

SENATE BILL NO. 424

INTRODUCED BY HAGER, J. BROWN, WILLIAMS, T. NELSON

IN THE SENATE

FEBRUARY 18, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

FIRST READING.

FEBRUARY 23, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 25, 1991 PRINTING REPORT.

SECOND READING, DO PASS.

FEBRUARY 26, 1991 ENGROSSING REPORT.

THIRD READING, PASSED.
AYES, 48; NOES, 1.

TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & ECONOMIC DEVELOPMENT.

FIRST READING.

MARCH 15, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

POSTED ON CONSENT CALENDAR.

MARCH 16, 1991 CONSENT CALENDAR, QUESTIONS AND ANSWERS.

MARCH 18, 1991 THIRD READING, CONCURRED IN.
AYES, 96; NOES, 1.

RETURNED TO SENATE.

IN THE SENATE

MARCH 19, 1991 RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *424*
 2 INTRODUCED BY *Hoge* *J. Brown* *W. Miller* *Sam* *W. White*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TERMS OF
 5 CONVERSION OF CERTAIN INSURANCE POLICIES; AND AMENDING
 6 SECTIONS 33-22-508 AND 33-30-1007, MCA."
 7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 **Section 1.** Section 33-22-508, MCA, is amended to read:
 10 **"33-22-508. Conversion on termination of eligibility.**

11 (1) A group disability insurance policy issued or renewed
 12 after October 1, 1981, shall contain a provision that if the
 13 insurance or any portion of it on a person, his dependents,
 14 or family members covered under the policy ceases because of
 15 termination of his employment or of his membership in the
 16 class or classes eligible for coverage under the policy or
 17 as a result of his employer discontinuing his business or as
 18 a result of his employer discontinuing the group disability
 19 insurance policy for a period of at least 30 days and not
 20 providing for any other group disability insurance or plan,
 21 such person shall, provided he had been insured for a period
 22 of 3 months and that he is not insured under any other
 23 disability insurance or plan, be entitled to have issued to
 24 him by the insurer, without evidence of insurability, an
 25 individual policy of hospital or medical service insurance

1 on himself, his dependents, or family members, provided
 2 application for the individual policy shall be made and the
 3 first premium tendered to the insurer within 31 days after
 4 the termination of group coverage.

5 (2) The individual policy, at the option of the
 6 insured, shall be on any of the forms then customarily
 7 issued by the insurer to individual policyholders with the
 8 exception of those policies whose eligibility is determined
 9 by affiliation other than by employment with a common
 10 entity.

11 (3) The premium on the individual policy shall be at
 12 the insurer's then customary rate applicable to the coverage
 13 of the individual policy."

14 **Section 2.** Section 33-30-1007, MCA, is amended to read:

15 **"33-30-1007. Conversion on termination of eligibility.**

16 (1) The group hospital or medical service plan contract
 17 issued or renewed by a health service corporation after
 18 October 1, 1981, shall contain a provision that if the
 19 insurance or any portion of it on a person, his dependents,
 20 or family members covered under the policy ceases because of
 21 termination of his employment or of his membership in the
 22 class or classes eligible for coverage under the policy, as
 23 a result of an employer discontinuing his business, or as a
 24 result of an employer discontinuing the policy issued by the
 25 health service corporation for a period of at least 30 days



1 and not providing for any other group disability insurance
 2 or plan, such person shall, provided he has been insured for
 3 a period of 3 months and that he is not insured under any
 4 other disability insurance or plan, be entitled to have
 5 issued to him by the insurer, without evidence of
 6 insurability, an individual policy of hospital or medical
 7 service insurance on himself, his dependents, or family
 8 members, provided application for the individual policy
 9 shall be made and the first premium tendered to the insurer
 10 within 31 days after the termination of group coverage.

11 (2) The individual policy shall, at the option of the
 12 insured, be on any of the forms then customarily issued by
 13 the insurer to individual policyholders with the exception
 14 of those whose eligibility is determined by their
 15 affiliation other than by employment with a particular
 16 entity.

17 (3) The premium on the individual policy shall be at
 18 the insurer's then customary rate applicable to the coverage
 19 of the individual policy but may not be greater than 150% of
 20 the insurer's highest group rate for a policy with the same
 21 benefits as the conversion policy."

