

(2) The assumption of custody, pending adoption, of a prospective adoptive child by a prospective adoptive parent.

(b) (1) All individual insurance policies providing coverage on an expense incurred basis and individual service or indemnity type contracts issued by a nonprofit health service plan which provide coverage for a family member of the insured or subscriber shall, as to such family members' coverage, provide that the health insurance benefits applicable for children OR GRANDCHILDREN shall be payable with respect to a child OR GRANDCHILD newly born to or newly adopted by the insured or subscriber from the moment of birth of the newly born child OR GRANDCHILD or the date of adoption.

(2) All group health insurance policies providing coverage on an expense incurred basis to cover employees of an employer or employers or members of a union or unions which provide coverage for dependents of a covered employee or member, shall provide that the health insurance benefits applicable for dependent children OR GRANDCHILDREN shall be payable with respect to a child OR GRANDCHILD newly born to or newly adopted by the employee or member from the moment of birth of the newly born child OR GRANDCHILD or the date of adoption.

(3) For the purpose of coverage under this section, any insurer that issues an individual or group health insurance policy that provides coverage on an expense incurred basis shall offer, upon request, to any insured or subscriber, regardless of marital status, family members' coverage.

(4) Every insurer that issues a policy that provides coverage other than family members' coverage shall provide to the policyholder a notice that coverage of newly born or newly adopted children OR GRANDCHILDREN is not provided under the policy and shall inform the insured of the right and conditions to purchase family member coverage as provided under this section.

(5) (i) An insurer under this section may require proof that the insured is the parent of a newly born or newly adopted child OR GRANDPARENT OF A NEWLY BORN OR NEWLY ADOPTED GRANDCHILD.

(ii) The insurer shall pay the cost of providing the proof required under this paragraph.

(6) TO BE ELIGIBLE FOR COVERAGE UNDER THIS SECTION, A GRANDCHILD MUST BE A DEPENDENT OF AND IN THE COURT-ORDERED CUSTODY OF THE INSURED.

(c) The coverage for newly born and newly adopted children OR GRANDCHILDREN shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.

(d) If payment of a specific premium or subscription fee is required to provide coverage for a child OR GRANDCHILD, the policy or contract may require that notification of birth of a newly born or adoption of a newly adopted child OR GRANDCHILD and payment of the required premium or fees must be furnished to the insurer or nonprofit health service plan within 31 days after the date of birth or date of adoption in order to have the coverage continue beyond such 31-day period.