

**40-19a06. Subscription agreements.** (a) No subscription agreement, except as provided in subsection (d) of this section, between any such corporation and a subscriber, shall entitle more than one person to benefits, except that a "family subscription agreement" may be issued, at an established subscription charge, to a husband and wife, or husband, wife and their dependent child or children and any other person dependent upon the policyholder. Only the subscriber must be named in the subscription agreement.

(b) Every subscription agreement entered into by any such corporation with any subscriber thereto shall be in writing and a certificate stating the terms and conditions thereof shall be furnished to the subscriber to be kept by him. No such certificate shall be made, issued or delivered in this state unless it contains the following provisions: (1) A statement of the nature of the benefits to be furnished and the period during which they will be furnished, and if there are any benefits to be excepted, a detailed statement of such exceptions printed as hereinafter specified; (2) a statement of the terms and conditions, if any, upon which the subscription agreement may be cancelled or otherwise terminated at the option of either party; (3) a statement that the subscription agreement includes the endorsements thereon and attached papers, if any, and contains the entire contract; (4) a statement that no statement by the subscriber in his application for a subscription agreement shall avoid the subscription agreement or be used in any legal proceeding thereunder, unless such application or an exact copy thereof is included in or attached to such subscription agreement, and that no agent or representative of such corporation, other than an officer or officers designated therein, is authorized to change the subscription agreement or waive any of its provisions; (5) a statement that if the subscriber defaults in making any payments under the subscription agreement, the subsequent acceptance of a payment by the corporation or by one of its duly authorized agents shall reinstate the subscription agreement but with respect to sickness and injury, only to cover such sickness as may be first manifested more than ten (10) days after the date of such acceptance; (6) a statement of the period of grace which will be allowed the subscriber for making any payment due under the subscription agreement. Such period shall not be less than ten (10) days.

(c) In every such subscription agreement made, issued or delivered in this state: (1) All printed portions shall be plainly printed; (2) the exceptions of the subscription agreement shall appear with the same prominence as the benefits to which they apply; and (3) if the subscription agreement contains any provisions purporting to make any portion of the articles of incorporation or bylaws of the corporation a part of the subscription agreement, such portion shall be set forth in full.

(d) A dental service corporation may issue a group or blanket subscription agreement provided the group of persons thereby covered conforms to the requirements of law applicable to companies writing group or blanket sickness and accident insurance policies and provided such subscription agreement and the individual certificates issued to members of the group shall comply in substance with this section. Any such subscription agreement may provide for the adjustment of the subscription charges based upon the experience thereunder at the end of the first year or of any subsequent year of insurance thereunder and such readjustment may be made retroactive in the form of a rate credit or a cash refund.

**History:** L. 1972, ch. 174, § 6; July 1.