22 NEW SECTION. Section 3. Limitation of eligibility on
 23 conversion. A person who purchases a policy of insurance
 24 under 33-22-508 ceases to be eligible for a conversion
 25 policy if the person insured by the policy:

1 (1) becomes eligible for medicare part A and part B,
 2 pursuant to Title XVIII of the federal Social Security Act,
 3 42 U.S.C. 1395;

4 (2) fails to pay the premium on the policy purchased
 5 under 33-22-508;

6 (3) enrolls under another disability insurance policy
 7 or plan, except that the person may maintain the conversion
 8 policy during any waiting period established under any new
 9 disability insurance policy or plan that the insured person
 10 purchases. However, if a conversion policy is maintained
 11 during a waiting period on a newly purchased disability
 12 insurance policy or plan, the insurer of the conversion plan
 13 purchased under 33-22-508 may coordinate the benefits
 14 between the conversion plan and the new policy or plan, and
 15 the benefits under the conversion plan are always secondary
 16 to the benefits under the newly purchased disability
 17 insurance policy or plan.

18 (4) changes his residence to a state other than
 19 Montana.

20 NEW SECTION. Section 4. Limitation of eligibility on
 21 conversion. A person who purchases a policy of insurance
 22 under 33-30-1007 ceases to be eligible for a conversion
 23 policy if the person insured by the policy:

24 (1) becomes eligible for medicare part A and part B,
 25 pursuant to Title XVIII of the federal Social Security Act,

1 42 U.S.C. 1395;

2 (2) fails to pay the premium on the policy purchased
3 under 33-30-1007;

4 (3) enrolls under another disability insurance policy
5 or plan, except that the person may maintain the conversion
6 policy during any waiting period established under any new
7 disability insurance policy or plan that the insured person
8 purchases. However, if a conversion policy is maintained
9 during a waiting period on a newly purchased disability
10 insurance policy or plan, the insurer of the conversion plan
11 purchased under 33-30-1007 may coordinate the benefits
12 between the conversion plan and the new policy or plan, and
13 the benefits under the conversion plan are always secondary
14 to the benefits under the newly purchased disability
15 insurance policy or plan.

16 (4) changes his residence to a state other than
17 Montana.

18 NEW SECTION. Section 5. Codification instruction. (1)
19 [Section 3] is intended to be codified as an integral part
20 of Title 33, chapter 22, part 5, and the provisions of Title
21 33, chapter 22, part 5, apply to [section 3].

22 (2) [Section 4] is intended to be codified as an
23 integral part of Title 33, chapter 30, part 10, and the
24 provisions of Title 33, chapter 30, part 10, apply to
25 [section 4].

1 NEW SECTION. Section 6. Saving clause. [This act] does
2 not affect rights and duties that matured, penalties that
3 were incurred, or proceedings that were begun before [the
4 effective date of this act].

-End-

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

SENATE BILL NO. 424

INTRODUCED BY HAGER, J. BROWN, WILLIAMS, T. NELSON

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TERMS OF
CONVERSION OF CERTAIN INSURANCE POLICIES; AND AMENDING
SECTIONS 33-22-508 AND 33-30-1007, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-508, MCA, is amended to read:

***33-22-508. Conversion on termination of eligibility.**

(1) A group disability insurance policy issued or renewed after October 1, 1981, shall contain a provision that if the insurance or any portion of it on a person, his dependents, or family members covered under the policy ceases because of termination of his employment or of his membership in the class or classes eligible for coverage under the policy or as a result of his employer discontinuing his business or as a result of his employer discontinuing the group disability insurance policy for--a-period-of-at-least-30-days and not providing for any other group GROUP disability insurance or plan, such person shall, provided he had been insured for a period of 3 months and that he is not insured under any other ANOTHER MAJOR MEDICAL disability insurance POLICY or plan, be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of

hospital or medical service insurance on himself, his dependents, or family members, provided application for the individual policy shall be made and the first premium tendered to the insurer within 31 days after the termination of group coverage.

(2) The individual policy, at the option of the insured, shall be on any of the forms then customarily issued by the insurer to individual policyholders with the exception of those policies whose eligibility is determined by affiliation other than by employment with a common entity.

(3) The premium on the individual policy shall be at the insurer's then customary rate applicable to the coverage of the individual policy."

