

California Appellate Court Ruling On Policy Cancellations Could Spur Class-Action Lawsuits

by Medical-News-Today

The California 2nd District Court of Appeal on Tuesday ruled that canceling individual health insurance policies for omissions or mistakes on applications after claims are submitted is "flatly prohibited" under state law, the Los Angeles Times reports. The decision could open the door to class-action lawsuits and changes in insurers' practices. The three-judge panel ruled in favor of policyholders seeking to bring a class-action lawsuit against Blue Shield of California for canceling policies after members submitted treatment claims. The judges added that insurers cannot cancel a member's policy if they do not attach a copy of the application to the policy. Blue Shield contends that state law permits insurers to rescind individual policies for omissions or mistakes on applications, even if they are discovered after claims are submitted. David Seldin, a Blue Shield spokesperson, said the "only issue that the court was considering was the very narrow, technical issue on whether a class can be certified, and they ruled that a class can be certified." However, William Shernoff, who represents policyholders, said, "This decision will likely invalidate thousands of health insurance rescissions." Bryan Liang, executive director of the Health Law Institute at California Western School of Law, said the decision was "really going to open the doors to changes in policies by the insurers or a lot more lawsuits" (Girion, Los Angeles Times, 12/5).

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