

§2717-A. Disability benefit offsets

1. Disclosure to applicants. At or before the time of application for any policy subject to this chapter that provides disability income benefits, the insurer shall provide the applicant with a clear and conspicuous written notice, on the application form or in a separate document, that accurately explains to the applicant all types of other sources of income that may result in a reduction of the benefits payable under the policy.

[PL 2005, c. 42, §1 (NEW).]

2. Recovery of disability benefit overpayments. For claims filed after January 1, 2006, an insurer that is entitled to reduce disability income benefit payments when the insured receives income from other sources and that is entitled to recover overpayments through offsets against current payments to the insured may not recover such overpayments at a rate greater than 20% of the net benefit per benefit payment period unless:

A. For policies applied for after September 13, 2003, the insurer has complied with the requirements of subsection 1; [PL 2005, c. 42, §1 (NEW).]

B. The insurer effects the offset of benefits within 60 days of notice to the insurer, or such later date as the insurer begins paying benefits to the insured, that the insured is receiving or is entitled to receive income that may result in a reduction of benefits payable under the policy; [PL 2005, c. 42, §1 (NEW).]

C. The overpayment did not result from the insurer's miscalculation of benefit reductions or the insurer's miscalculation of benefits payable under the policy; and [PL 2005, c. 42, §1 (NEW).]

D. The insurer provided the insured with clear and conspicuous written notice that accurately explains to the insured all types of other sources of income that may result in a reduction of the benefits payable under the policy within 30 days of the date a claim for disability benefits was filed. [PL 2005, c. 42, §1 (NEW).]

[PL 2005, c. 42, §1 (NEW).]

SECTION HISTORY

PL 2003, c. 321, §1 (NEW). PL 2005, c. 42, §1 (RPR).

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