Section 2. Section 33-30-1007, MCA, is amended to read:

***33-30-1007. Conversion on termination of eligibility.**

(1) The group hospital or medical service plan contract issued or renewed by a health service corporation after October 1, 1981, shall contain a provision that if the insurance or any portion of it on a person, his dependents, or family members covered under the policy ceases because of termination of his employment or of his membership in the class or classes eligible for coverage under the policy, as a result of an employer discontinuing his business, or as a result of an employer discontinuing the policy issued by the

1 health service corporation ~~for a period of at least 30 days~~
 2 and not providing for any other group GROUP disability
 3 insurance or plan, such person shall, provided he has been
 4 insured for a period of 3 months and that he is not insured
 5 under any other ANOTHER MAJOR MEDICAL disability insurance
 6 POLICY or plan, be entitled to have issued to him by the
 7 insurer, without evidence of insurability, an individual
 8 policy of hospital or medical service insurance on himself,
 9 his dependents, or family members, provided application for
 10 the individual policy shall be made and the first premium
 11 tendered to the insurer within 31 days after the termination
 12 of group coverage.

13 (2) The individual policy shall, at the option of the
 14 insured, be on any of the forms then customarily issued by
 15 the insurer to individual policyholders with the exception
 16 of those whose eligibility is determined by their
 17 affiliation other than by employment with a particular
 18 entity.

19 (3) The premium on the individual policy shall be at
 20 the insurer's then customary rate applicable to the coverage
 21 of the individual policy but may not be greater than 150% of
 22 the insurer's highest group rate for a policy with the same
 23 benefits as the conversion policy."

24 NEW SECTION. Section 3. Limitation of eligibility on
 25 conversion. A person who purchases a policy of insurance

1 under 33-22-508 ceases to be eligible for a conversion
 2 policy if the person insured by the policy:

3 (1) becomes eligible for medicare part A and part B,
 4 pursuant to Title XVIII of the federal Social Security Act,
 5 42 U.S.C. 1395;

6 (2) fails to pay the premium on the policy purchased
 7 under 33-22-508;

8 (3) enrolls under another MAJOR MEDICAL disability
 9 insurance policy or plan, except that the person may
 10 maintain the conversion policy during any waiting period
 11 established under any new disability insurance policy or
 12 plan that the insured person purchases. ~~However--if-a~~
 13 ~~conversion-policy-is-maintained-during-a-waiting-period-on-a~~
 14 ~~newly-purchased-disability-insurance-policy-or-plan--the~~
 15 ~~insurer-of-the-conversion-plan-purchased-under-33-22-508-may~~
 16 ~~coordinate--the-benefits-between-the-conversion-plan-and-the~~
 17 ~~new-policy-or-plan--and-the-benefits--under--the--conversion~~
 18 ~~plan--are--always--secondary-to-the-benefits-under-the-newly~~
 19 ~~purchased-disability-insurance-policy-or-plan--~~

20 (4) ~~changes--his--residence--to--a--state--other---than~~
 21 ~~Montana;~~

22 NEW SECTION. Section 4. Limitation of eligibility on
 23 conversion. A person who purchases a policy of insurance
 24 under 33-30-1007 ceases to be eligible for a conversion
 25 policy if the person insured by the policy:

1 (1) becomes eligible for medicare part A and part B,
2 pursuant to Title XVIII of the federal Social Security Act,
3 42 U.S.C. 1395;

4 (2) fails to pay the premium on the policy purchased
5 under 33-30-1007;

6 (3) enrolls under another MAJOR MEDICAL disability
7 insurance policy or plan, except that the person may
8 maintain the conversion policy during any waiting period
9 established under any new disability insurance policy or
10 plan that the insured person purchases. However,--if-a
11 ~~conversion-policy-is-maintained-during-a-waiting-period-on-a~~
12 ~~newly-purchased-disability-insurance-policy-or-plan,--the~~
13 ~~insurer--of--the--conversion-plan-purchased-under-33-30-1007~~
14 ~~may-coordinate-the-benefits-between-the-conversion-plan--and~~
15 ~~the---new--policy--or--plan,--and--the--benefits--under--the~~
16 ~~conversion-plan-are-always-secondary-to-the--benefits--under~~
17 ~~the-newly-purchased-disability-insurance-policy-or-plan;~~

18 (4) ~~changes---his--residence--to--a--state--other--than~~
19 ~~Montana;~~

20 NEW SECTION. Section 5. Codification instruction. (1)
21 [Section 3] is intended to be codified as an integral part
22 of Title 33, chapter 22, part 5, and the provisions of Title
23 33, chapter 22, part 5, apply to [section 3].

