

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Health Care to which was referred Senate Bill No. 30
3 entitled “An act relating to updating and reorganizing the health insurance
4 statutes in 8 V.S.A. chapter 107” respectfully reports that it has considered the
5 same and recommends that the House propose to the Senate that the bill be
6 amended as follows:

7 First: In Sec. 2, 8 V.S.A. chapter 107, in section 4029, by striking out
8 subdivision (2) in its entirety and inserting in lieu thereof a new subdivision (2)
9 to read as follows:

10 (2) TIME LIMIT ON CERTAIN DEFENSES: (a) After three years
11 from the date of issue of this policy no misstatements, except fraudulent
12 misstatements, made by the applicant in the application for such policy, shall
13 be used to void the policy or to deny a claim for loss incurred or disability (as
14 defined in the policy) commencing after the expiration of such three-year
15 period.

16 (The foregoing policy provision shall not be so construed as to affect any
17 legal requirement for avoidance of a policy or denial of a claim during such
18 initial three-year period, nor to limit the application of subdivisions 4030(1)–
19 (5) of this title in the event of misstatement with respect to age or occupation
20 or other insurance.) (A policy which the insured has the right to continue in
21 force subject to its terms by the timely payment of premium (1) until at least

1 age 50, or (2) in the case of a policy issued after age 44, for at least five years
2 from its date of issue, may contain in lieu of the foregoing the following
3 provision (from which the clause in parentheses may be omitted at the
4 insurer's option) under the caption "INCONTESTABLE":

5 After this policy has been in force for a period of three years during the
6 lifetime of the insured (excluding any period during which the insured is
7 disabled), it shall become incontestable as to the statements contained in the
8 application.)

9 (b) No claim for loss incurred or disability (as defined in the policy)
10 commencing after three years from the date of issue of this policy shall be
11 reduced or denied on the ground that a disease or physical condition not
12 excluded from coverage by name or specific description effective on the date
13 of loss had existed prior to the effective date of coverage of this policy.

14 Second: In Sec. 2, 8 V.S.A. chapter 107, in section 4030, in subdivision
15 (3), following the first sentence, by inserting after the period, on a new line,
16 "or, in lieu thereof:"

17
18 (Committee vote: _____)

19 _____
20 Representative _____

21 FOR THE COMMITTEE