employees, the association or its  
14 agents or employees, members of the board of directors, or the commissioner or the commissioner's  
15 representatives, for any action or omission by them in the performance of their powers and duties  
16 under this chapter. Such immunity shall extend to the participation in any organization of one or  
17 more other state associations of similar purposes and to any such organization and its agents or  
18 employees.

19 408-F:18 Stay of Proceedings; Reopening Default Judgments. All proceedings in which the  
20 insolvent insurer is a party in any court in this state shall be stayed 60 days from the date an order  
21 of liquidation, rehabilitation or conservation is final to permit proper legal action by the association  
22 on any matters germane to its powers or duties. As to judgment under any decision, order, verdict,  
23 or finding based on default, the association may apply to have such judgment set aside by the same  
24 court that made such judgment and shall be permitted to defend against such suit on the merits.

25 408-F:19 Prohibited Advertisement of Insurance Guaranty Association Act in Insurance Sales;  
26 Notice to Policyholders.

27 I. No person, including a member insurer, agent or affiliate of a member insurer shall make,  
28 publish, disseminate, circulate, or place before the public, or cause directly or indirectly, to be made,  
29 published, disseminated, circulated, or placed before the public, in any newspaper, magazine or  
30 other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio  
31 station or television station, or in any other way, any advertisement, announcement or statement,  
32 written or oral, which uses the existence of the insurance guaranty association of this state for the  
33 purpose of sales, solicitation or inducement to purchase any form of insurance, or other coverage  
34 covered by the New Hampshire life and health insurance guaranty association act. Provided,  
35 however, that this paragraph shall not apply to the New Hampshire life and health insurance  
36 guaranty association or any other entity which does not sell or solicit insurance or coverage by a  
37 health maintenance organization. The use of the protection afforded by this chapter, other than as

**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 23 -**

provided by this paragraph, by any person in the sale, marketing, or advertising of insurance constitutes unfair competition and unfair practices under the New Hampshire unfair trade practices act, and is subject to sanctions imposed in that chapter.

II. Within 180 days after January 1, 2020, the association shall prepare a summary document describing the general purposes and current limitations of the chapter and complying with paragraph III. This document shall be submitted to the commissioner for approval. Unless paragraph IV applies, at the expiration of the 60th day after the date on which the commissioner approves the document, a member insurer may not deliver a policy or contract covered by a guaranty fund to a policy owner, contract owner, certificate holder, or enrollee unless the summary document is delivered to the policy owner, contract owner, certificate holder, or enrollee prior to or at the time of delivery of the policy or contract. The document shall also be available upon request by a policy owner, contract owner, certificate holder, or enrollee. The distribution, delivery or contents or interpretation of this document does not guarantee that either the policy or the contract or the policy owner, contract owner, certificate holder, or enrollee is covered in the event of the impairment or insolvency of a member insurer. The description document shall be revised by the association as amendments to the chapter may require. Failure to receive this document does not give the policy owner, contract owner, certificate holder, enrollee, or insured any greater rights than those stated in this chapter.

III. The document prepared under paragraph II shall contain a clear and conspicuous disclaimer on its face. The commissioner shall approve the disclaimer. The disclaimer shall:

(a) State the name, address, and telephone number of the life and health insurance guaranty association and insurance department.

(b) Prominently warn the policy owner, contract owner, certificate holder, or enrollee that the life and health insurance guaranty association may not cover the policy or contract or, if coverage is available, it will be subject to substantial limitations and exclusions and conditioned on continued residence in the state.

(c) State the types of policies or contracts for which guaranty funds will provide coverage.

(d) State that the member insurer and its agents are prohibited by law from using the existence of the life and health insurance guaranty association for the purpose of sales, solicitation, or inducement to purchase any form of insurance or health maintenance organization coverage.

(e) State that the policy owner, contract owner, certificate holder, or enrollee should not rely on coverage under the life and health insurance guaranty association when selecting an insurer or health maintenance organization.

(f) Explain rights available and procedures for filing a complaint to allege a violation of any provisions of this chapter.

(g) Provide other information as directed by the commissioner, including but not limited



**CHAPTER 314**  
**SB 251 - FINAL VERSION**  
**- Page 24 -**

1 to, sources for information about the financial condition of insurers provided that the information is  
2 not proprietary and is subject to disclosure under that state's public records law.

3 IV. No insurer or agent may deliver a policy or contract not covered by the association  
4 unless the insurer or agent, prior to or at the time of delivery, gives the policy owner, contract owner,  
5 certificate holder, or enrollee a separate written notice which clearly and conspicuously discloses  
6 that the policy or contract is not covered by the life and health insurance guaranty association. The  
7 commissioner shall approve the notice.

8 408-F:20 Prospective Application. This chapter shall not apply to any member insurer which is  
9 insolvent or unable to fulfill its contractual obligations on December 31, 2019.

10 314:2 New Subparagraph; Unfair Insurance Practices; Certain Prescriptions. Amend RSA  
11 417:4, VIII by inserting after subparagraph (g) the following new subparagraph:

12 (h) For life, life annuity, or disability coverage, refusing to insure or to continue to  
13 insure, or limiting the amount, extent, or kind of coverage based on the applicant who is also the  
14 proposed insured having filled a prescription for an opioid antagonist, when that prescription is not  
15 relevant to the applicant's health, but rather is designed to promote the health of someone else. For  
16 any such prescription, the carrier shall inquire with the applicant as to the reason for the  
17 prescription and may request documentation that verifies the applicant's response prior to issuing  
18 an underwriting decision.

19 314:3 Effective Date.

20 I. Section 1 of this act shall take effect January 1, 2020.

II. Section 2 of this act shall take effect July 1, 2019.

Approved: August 02, 2019

Effective Date:

I. Section 1 effective January 1, 2020.

II. Section 21 effective July 1, 2019.