24 (2) [Section 4] is intended to be codified as an
25 integral part of Title 33, chapter 30, part 10, and the

1 provisions of Title 33, chapter 30, part 10, apply to
2 [section 4].

3 NEW SECTION. Section 6. Saving clause. [This act] does
4 not affect rights and duties that matured, penalties that
5 were incurred, or proceedings that were begun before [the
6 effective date of this act].

-End-

1 SENATE BILL NO. 424

2 INTRODUCED BY HAGER, J. BROWN, WILLIAMS, T. NELSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TERMS OF
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6 SECTIONS 33-22-508 AND 33-30-1007, MCA."7
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9 Section 1. Section 33-22-508, MCA, is amended to read:

10 "33-22-508. Conversion on termination of eligibility.

11 (1) A group disability insurance policy issued or renewed
12 after October 1, 1981, shall contain a provision that if the
13 insurance or any portion of it on a person, his dependents,
14 or family members covered under the policy ceases because of
15 termination of his employment or of his membership in the
16 class or classes eligible for coverage under the policy or
17 as a result of his employer discontinuing his business or as
18 a result of his employer discontinuing the group disability
19 insurance policy ~~for--a-period-of-at-least-30-days~~ and not
20 providing for any other group GROUP disability insurance or
21 plan, such person shall, provided he had been insured for a
22 period of 3 months and that he is not insured under any
23 other ANOTHER MAJOR MEDICAL disability insurance POLICY or
24 plan, be entitled to have issued to him by the insurer,
25 without evidence of insurability, an individual policy of1 hospital or medical service insurance on himself, his
2 dependents, or family members, provided application for the
3 individual policy shall be made and the first premium
4 tendered to the insurer within 31 days after the termination
5 of group coverage.6 (2) The individual policy, at the option of the
7 insured, shall be on any of the forms then customarily
8 issued by the insurer to individual policyholders with the
9 exception of those policies whose eligibility is determined
10 by affiliation other than by employment with a common
11 entity.12 (3) The premium on the individual policy shall be at
13 the insurer's then customary rate applicable to the coverage
14 of the individual policy."

15 Section 2. Section 33-30-1007, MCA, is amended to read:

16 "33-30-1007. Conversion on termination of eligibility.

17 (1) The group hospital or medical service plan contract
18 issued or renewed by a health service corporation after
19 October 1, 1981, shall contain a provision that if the
20 insurance or any portion of it on a person, his dependents,
21 or family members covered under the policy ceases because of
22 termination of his employment or of his membership in the
23 class or classes eligible for coverage under the policy, as
24 a result of an employer discontinuing his business, or as a
25 result of an employer discontinuing the policy issued by the

1 health service corporation ~~for a period of at least 30 days~~
 2 and not providing for any other group GROUP disability
 3 insurance or plan, such person shall, provided he has been
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 6 POLICY or plan, be entitled to have issued to him by the
 7 insurer, without evidence of insurability, an individual
 8 policy of hospital or medical service insurance on himself,
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 10 the individual policy shall be made and the first premium
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 14 insured, be on any of the forms then customarily issued by
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 17 affiliation other than by employment with a particular
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 20 the insurer's then customary rate applicable to the coverage
 21 of the individual policy but may not be greater than 150% of
 22 the insurer's highest group rate for a policy with the same
 23 benefits as the conversion policy."

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 25 conversion. A person who purchases a policy of insurance

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 5 42 U.S.C. 1395;

6 (2) fails to pay the premium on the policy purchased
 7 under 33-22-508;

8 (3) enrolls under another MAJOR MEDICAL disability
 9 insurance policy or plan, except that the person may
 10 maintain the conversion policy during any waiting period
 11 established under any new disability insurance policy or
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20 (4) ~~changes--his--residence--to--a--state--other---than~~
 21 ~~Montana.~~

22 NEW SECTION. Section 4. Limitation of eligibility on
 23 conversion. A person who purchases a policy of insurance
 24 under 33-30-1007 ceases to be eligible for a conversion
 25 policy if the person insured by the policy:

1 (1) becomes eligible for medicare part A and part B,
2 pursuant to Title XVIII of the federal Social Security Act,
3 42 U.S.C. 1395;

