



California

LEGISLATIVE INFORMATION

Code: INS

Section: 10270.98

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INSURANCE CODE - INS**DIVISION 2. CLASSES OF INSURANCE [1880 - 12865]** (*Division 2 enacted by Stats. 1935, Ch. 145.*)**PART 2. LIFE AND DISABILITY INSURANCE [10110 - 11549]** (*Part 2 enacted by Stats. 1935, Ch. 145.*)**CHAPTER 4. Standard Provisions in Disability Policies [10270 - 10402.1]** (*Chapter 4 enacted by Stats. 1935, Ch. 145.*)**ARTICLE 1. Scope of Chapter and Definitions [10270 - 10279]** (*Article 1 enacted by Stats. 1935, Ch. 145.*)

10270.98. **Group disability policies** may provide, among other things, that the benefits payable thereunder are subject to **reduction if the individual insured has any other coverage (other than individual policies** or contracts) providing hospital, surgical or medical benefits, whether on an indemnity basis or a provision of service basis, **resulting in such insured being eligible for more than 100 percent of the covered expenses.**

Except as permitted by this section and by Section 10323, 10369.5, 10369.6, or 11515.5, and except in the case of group practice prepayment plan contracts which do not provide for coordination of benefits, to the extent they provide for a reduction of benefits on account of other coverage with respect to emergency services that are not obtained from providers that contract with the plan, no group or individual disability insurance policy or service contract issued by nonprofit hospital service plans operating under Chapter 11A (commencing with Section 11491) of Part 2 of Division 2 shall limit payment of benefits by reason of the existence of other insurance or service coverage.

The policy provisions authorized by this section shall contain a provision that payments of funds may be made directly between insurers and other providers of benefits. Such policy provisions shall also contain a provision that if benefits are provided in the form of services rather than cash payments the reasonable cash value of each service rendered shall be deemed to be both an allowable expense and a benefit paid. The reasonable cash value of any contractual benefit provided to the insured in the form of service rather than cash payment by or through any hospital service organization or medical service organization or group-practice prepayment plan shall be deemed an expense incurred by the insured for such service, whether or not actually incurred, and the liability of the insurer shall be the same as if the insured had not been entitled to any such service benefit, unless the policy contains a provision authorized by Section 10323, 10369.5 or 10369.6 in the case of an individual disability policy, or by this section, in the case of a group disability policy.

This section shall not be construed to require that benefits payable under group disability policies be subject to reduction by the benefit amounts payable under Chapter 3 (commencing with Section 2800) of Part 2 of Division 1 of the Unemployment Insurance Code.

The provisions of this section, and all regulations adopted pursuant thereto pertaining to coordination of benefits with other group disability benefits, shall apply to all employers, labor-management trustee plans, union welfare plans (including those established in conformity with 29 U.S.C. Sec. 186), employer organization plans or employee benefit organization plans, health care service plan contracts, pursuant to regulations adopted by the Director of the Department of Managed Health Care which shall be uniform with those issued under this section for those plans that elect to coordinate benefits, group practice, individual practice, any other prepayment coverage for medical or dental care or treatment, and administrators, within the meaning of Section 1759 not otherwise subject to the provisions of this section whenever such plan, contract or practice provides or administers hospital, surgical, medical or dental benefits to employees or agents who are also covered under one or more additional group disability policies which are subject to this section or health care service plans.

(Amended by Stats. 2000, Ch. 857, Sec. 66. Effective January 1, 2001.)