4 (2) fails to pay the premium on the policy purchased
5 under 33-30-1007;

6 (3) enrolls under another MAJOR MEDICAL disability
7 insurance policy or plan, except that the person may
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10 plan that the insured person purchases. ~~However, if a~~
11 ~~conversion policy is maintained during a waiting period on a~~
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13 ~~insurer of the conversion plan purchased under 33-30-1007~~
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17 ~~the newly purchased disability insurance policy or plan.~~

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20 NEW SECTION. Section 5. Codification instruction. (1)
21 [Section 3] is intended to be codified as an integral part
22 of Title 33, chapter 22, part 5, and the provisions of Title
23 33, chapter 22, part 5, apply to [section 3].

24 (2) [Section 4] is intended to be codified as an
25 integral part of Title 33, chapter 30, part 10, and the

1 provisions of Title 33, chapter 30, part 10, apply to
2 [section 4].

3 NEW SECTION. Section 6. Saving clause. [This act] does
4 not affect rights and duties that matured, penalties that
5 were incurred, or proceedings that were begun before [the
6 effective date of this act].

-End-

1 SENATE BILL NO. 424

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TERMS OF
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9 **Section 1.** Section 33-22-508, MCA, is amended to read:10 **"33-22-508. Conversion on termination of eligibility.**11 (1) A group disability insurance policy issued or renewed
12 after October 1, 1981, shall contain a provision that if the
13 insurance or any portion of it on a person, his dependents,
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16 class or classes eligible for coverage under the policy or
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18 a result of his employer discontinuing the group disability
19 insurance policy ~~for--a-period-of-at-least-30-days~~ and not
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22 period of 3 months and that he is not insured under any
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14 of the individual policy."15 **Section 2.** Section 33-30-1007, MCA, is amended to read:16 **"33-30-1007. Conversion on termination of eligibility.**17 (1) The group hospital or medical service plan contract
18 issued or renewed by a health service corporation after
19 October 1, 1981, shall contain a provision that if the
20 insurance or any portion of it on a person, his dependents,
21 or family members covered under the policy ceases because of
22 termination of his employment or of his membership in the
23 class or classes eligible for coverage under the policy, as
24 a result of an employer discontinuing his business, or as a
25 result of an employer discontinuing the policy issued by the

1 health service corporation ~~for a period of at least 90 days~~
 2 and not providing for any other group GROUP disability
 3 insurance or plan, such person shall, provided he has been
 4 insured for a period of 3 months and that he is not insured
 5 under any other ANOTHER MAJOR MEDICAL disability insurance
 6 POLICY or plan, be entitled to have issued to him by the
 7 insurer, without evidence of insurability, an individual
 8 policy of hospital or medical service insurance on himself,
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 9 insurance policy or plan, except that the person may
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 18 ~~plan are always secondary to the benefits under the newly~~
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22 NEW SECTION. Section 4. Limitation of eligibility on
 23 conversion. A person who purchases a policy of insurance
 24 under 33-30-1007 ceases to be eligible for a conversion
 25 policy if the person insured by the policy:

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3 42 U.S.C. 1395;

4 (2) fails to pay the premium on the policy purchased
5 under 33-30-1007;

6 (3) enrolls under another MAJOR MEDICAL disability
7 insurance policy or plan, except that the person may
8 maintain the conversion policy during any waiting period
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10 plan that the insured person purchases. However,--if-a
11 ~~conversion-policy-is-maintained-during-a-waiting-period-on-a~~
12 ~~newly-purchased-disability-insurance-policy-or-plan,--the~~
13 ~~insurer--of--the--conversion-plan-purchased-under-33-30-1007~~
14 ~~may-coordinate-the-benefits-between-the-conversion-plan--and~~
15 ~~the---new--policy--or--plan,--and--the--benefits--under--the~~
16 ~~conversion-plan-are-always-secondary-to-the--benefits--under~~
17 ~~the-newly-purchased-disability-insurance-policy-or-plan;~~

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21 [Section 3] is intended to be codified as an integral part
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23 33, chapter 22, part 5, apply to [section 3].

24 (2) [Section 4] is intended to be codified as an
25 integral part of Title 33, chapter 30, part 10, and the

1 provisions of Title 33, chapter 30, part 10, apply to
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4 not affect rights and duties that matured, penalties that
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